

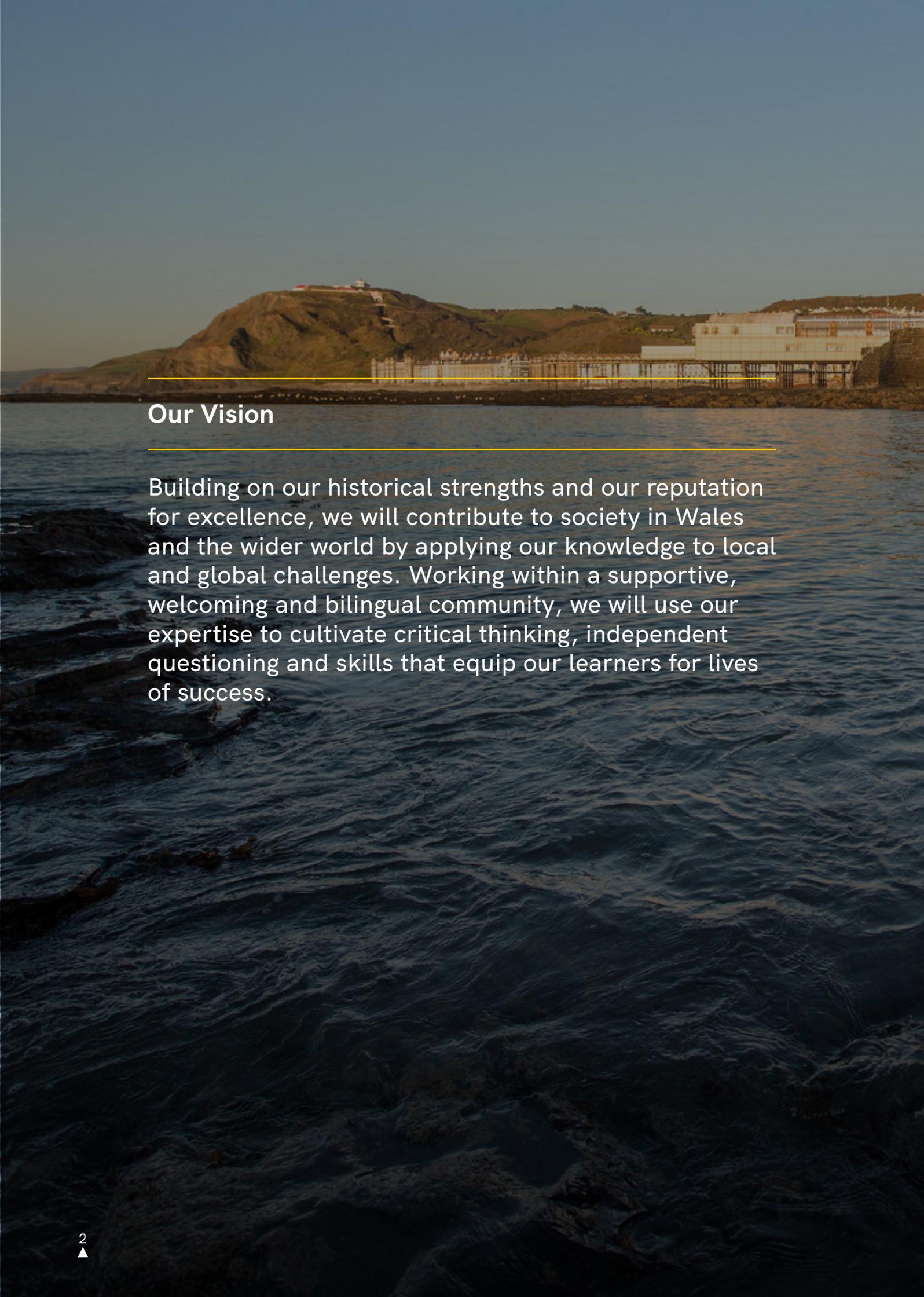
---

# Annual Report and Accounts

## 2019 - 2020

---





## Our Vision

---

Building on our historical strengths and our reputation for excellence, we will contribute to society in Wales and the wider world by applying our knowledge to local and global challenges. Working within a supportive, welcoming and bilingual community, we will use our expertise to cultivate critical thinking, independent questioning and skills that equip our learners for lives of success.

A photograph of the Aberystwyth University building, a large, historic stone structure with many windows, situated on a cliff overlooking the sea. The building is illuminated by warm, golden light, likely from the setting or rising sun. The sea is visible in the foreground, and the sky is a clear, pale blue.

---

## Contents

---

Our Vision	2
Vice-Chancellor's introduction	4
Chair of Council's annual review	6
Education and student experience	8
Research and innovation with impact	10
Contribution to society	12
International engagement	14
Welsh language and culture	16
Corporate governance and internal control	18
Statement of Council responsibilities in respect of the consolidated financial statements	20
University trustees	22
Financial Review	23
Public Benefit Statement	33
Professional advisors	35
Independent auditor's report to the Council of the Aberystwyth University	36
Consolidated & University statement of comprehensive income	39
Consolidated and University balance sheet	40
Consolidated and University statement of changes in reserves	41
Consolidated cash flow statement	42
Statement of principal accounting policies	43
Notes to the financial statements	51
Images	74

---

## Vice-Chancellor's introduction

---



The academic year 2019-2020 was both a successful and challenging year for the University. Significant progress has been made to ensure the ongoing sustainability of the University both academically and financially. Building

on the excellent student experience in the previous year the University again performed extremely well in the 2019 National Student Survey with the highest score in overall student experience of any university in Wales or England. *The Times and Sunday Times* awarded Aberystwyth 'Welsh University of the Year' and noted our excellent performance.

Development of the academic portfolio continued with the first admissions to an innovative, integrated Initial Teacher Education programme with both primary and secondary pathways, seeing the return of primary teaching training to Aberystwyth. The programme was developed and is managed in collaboration with partner schools across Ceredigion, Powys and beyond. It is one of a number of programmes designed to build the resilience of Ceredigion and the wider region, that were progressed during the year. The agreement with the Royal Veterinary College for the dual degree in Veterinary Medicine together with the appointment and arrival of the first Professor in the discipline completes a long-held ambition first reported in 1891. The University has also appointed to the role of Head of Nursing as we progress our bid to bring nursing to Aberystwyth University.

The University has undoubted research strengths and continues to build on these. The departure from the European Union which is a major source of research and innovation funding, presents a risk.

Going forward the University will need to diversify its funding streams as well as identify further collaborations.

Capital projects have continued broadly on schedule despite the impact of COVID-19 with some very significant awards and decisions. The Old College project was successfully awarded the second stage Heritage Lottery Fund of £9.7 million as well as £7 million from Welsh Government and European funding. Fundraising from trusts, foundation and individual giving is ongoing and to date a total of £19.8 million has been raised towards the planned project cost of £27 million. In line with these ambitious plans, builders should be on site by spring 2021 with handover in 2023. Pantycelyn work remained on target for the first students to take up residence in September 2020. Similarly, Aberystwyth Innovation and Enterprise Campus (AIEC) also remained on schedule and slightly under budget. Commissioning of the building is now in place, as the facility becomes fully functional during the next academic year. The construction of our VetHub1 facility, including new Category 3 laboratories, are also completed and being commissioned. Our ongoing investment plan in current infrastructure, the Protect and Stabilise programme, is continuing and will be key to the Estates strategy which is in preparation.

During the year, the University completed its programme of measures to secure the financial sustainability of the University – our Sustainability Implementation Plan. Over the course of two years £11.7 million was saved on a recurring basis as we worked collaboratively to ensure that the University's expenditure matched its income. All operations were examined over the term of the project, with many areas restructured to ensure appropriate staff / student ratios and embedding the faculty structure using a business partner model between professional services and academic units. This was a difficult process for some areas of our institution, with a total reduction

in staff numbers by 159 FTE during this whole process. However, this was a hugely significant development for Aberystwyth University. It balanced the books, enabling us to grow from a sustainable base, and this hard work fixed the roof prior to the COVID-19 storm which hit the whole sector during the year. Applications to Aberystwyth showed a substantial increase - from Wales, the rest of the UK and internationally, which is a continued sign of the University's recovery.

The University has achieved its budget in the last two years and again was on target to do so in 2019-2020. This would have been the first year it had achieved an operating surplus since 2013-14. However, the COVID-19 pandemic has had a major effect on the financial outcome of the University. Students were refunded their third term accommodation fees; commercial services and the Arts Centre lost income. Given the circumstances, we also planned for further losses beyond the year, such as lost income from summer conferences and summer courses, additional costs for introducing safety measures across campus, as well as ensuring students were able to access educational material and to participate in learning and teaching remotely.

COVID-19 has dominated the year in a number of major ways. Initially, there was the need to ensure safety on and around campus and then to ensure the completion of the current academic year enabling students to either graduate on time or to progress to the next year, provided the appropriate standards had been achieved. Staff have completed training in digital learning to enable them to update and develop their skills in this area as we moved to blended learning - large group teaching virtually and smaller group and practical work in-person. It was with great sadness that we also postponed graduation until summer 2021 for the Class of 2020. These were among the range of actions we have taken in line with our overarching objective of safeguarding our students, staff and wider community in all we

do. We have worked closely with Ceredigion County Council, Public Health Wales and Hywel Dda University Health Board. We are very grateful for their support as we continue to respond to the challenges that COVID-19 has brought.

The University continued to make progress with respect to matters of equality and diversity during the year. This is an area where we do not believe that progress is as rapid as we desire, and we look forward to making greater strides in the coming year.

This has been a challenging year for many people and I would like to record my thanks to all staff members for all they have done, particularly in the second half of the year. The willingness with which people have embraced the need for flexibility in these very unusual circumstances has been impressive. Colleagues have been committed to dealing with COVID-19 while also working on their normal tasks as well as looking at strategic projects for the future. I would also like to thank students for working so well with us in enabling their education and for being so understanding as their year ended in a way which was so different to what they had hoped.

The outlook for the coming year is one of both excitement and challenge. The challenges are both financial and practical as we face an academic year which will no doubt be heavily influenced by the global pandemic, and what progress is made in restricting its effects. However, for the beginning of the year at least, government's decision to enable universities to welcome students back to campus will allow us to do what we do best. That is to teach, to conduct research and to make a lasting contribution to the lives of our students as well as our community.

**Professor Elizabeth Treasure**  
**Vice-Chancellor**

---

## Chair of Council's annual review

---



This year will be long remembered as one of the most challenging in the University's history. The impact of the COVID-19 pandemic continues to be felt across all aspects of the University's business. On behalf of the Council, I wish to thank the Vice-Chancellor, all staff and students, and all the stakeholders we have been working with over the past few months, for responding so magnificently to the challenges.

Despite the pandemic, the Council has overseen a range of developments which will lay the foundations of future success.

The Council met five times during 2019-20 to ensure the governance of the University and the implementation of "Towards the next 150 years", the institution's strategy. This year sees the end of the second year of the strategy and the Council is pleased to note the good progress that is being made.

The Council has taken several important decisions this year. It has recognised the impact of climate change and has declared a climate emergency. The practical implications of this include the transfer of its investments into funds which specifically exclude fossil fuel holdings, and taking steps to generate and use more renewable energy on the Penglais campus. This work sits alongside the University's Carbon Management Plan to reduce its carbon emissions.

The Council has overseen the implementation of the Sustainability Implementation Plan which has stabilised the University's finances and provided firm foundations from which the University can build and grow its teaching and learning, and research, programmes.

We have also taken steps to strengthen our governance arrangements in line with the recommendations contained within the 'Review of Governance of the Universities in Wales' (the Camm review). This builds on the external governance review undertaken during early 2019. The improvements to the University's governance arrangements over recent years are evident in the way that the institution has been able to quickly respond to the challenges which now face the sector.

Finally, the Council was delighted to note the progress made during the year with the Aberystwyth Innovation and Enterprise Campus, and the refurbishment of the iconic Pantycelyn hall of residence.

All members of Council are trustees of the charity which is the University, and all contribute to the discussions and decision-making of the organisation. Independent members do so on an entirely voluntary basis and give of their time freely. The University benefits greatly from their work. This year three long-serving independent members came to the end of their terms: Anne Davies, Richard John, and Ian MacEachern. They have given dedicated service to the University over many years and on behalf of the Council I wish to thank them.

I would also like to thank all staff and students who have worked so hard throughout the year to make Aberystwyth University the wonderful place it is.

**Dr Emyr Roberts**  
**Chair of Council**



---

## Education and student experience

---

**Aberystwyth University's reputation for excellence continued to be recognised this academic year with a number of accolades, chief amongst them the award for Welsh University of the Year from the prestigious *Times / Sunday Times Good University Guide*. The Guide also ranked Aberystwyth as 2nd in the UK for Student Experience and for Teaching Quality, and overall, the University climbed three places to 45th, consolidating its status amongst the top 50 universities in the country.**

The 2019-20 National Student Survey (NSS) ranked Aberystwyth as the best university in Wales, and one of the top 5 universities in the UK for overall student satisfaction. The student experience is one of the most important measures in higher education and it is a source of great pride that the University has been recognised in this way, with an overall student satisfaction rate of 90 per cent, putting Aberystwyth top of the Welsh league tables for overall student satisfaction for the fifth year running.

We continued our programme of investment in the student experience by refurbishing a number of learning spaces. The £900,000 transformation of the Iris De Freitas study room in the Hugh Owen Library into an inclusive and accessible space was completed, rejuvenating the 180-seater lecture theatre and video conferencing facility. A major refurbishment of the Students' Union washroom facilities took place, along with installation of lockable cycle shelters, and improvements to sports facilities. Continuing our drive to improve accessibility across campus, a new external evacuation lift to the Hugh Owen Building was installed, alongside more automatic doors, and an increase in the number of disabled parking bays across campus.

We take our environmental responsibilities seriously. At the academic level, this year saw the first of a suite of undergraduate degree schemes in Climate Change. To support school children's learning during lockdown, Aberystwyth academics partnered with Channel Talent to run live webinars on Climate Change for Year 13 pupils. At a practical level, we have installed electric car charging points and improved lighting efficiency on campuses and at research facilities.





Commenting on Aberystwyth's success, Alastair McCall, Editor of the *Times / Sunday Times Good University Guide*, observed that:

"This will come as no surprise to its students, who have rated it the best in Wales for teaching quality and the wider student experience for the past four years.

It was the standout candidate to be the **Welsh University of the Year for 2020.**"

---

## Research and innovation with impact

---

**We reached a major milestone this year with the approval of the new five year Research and Innovation Strategy that outlines what it means to be a research-led institution. It details the principles that underpin research, and identifies actions for research development.**

Strides were also made towards another milestone which will be the completion of the Innovation and Enterprise Campus, complementing the existing Seed Biobank and Bio-refining Centre. These state-of-the-art facilities in future food and advanced analytics will enable the University to work with industrial partners and attract inward investment to the region. Category 3 laboratories were completed in VetHub1, and work has begun on a suite

of new Category 2 laboratories, cementing the capacity for leading research into animal diseases.

Plans were also approved this year for the establishment of the UK National Spectrum Centre on the Gogerddan site.

We responded to the COVID-19 pandemic with new research across the sciences, social sciences and humanities, including work to fast track testing in low income countries, research on the experiences of NHS staff during the pandemic, ways of improving responses to domestic abuse, and post-COVID 19 environmental monitoring from space.

We received a major grant from the Research Wales Innovation Fund to establish a new 'Dialogue Centre' for knowledge exchange and funding a range of start-ups, business engagement and civic mission activities.

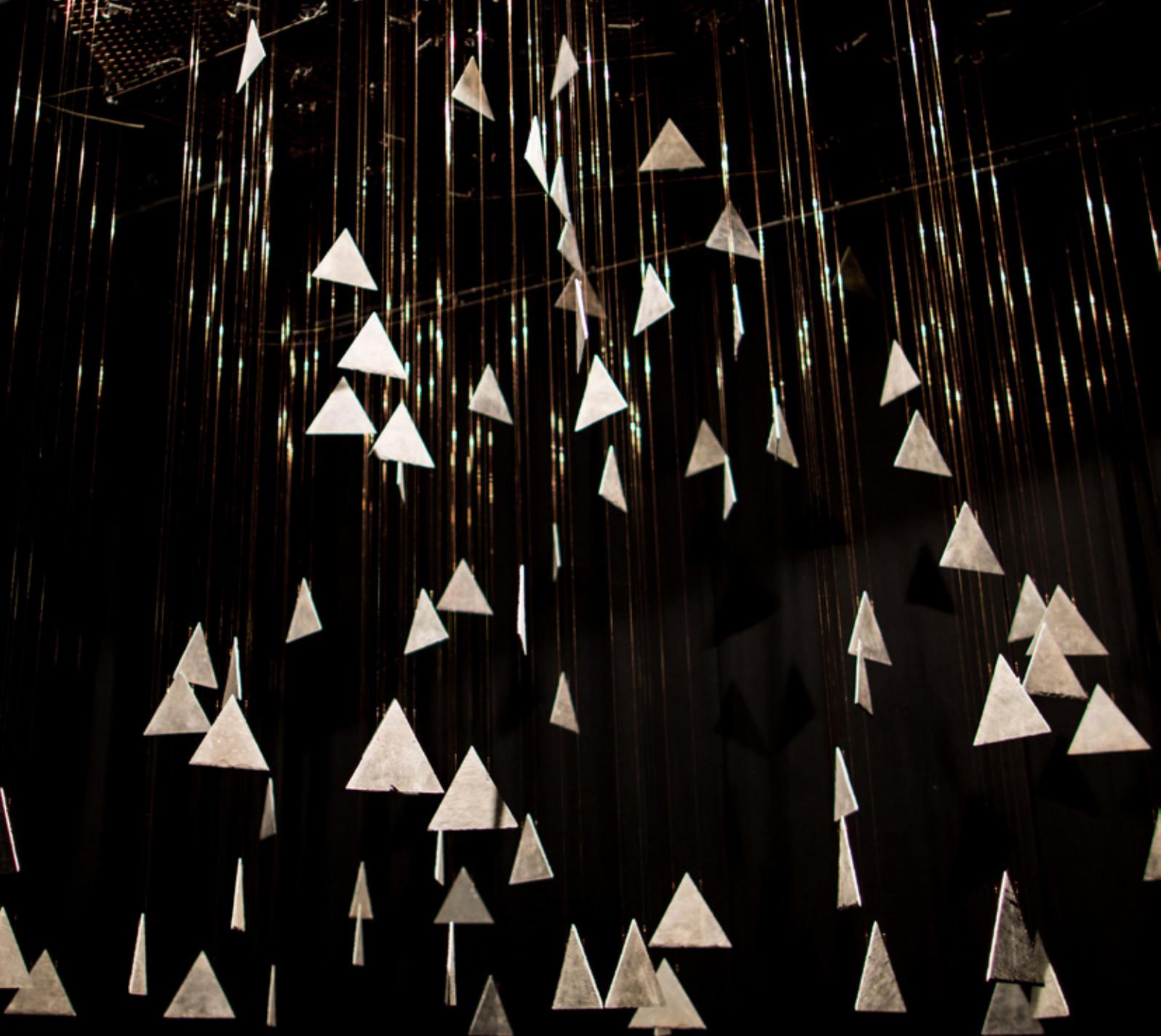
### Living Wales: The satellite maps which could predict our future

Satellite images that reveal how the global environment has changed over the past 35 years and the impacts on the Welsh landscape formed part of the 'Living Wales' exhibition, developed by Professor Richard Lucas and the Earth Observation and Ecosystem Dynamics Research Group at the Department of Geography and Earth Sciences in collaboration with the Centre for Alternative Technology (CAT) and Welsh Government.

Using a combination of cutting-edge satellite observation, computer analysis and input from the public on the ground, Professor Lucas' team has captured incredible details and information on the states and dynamics of the Welsh landscape.

Professor Lucas is one of two Sêr Cymru Chairs at Aberystwyth University and a leading member of an international team that is using satellite technology to monitor changes to the natural environment around the world.





**“Research matters. It informs our teaching and enhances the learning experience. Our research also benefits society. It has an impact upon the economy, on improving the environment, on public policy and upon cultural life in Wales and beyond. But above all, research is a quest for knowledge. As a species we are curious – about the world in which we live, about other worlds whether real or imagined, and about ideas.”**

Professor Colin McInnes, Pro Vice-Chancellor for Research,  
Knowledge Exchange and Innovation

---

## Contribution to society

---

Aberystwyth University is committed to being carbon neutral by 2030 and has prioritised its responsibility to protect the environment from the impact of its operations and activities. The Sustainability policy statement published this year outlines the University's commitment to conduct its activities in an environmentally responsible manner.

Aberystwyth University - committed to being carbon neutral by 2030



1

Total emissions reduction of **29%** since 2001

2

Working on a **£2.2m** energy efficiency programme

3

Feasibility study on a large-scale solar farm at **Fferm Penglais Fields**

4

**£150,000**  
Energy Efficiency Budget spent on 3 major projects

5

**New Electric Vehicle chargers**  
at Gogerddan Campus



We are committed to developing and promoting equality and diversity in all our practices and activities and we recognise that staff are key to the institution's success.

The Strategic Equality Plan, published this year, demonstrates the University's commitment to foster an inclusive learning and working community, free from discrimination, harassment and victimisation, where staff and learners are supported, feel respected and can realise their potential.

Although there is no legal requirement in Wales to publish gender pay gap figures, Aberystwyth University decided to publish its data for 2020. Whilst the figures show that the gender pay gap is below the UK-wide average, we are committed to addressing the gap that exists. A number of measures are being undertaken, including a review of Academic Promotions to ensure equality and introducing unconscious bias training for staff working on recruitment and selection.

A range of practical measures to demonstrate the University's commitment to equality and diversity were successfully delivered this year, such as the distribution of free menstrual products across campus, the 'All Our Trans Tomorrows' initiative, which was shortlisted for three awards, and the 'Diversifying Portraiture' project for International Women's Day. The Women in Research Network was established, there were discussion forums on race, and important diversity events, such as Black History Month, LGBT History Month, and others, were marked.

In January of this year we received the great news that the National Lottery Heritage Fund would be awarding the Old College project £9.7 million towards its renovation.



"Like many Aberystwyth graduates, I have very fond memories of this beloved and hugely significant building, so central to life and learning in Wales for almost 150 years. Now it will come into its own again – but this time, it will be at the heart of the whole community – creating jobs, and offering hospitality, helping to turbo-charge the economy, building community skills and opportunities, and opening its doors to all manner of discovery and learning."

Baroness Kay Andrews, UK trustee and chair of the National Lottery Heritage Fund in Wales



---

## International engagement

---

**At Aberystwyth University, our internationalism isn't confined to the corridors of our international politics department, but rather we seek to embed it across our entire institution, forging links abroad, enriching experiences by learning from staff from all over the globe, welcoming the different perspectives of our overseas students, and providing opportunities for study across the world.**

With the two newly restructured departments of Global Opportunities and International Recruitment and Development, new partnerships and prospects for trans-national education became possible. Our International English Centre helps overseas students to gain language skills so that they can be confident members of our safe, inclusive community.

Working closely with the Universities Wales Global Wales project, we increased the number of international students, some of whom are attracted to study at Aberystwyth because of our new MBA schemes in the Business School and the quality of our Professional Doctoral programmes, with students registering for these courses from the UAE, Saudi Arabia, and the Philippines.

As important as it is to attract international students to our institution, Aberystwyth is committed to offering opportunities for home students to study abroad, and this is especially so as Brexit approaches. Our aim is to maintain our partnerships with European institutions and build on the many successful years of cooperation we had as a result of the Erasmus programme. Many of our partner universities in the EU are also eager to maintain these links.

Time spent overseas on educational or work placements, or volunteering, offers our students new insights into their field of study and enhances their employability. During the year, we developed mutually beneficial research agreements and education partnerships with international institutions.

We also worked with several universities in the United States who chose Aberystwyth as a prime location for their 'semester abroad' programmes. The University of Alabama, Birmingham, introduced a scholarship for their Wales programme, based on a friendship between our two communities following the events of a 1963 bombing in the city that killed four young girls and destroyed the historic 16th Street Baptist Church. A Welsh artist, John Petts, determined to 'heal the hearts' of the Baptist congregation, succeeded in raising enough small donations from Welsh people to replace the church window. The warm relationship between Wales and Birmingham has been sustained across the decades, and we are proud that as a result of our new partnership, many Alabama students will spend a term studying at Aberystwyth every year.

---

Our International English Centre helps overseas students to gain language skills so that they can be confident members of our safe, **inclusive community.**

---



---

## Welsh language and culture

---

**Aberystwyth has long been an attractive place for Welsh speaking students, and we pride ourselves on our ability to offer them the chance to learn, live and laugh through the medium of Welsh. Continuing our record of investment and support, and going beyond our statutory duty, Addewidion Aber was launched, outlining the University's commitments to safeguard and extend the rights and opportunities of learners to enjoy a Welsh language student experience to the full.**

One of our great widening access successes was the introduction of Welsh language foundation degree provision, and the appointment of a Welsh language academic skills officer to support this. Alongside this, newly introduced Part One Welsh language academic and linguistic skills module will embed Welsh academic and linguistic competences across the whole breadth of provision.

Access was further improved this year with increased financial investment in internal scholarships and bursaries designed to promote access to Welsh medium higher education both on and post student entry.

We have long worked constructively alongside Y Coleg Cymraeg Cenedlaethol to develop more Welsh medium study opportunities for students and we will soon be proud to add Veterinary Science to the eleven subject areas which can be studied through the medium of Welsh. In addition, a Coleg PhD scholarship will be awarded putting Welsh language research at the forefront of Veterinary Sciences at Aberystwyth. In other subject areas, Welsh language provision has been introduced into the new Climate Change schemes across the Departments of Business, International Politics, and Biological Sciences.

As is traditional, we have continued to provide a calendar of Welsh language and Welsh-focused cultural, social and artistic events. These were accessible to students, staff and the wider community, and ranged from a celebration of St David's Day, to productions such as Operation Julie, the Book of the Year awards, and the Ein Llais yn y Byd Festival.

Investing in research to benefit the people of Wales, Aberystwyth academics contributed to Wales Studies, an emerging field of intellectual exploration of all things relating to Wales and its relations with the wider world.



“

“Students have had the right to use Welsh in colleges and universities in Wales since April 2018, and it’s great that Aberystwyth University have gone a step further by making these pledges. So, students, you have the right and further pledges from your University to use the Welsh language from day to day. Take advantage of the opportunity, and let the Welsh language reach every part of your life at the university.”

Aled Roberts, Welsh Language Commissioner

---

## Corporate governance and internal control

---

**In accordance with Aberystwyth University's Supplemental Royal Charter as revised in 2018, the institution's Council is the supreme governing body of the University and is responsible for determining the University's strategic direction and for the conduct of the University's financial, administrative and other affairs, in accordance with its objects.**

As set out in the University's governing documents, the Council consists of: Independent Members (some serving in an ex-officio capacity); ex-officio staff members; and members elected by the Senate, the non-academic staff, and the students. In total, the membership of the Council shall not exceed 18 voting members. The Council may also appoint additional co-opted members provided the overall number of members is consistent with Statute, although this is not current practice.

The majority of Council members are non-executive, Independent Members who are not members of staff or students of the University. Further, the role of the Chair of the Council – which can only be undertaken by an Independent Member – is separated from the role of the University's Chief Executive, the Vice-Chancellor.

Aberystwyth University is committed to promoting equality and diversity, and endeavours to be inclusive, valuing the diverse nature of its staff, students and community. All vacancies for Independent Members on the Council are advertised externally, with expressions of interest particularly welcome from under-represented groups. Such expressions of interest are considered by a Nominations Committee against the Council's current composition to ensure that members possess a range of skills which meet the University's requirements.

The University aims to conduct its activities in an ethical manner in accordance with the seven principles set out in the Nolan Committee's 'Report on Standards in Public Life': selflessness, integrity, objectivity, accountability,

openness, honesty, and leadership. The University is also committed to exhibiting best practice in all aspects of corporate governance, applying the core values and associated seven primary elements of governance as set out in the Committee of University Chairs (CUC) 'Higher Education Code of Governance' (December 2014, as revised June 2018), as well as the relevant principles detailed in the 'UK Corporate Governance Code' issued by the Financial Reporting Council.

A review of governance effectiveness was commissioned by the Council during the Spring of 2019. This was undertaken by AdvanceHE, with their final report presented to Council on 28 June 2019. The Council applies an approach of continuous improvement to governance and institutional performance, and the recommendations made in the most recent governance effectiveness review are being implemented under the oversight of the Governance and Compliance Committee. The next review of governance effectiveness is scheduled to be conducted during the 2022-23 academic year.

On 19 February 2020, Gillian Camm's independent review of Governance in Wales (A review of Governance of the Universities in Wales) was published, along with the sector's unanimous response (in the form of a Governance Charter for Universities in Wales and a Commitment to Action plan). The University has developed its own action plan in response to the recommendations of the Camm Review, as well as the sector's own Charter and Commitment to Action plan. The University's own action plan was agreed by the Council on 27 April 2020, with progress implementation reports submitted to the Governance and Compliance Committee biannually. Good progress has been made since April 2020 in implementing many of the agreed actions, although the COVID-19 pandemic has led to some actions being delayed as the institution reprioritises resources.

The Council's primary responsibilities are set out in both the University's Statutes and Ordinances. By custom, and under the Financial Management Code agreed with the Higher Education Funding Council of Wales, the Council holds to itself, inter alia, the approval of major development and expenditure, as well as responsibility for the

establishment and activities of any subsidiary companies.

The Council met on five occasions during the 2019–20 academic year. Much of the detailed work is initially handled by several sub-committees. The University's main governance sub-committees include: an Audit, Risk and Assurance Committee; a Governance and Compliance Committee; a Remuneration Committee; and a Resources and Performance Committee.

All of these sub-committees report their decisions to the Council, and are formally constituted with their own terms of reference and a proportion of their membership drawn from the Independent Members serving on the Council. Detailed information on the membership and responsibilities of these sub-committees can be found on our website.

The Remuneration Committee is constituted to consider and determine matters relating to the remuneration of Senior Staff at the University, within an overall framework approved by the Council. In agreeing any changes to the remuneration of the Vice-Chancellor, the Pro Vice-Chancellors and other defined Senior Staff, the Remuneration Committee is mindful of the affordability of any such determinations. All decisions taken by the Remuneration Committee are reported to the Council.

The University's Council is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and will only provide reasonable – and not absolute – assurance against material misstatement or loss.

The Council undertakes an on-going process for identifying, evaluating, and managing the University's significant risks; that has been in place for the year ended 31 July 2020, and up to the date of approval of the annual report and financial statements. It is regularly reviewed by the governing body; and it accords with the internal control guidance for Directors on the UK Corporate Governance Code, as amended by the British Universities Finance Directors Group.

The Audit, Risk and Assurance Committee is responsible for meeting with the External

Auditors to discuss audit findings, and with the Internal Auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with the management's responses and implementation plans. This sub-committee also monitors adherence with regulatory requirements, and reviews the University's annual financial statements together with accounting policies. In addition, they may be required to investigate instances of non-compliance with legislation and other regulations. Whilst senior executives attend meetings of the Audit, Risk and Assurance Committee as necessary, they are not members of the sub-committee, and sub-committee members may meet with the Auditors on their own for independent discussions.

The University's Executive has formal processes in place for evaluating and managing significant risks faced by the institution on an on-going basis. This involves identifying the types of risks the University faces through a top down and bottom up process of identification of risks at both corporate and departmental level. Risks are prioritised in terms of potential impact and likelihood of occurrence in accordance with an established and approved risk management policy. These risks are aligned to the institution's strategic objectives, and are monitored along with the associated controls and risk mitigation actions on an on-going basis by the University Executive. The Audit, Risk and Assurance Committee receives an update on risk at each of its meetings, with appropriate reports and recommendations presented to the University Council.

The University has a process for dealing with significant control issues which involves immediate notification to the Chair of Council and Chairs of the Resources & Performance Committee and the Audit, Risk and Assurance Committee along with notification to the Higher Education Funding Council of Wales and the Charity Commission as appropriate.

The University has an agreed Publication Scheme which sets out the information made publicly available by the institution. Further information can be found on our website. Once formally approved by the Council, this document shall be published on the University's website alongside documents relating to previous academic and financial years.

## Statement of council responsibilities in respect of the consolidated financial statements

The University is committed to best practice in all aspects of corporate governance. The institution's governing body, the Council, is satisfied that the institution has complied throughout the period with the 'Higher Education Code of Governance' (December 2014, revised June 2018), as well as relevant provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council in April 2016.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, and other relevant accounting standards.

In addition, within the terms and conditions of a Memorandum of Assurance and Accountability and a Financial Management Code agreed between Aberystwyth University's Council and the Higher Education Funding Council for Wales, the University's Council, through the Vice-Chancellor as its designated officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

The Council also has responsibility for the maintenance and integrity of the financial statements which are published on the University's website.

In preparing each of the group and parent University financial statements, the Council has ensured that:

**Suitable accounting** policies are selected and applied consistently;

**Judgements and estimates** are made that are reasonable and prudent;

**Applicable accounting standards** have been followed, subject to any material departures disclosed and explained in the financial statements; and;

**Financial statements are prepared** on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

**Ensure that funds** from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council, and any other conditions which the Funding Council may from time to time prescribe;

Ensure that there are **appropriate financial and management controls** in place to safeguard public funds as well as funds from other sources;

**Safeguard the assets** of the University and prevent and detect fraud and other irregularities;

**Secure the economical,** efficient and effective management of the University's resources and expenditure.

It should be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

---

## University trustees

---

The University's Trustees for the year ended 31 July 2020, and subsequently to the Council meeting where these financial statements were formally approved, were:

### Independent Members

#### Ex-officio

Dr Emyr Roberts, Chair of Council (5/5)

Miss Gwerfyl Pierce Jones, Deputy Chair of Council [until 31 December 2019] (2/2)

The Right Honourable Elfyn Llwyd, Deputy Chair of Council [from 01 January 2020, previously in an appointed Independent Member capacity] (5/5)

#### Appointed

Mr George Ashworth (4/5)

Mrs Samantha Blackie (5/5)

Ms Anne Davies [until 31 July 2020] (4/5)

Ms Kate Eden [from 01 August 2020]

Ms Meri Huws (4/5)

Mr Richard John [until 31 July 2020] (3/5)

Mr Ian MacEachern OBE [until 31 July 2020] (5/5)

Ms Rhuanedd Richards [from 01 August 2020]

Ms Fiona Sharp (4/5)

Mr Mark Tweed [from 01 January 2020] (3/3)

Prof Sir Robin Williams (5/5)

Dr William Williams [from 01 August 2020]

### Staff / Student Members

#### Ex-officio

Prof Elizabeth Treasure, Vice-Chancellor (5/5)

Prof Tim Woods, Pro Vice-Chancellor (5/5)

#### Senate Members

Dr Hazel Davey [until 31 July 2020] (5/5)

Dr Louise Marshall [from 01 August 2020]

Prof Reyer Zwiggelaar (5/5)

#### Non-academic Staff Member

Ms Kath Williams (5/5)

#### Student Representative Members

Mr Tomos Ifan, UMCA President [until 30 June 2020] (3/4)

Mr Moc Lewis, UMCA President [from 01 July 2020] (1/1)

Mr Dhanjeet Ramnatsing, Aberystwyth University Students' Union President [until 30 June 2020] (4/4)

Mr Nate Pidcock, Aberystwyth University Students' Union President [from 01 July 2020] (1/1)

() Attendance information is provided for those Council members serving during the year ended 31 July 2020, expressed as the number of Council meetings attended out of a total number of meetings the member was due to attend.

---

## Financial review

---

**The University was on course to achieve a moderate surplus in 2019-20, the first for several years, and to further build upon that success in 2020-21. However, as in most universities, the impact of the COVID-19 pandemic has been significantly detrimental, resulting in unforeseen losses and a challenging financial landscape. The (£5.4) million deficit underlying operating position for the group is in line with revised budgetary expectations, undertaken mid-year to assess the impact of the pandemic.**

The result reflects a significant fall in income, primarily student residential income and associated campus trading operations in the second half of the year. The loss of income was largely unavoidable and was a direct consequence of COVID-19, however the financial impact was manageable, with the effects of the losses primarily reflected in the revised Income and Expenditure result and a reduction of cash, further information is provided in the sections below.

The financial benefits of the strategic refocus undertaken in recent years have largely been realised, particularly the rebalancing of the University's cost base relative to income and the student population. Those changes have enabled Aberystwyth to operate with more flexibility and to focus resources strategically,

as well as navigate the impact of COVID-19. Our 2019-20 budgeted expenditure reflects a cost base, that under normal operating circumstances would deliver a moderate surplus. As in most sizeable organisations, some areas have required further attention during the year and in some cases will continue through the normal course of business. Also as expected, minimal cost of change expenditure has been incurred during 2019-20, as the final planned changes were implemented.

Aberystwyth continues to invest to meet its strategic goals, specifically the long-term provision of excellent teaching and research including the associated capital investment that underpins those objectives. Capital development undertaken includes the £40.5 million state-of-the-art research facilities at AberInnovation, with building work nearing full completion in 2019-20. The University has progressed plans to fully refurbish Pantycelyn hall of residence, with an aim of providing additional student residential accommodation for Welsh speaking students, and returning a historic building to functional use.

## Scope of the financial statements

The financial statements for the year ended 31 July 2020 consolidate the results of the University, Aberystwyth Innovation and Enterprise Campus Ltd (AIEC) and Aberystwyth Limited (its campus located in Mauritius), Aber Trading Ltd and Aber - Bangor Consultancy Ltd, all of which are subsidiary companies.

The table below shows a summary of the Group results. The total comprehensive income for the year includes a number of non-cash accounting entries. The University recognised a £10.9 million gain from a reduction to the University Superannuation Scheme (USS) provision in 2019-20 (2018-19 £18.3 million loss). Secondly, a further review of the University's fixed asset values and valuations in use, during the period 2019-20, resulted in a reduction to the carrying values of its fixed assets (impairment charge) totalling £7.7 million (2018-19 £9.2 million). The University also recognised an accounting loss of £11.1 million in 2019-20 (2018-19 £11.6 million loss) following a valuation of the assets and liabilities of the pension fund (actuarial valuation) by our independent advisors Mercers. More detail on the University's pensions schemes are shown from page 63 onwards.

A summary reconciliation between the Financial Statements and the Management Accounts (underlying operating position) is shown below for completeness. Accounting Standards require the University to include a number of non-cash items in the Statement of Comprehensive Income. The underlying operating position is (£5.1) million deficit in the group when these items are eliminated, and these are set out in the table below.

	2019-20 £m	2018-19 £m
Total Comprehensive Income	(16.2)	(40.2)
Impairment charge	7.7	9.2
Profit on disposal of fixed assets	0.0	(0.1)
Loss / (gain) on investments	2.1	(1.3)
New Endowments	(0.3)	(0.0)
Movement in USS pension during the year	(10.9)	18.3
Pension interest charge	1.1	0.2
Movement in AUPAS and LA pensions during the year	11.1	11.6
Underlying Operating Position	(5.4)	(2.3)

The table below provides a summary of group results for the year, further information and detail is available in the Financial Statements.

	2019-20 £m	2018-19 £m
Income	107.6	116.3
Expenditure	(110.6)	(146.3)
<b>Deficit before other gains and losses</b>	(3.0)	(30.0)
Profit on disposal of fixed assets	0.0	0.1
(Loss) / gain on investments	(2.1)	1.3
<b>Deficit before taxation</b>	(5.1)	(28.6)
Surplus / deficit after taxation	(5.1)	(28.6)
Actuarial losses on pension schemes	(11.1)	(11.6)
Total comprehensive Income	(16.2)	(40.2)

The value of the University's own investments is also unpredictable due to its dependence on market values. For 2019-20 the University made an unrealised loss of £2.1 million on the market value of investments (2018-19 £1.0 million gain) and a £0.03 million gain (2018-19 £0.3 million gain) on investment properties available in the Financial Statements.

Prior to the COVID-19 pandemic, the University was on track to deliver a small underlying operating surplus. The underlying operating deficit the University is reporting is entirely due to COVID-19 and a reflection of unavoidable income losses as well as some additional costs during that period. The pandemic has affected many areas of University operations, some examples include refunded or lost student accommodation income (£2.8 million), deteriorating campus trading conditions across all areas including Catering, Sports Facilities, Arts Centre and Conferencing (£1.5 million). Some costs savings were possible, but these only partially offset losses.

## Financial health metrics

The University utilises a number of Key Performance Indicators (KPI) to monitor its financial health. Forecast improved operational performance over 2019-20 was significantly disrupted by COVID-19 and its impact on the University's operations. While the University's operational cash generation was adversely affected, significant capital investment continued in 2019-20 with major projects such as the Innovation Campus and Pantycelyn hall of residence nearing completion. This unprecedented set of circumstances has led to a diminution of the University's cash holdings. The position has been mitigated through the planned utilisation of a Rolling Credit Facility (RCF) over this period of increased capital investment. The total available balance on the facility was £10 million as at July 2020, with £6.5 million having been drawn down. During the year the University failed to meet the covenant in three of the four quarters, however our bankers agreed that they would waive these breaches for the following reasons: In Quarters one and two, the failure related to the timings of VAT claims and capital payments for the AIEC development. The failure in Quarter four was due to reduced cash received in respect of student accommodation, as a result of the COVID-19 pandemic which started in March 2020. Our bankers have agreed a new covenant which will come into effect during 2020-21 and which the University is forecasting to achieve in each of the next two years.

Further to an operational deficit exacerbated by the impact of COVID-19, the value of the University's balance sheet and reserves have been further reduced by significant actuarial adjustments relating to the AUPAS and local authority pension schemes (£11.1 million), the majority of this has been offset by an actuarial gain on the USS pension liability of £10.9 million, the impairment of asset carrying values (£7.7 million) and losses relating to the market values of University investments (£2.1 million). Uncertainties surrounding the ongoing impact of COVID-19 notwithstanding, the University forecasts improving financial health metrics beyond 2019-20 as operations and recruitment recover and significant capital programmes are completed.

FINANCIAL HEALTH METRICS	2019-20	2018-19	2017-18	2016-17
Reserve measures (days)				
Primary (cash) reserve cover	40 days	66 days	92 days	115 days
General (book) reserve cover	201 days	302 days	451 days	337 days
Debt ratio (external debt/cash)	458%	349%	236%	199%
Balance sheet growth ratio	(14.2%)	(26.0%)	4.0%	(0.5%)
Income replenishment				
Retained result (% of income)	(5.1%)	(2.1%)	(6.0%)	(2.1%)

The Primary (cash) reserve cover has deteriorated from 66 days to 40 days. The metric demonstrates the estimated number of days the University's cash balances at July 2020 could sustain its core operations. Core operations are calculated as expenditure less depreciation, interest, amortisation, non-cash pension adjustments and non-recurring costs. The movement reflects a decrease of £2.0 million in cash and cash equivalents, which is shown in the Consolidated Cashflow Statement on page 41; the main reason remains continued planned investment in the University estate and residences, though COVID-19 has also reduced operational cash generation in 2019-20. General (Unrestricted) Reserve cover has reduced from 302 days to 201 days. This metric is similar to the Primary reserve cover but demonstrates the estimated number of days the University's unrestricted reserves as at July 2020 could sustain its core operations.

These cash cover metrics are expected to be below the University's targets, having also been adversely impacted by the pandemic's effect on University operations, and will be monitored closely through forecast upturn.

General Reserves have reduced significantly in 2019-20, this predominantly relates to the impairment of revalued assets and a further increase to the pension liability reported.

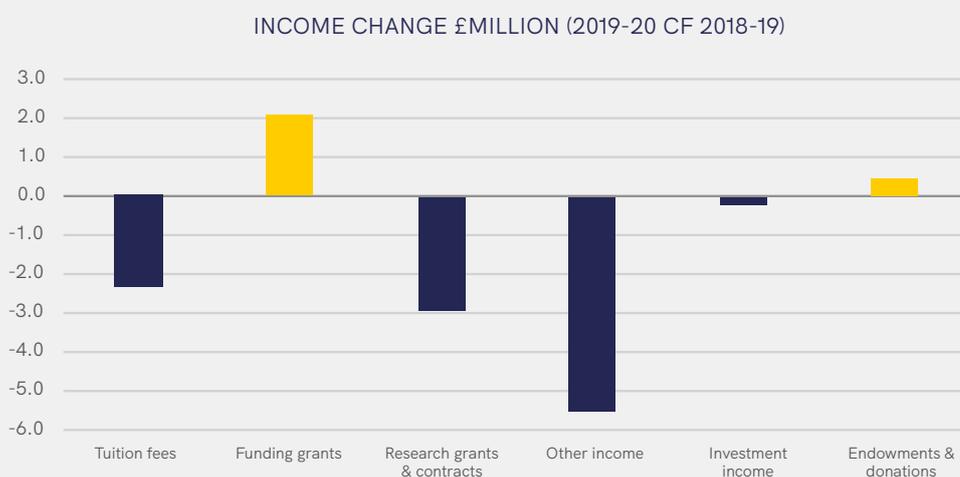
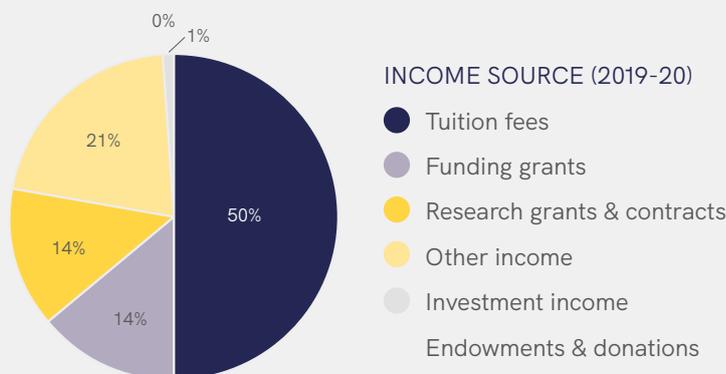
As a result of the decrease in cash the debt ratio has weakened slightly from 349 per cent to 458 per cent. External debt in the debt ratio consists of the secured liabilities and rolling credit facility.

The net assets has fallen in value from £114.2 million to £98.0 million – a reduction of 14.2 per cent. The majority of this relates to actuarial losses on the pension scheme.

The retained result as a percentage of income metric is negative and reflects the underlying operating loss of £5.4 million as a proportion of the total income. The operating position in 2019-20 has been significantly impacted by COVID-19 and its effect on University business.

## Income

The University saw reductions in tuition fees, research income and most notably student residential income at £3.6 million following the decision to refund a significant portion of accommodation fees. Funding Body Grants increased by some £2 million, leaving a remaining reduction in income of £8.7 million (7.5 per cent) compared to 2018-19. The University attracted fewer students in 2019-20, research grant capture and associated margins were also lower compared with the previous year. As part of the budgeting process, the University had planned for the majority of the pre-COVID-19 reductions and these are therefore broadly in accordance with budget expectations. However most of the 2019-20 income reduction impact related to the effects of COVID-19, crystallising during the second half of the year and were largely unavoidable in nature. Pre-COVID-19 income levels remain in accordance with the University's longer term planning judgements and our Financial Strategy continues to match income reductions with necessary cost reductions, delivering financial sustainability.



## Expenditure

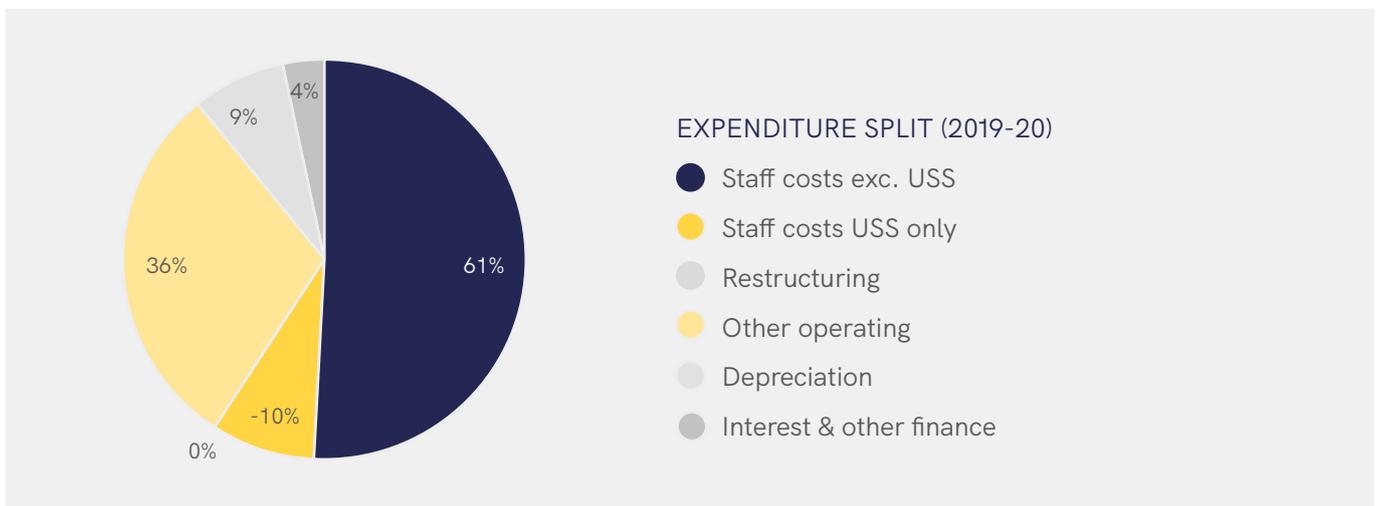
The University continued to carefully manage its cost base in 2019-20, building upon the progress of recent years and fine tuning key areas. A robust and challenging budget setting process, interlinked with a focus on developmental activities, continues to support this objective. In 2019-20 the University has broadly balanced the cost base in proportion to income generated, albeit there remain business improvements to be made. Staff costs have decreased by some £28.6 million (33.7 per cent) compared with the prior year, but this relates to an actuarial loss relating to the USS pension scheme in the prior year (£18.5 million), however underlying activity is sustainable. Some change efficiencies were undertaken during the year.

The balanced academic portfolio, supported by proportional professional services, provides for expenditure stability. The development of a staff establishment during 2019-20 will further embed and support that control environment.

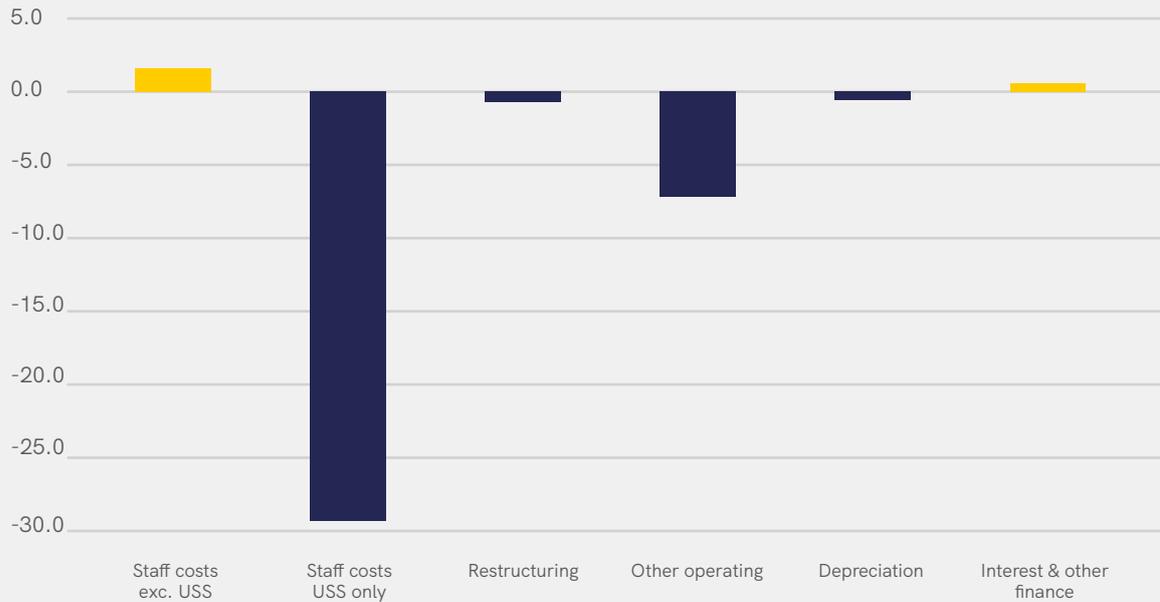
Some minor costs were incurred during 2019-20 as the planned restructuring of the University was completed, however they do not form part of the underlying cost base and as such do not form part of our longer term planning.

Reductions in Research expenditure compared with 2018-19 form a significant part of the overall operational reduction, largely reflecting a reduction in Research grant capture and activity in 2019-20. Overall research contribution has remained broadly consistent, however departmental performance has weakened in some areas.

Consumable expenditure has also been tightly controlled, facilitated by rigorous budgetary review, as well as the implementation of real time management information for budget holders, driven from the financial reporting system. The rationalisation of some activities as a result of COVID-19 has also reduced variable operational expenditure in the year, as catering and other 'on campus' activity declined. The University has sought to match such expenditure reductions against income reductions, in order to manage the overall impact of the pandemic. During late 2019-20, the University utilised the government's 'Coronavirus Job Retention Scheme' in order to provide support in key functional areas. The University has recognised that there remain challenges in specific operations and has developed strategic action plans to target those areas.



### EXPENDITURE CHANGE £MILLION (2019-20 CF 2018-19)



Note: Staff costs include pension service cost provision gain, see note 7.

### Balance Sheet

Overall, net assets have decreased in value by £16.2 million compared to the position in 2018-19. This has been mainly driven an impairment charge of £7.7 million to the carrying value of fixed assets and a reduction in trade receivables.

£ millions	Fixed Assets	Investments	Bank & Cash	Long Term Creditors	Pension Liability
2019-20	244.8	33.4	12.3	127.7	52.0
2018-19	228.0	35.5	14.3	109.7	52.6
	↑	↓	↓	↑	↓

### Capital Investment

Investment in the University's estate, facilities and student residences has been at historically high levels over the last two years, with 2019-20 seeing a continuation of this investment as several major capital projects near completion. Construction of the new £40.5 million AberInnovation campus was completed in August 2020, providing further world class research and development facilities. The University has also fully refurbished the historic Pantycelyn halls of residence, providing additional student living capacity and restoring a much loved and iconic building.

During the year £34.2 million (2018-19 £24.5 million) was spent on investment in infrastructure and equipment across the group. Approximately £20.4 million of the total expenditure incurred has been funded from external sources. The campus will be operational from late 2020 and accounts for £14.3 million of the overall capital investment, the vast majority of which is to be funded through capital grant income. Work on the famous Pantycelyn hall of residence also continued as planned in 2019-20 in readiness to welcome its first students in September 2020 - a total £13.7 million was invested during the year.

Of the total capital expenditure, £1.4 million (2018-19 £0.5 million) relates to new research equipment funded by grants. The remaining expenditure relates to strategic investment in the campus, reflecting improvements in terms of the buildings and general infrastructure, as well as discrete facilities such as the Vet Hub project. Pre-construction expenditure of £0.7 million was also incurred in advance of a significant project, partly funded by the Heritage Lottery Fund, to breathe new life into the Old College site.

## Investments

---

Over the trailing one year period to 31 July 2020 the endowment and university investments returned a loss of -4.7 per cent (2018-19 5.2 per cent) compared to the policy benchmark which returned a loss of -0.3 per cent (2018-19 4.7 per cent). The best performing portion of the portfolio was the Inflation Linked Gilts and Investment Grade Credit allocation.

## Cash and short-term deposits

---

The University's liquidity position (net current assets / (liabilities)) as at July 2020 is negative (£2.7) million, having moved from net current assets of £7.9 million as at July 2019. This planned weakening of liquidity reflects the University's investment programme, particularly as we near completion of several major capital projects. Investments in 2019-20 contribute to several years of investment at historically high levels, which naturally utilise cash resource. Clearly, the liquidity position was adversely affected by the unforeseen impact of COVID-19 on the University and its operations. A primary focus in 2020-21 and beyond will be on increasing cash reserves and improving liquidity measures as operations stabilise through the course of the pandemic and the capital programme reduces.

The major Capital investment programme over 2018-19 and 2019-20 has been supported by a short-term Revolving Credit Facility (RCF), that has enabled the University to manage the expected volatilities in its annual cashflow profile and associated lead times on grant claims. The RCF assists with short term cash timing differences only and is not long term secured loan finance. The University's financial plans were prepared based upon fully repaying the RCF balance as at the end of July 2020, but the unprecedented impact of COVID-19 over the final quarter of the financial year resulted in the requirement to draw down £6.5 million to manage short to medium term cash commitments into 2020-21. The University has adjusted its financial plans accordingly and the impact of the additional drawdown has been managed.

The University monitors its cash balances and commitments on a regular basis through monthly and quarterly reporting and review. In line with the majority of institutions, the University undertook significant reforecasting following the COVID-19 outbreak. The University has continued to invest resources into actively managing the overall cash impact of the outbreak, highlighting ongoing risks and planning to work through its legacy, improving liquidity and cash metrics as operations stabilise.

The University continues to proactively review its asset holdings with a view to disinvesting some assets that are surplus to operational requirements. During 2019-20, this strategy realised cash proceeds totalling £2.1 million (2018-19 £0.4 million) from sales which has been used to support our focused capital improvements and developments.

# Principal risks and uncertainties

## Risk Management Process

Sector wide uncertainties remain that will affect all universities, particularly those relating to the UK's relationship with the European Union. All UK universities are exposed to changes in their relationship with the EU and it remains unclear how issues such as student recruitment from the EU, research data flows and partnerships arrangements will be affected with the resultant future impact on fees and research income. The recent COVID-19 pandemic and the subsequent issues relating to A level grades and student recruitment have all added an additional layer of uncertainty over student recruitment and fee income.

The University's risk management process recognises strategic risks, which identify the most significant risks to the University's objectives, operational risks and those risks associated with major development projects which identify the risks affecting the University's capital investment programme. The risk registers are online to facilitate management oversight and the identification of linked risks and are updated on a regular basis and reviewed by Council. The Audit, Risk and Assurance Committee receives a detailed report on the management of risk at each of its meetings.

The University Executive regularly reviews the key risks faced by the institution.

The principal risks to the University and how they have been mitigated are shown in the table below:

Risk Area	Risk Description	Risk Mitigation
Sustainability and Funding	Changes in the funding of Universities from public sources, including the impact of changes in student fees, the funding of research and the Government's response to the Augar review of post 18 education and funding	The University plans prudently and has incorporated detailed sensitivity analyses of income assumptions within its financial forecasts. The cost savings derived through the recently concluded Sustainability implementation Plan (SIP) will deliver more effective and efficient services.
Recruitment	The University fails to recruit and retain sufficient student numbers	The University plans realistically for student demand and has recruitment strategies in place, focusing on key areas around the UK and Wales, developing international networks as well as strong links with local schools. The University regularly reviews its portfolio to ensure it continues to meet student and employer needs.
Research	Failure to recruit high quality research staff, develop strategic research partnerships and deliver the Research & Innovation Strategy	The University's strategic plan has a clear commitment to research and an active engagement with the Ser Cymru programme for fellowships and support for new researchers. Recent developments in the Aberystwyth Innovation and Enterprise Campus (AIEC), GEOM and Future Foods among others provide new opportunities for building new partnerships with business.
Pensions	Further revaluations to or increases in assessment of deficits in the pension schemes that increase cash outflows from the University, or potentially make Aberystwyth a less attractive employer	Sector-wide consultation on the USS scheme remains ongoing, with potentially significant implications. Aberystwyth University has sought to mitigate this risk by reshaping its cost base to ensure that future commitments can be met from operating activities and providing for significant increases in employer contributions within its financial plans
Reputation	The University fails to maintain its international reputation in both teaching and research	The University invests significantly in the student experience and in world class research. Success in league tables, Teaching Excellence Framework and Research Excellence Framework validate the University's strategies
Exit from the EU	The University recognises a number of risks associated with a 'no deal' exit from the EU, in terms of the potential impact on: recruitment of EU students; loss of access to research programmes and research income; loss of EU staff; increased costs of goods and services; loss of ERASMUS and Exchange programmes	Detailed contingency plans have been drawn up at departmental level and the University continues to monitor the situation closely. The University's risk registers have been comprehensively reviewed for the potential implications of a 'no deal' exit from the EU with detailed plans for the impact on, student recruitment, staff recruitment and retention and on supply chains
COVID-19 pandemic	The University, students staff and the local community are adversely affected by a high incidence of COVID-19 in our area	To some extent, this risk has crystallised with a significant financial impact in the year. Mitigation plans include detailed plans for reactivation of teaching & learning, research and all campus activities for the 2020-21 academic year, including more socially distanced campus activities, a blended approach to learning with a mix of online and face to face teaching and detailed contingency plans in the event of a localised outbreak

---

## Sustainability

---

The University's long term financial planning to 2023-24, is built on the delivery of excellence for students. The higher education sector continues to be increasingly competitive and although the impact of COVID-19 has detrimentally affected Aberystwyth, we are confident in our assumptions and planning mechanisms for the immediate future.

Aberystwyth is refocusing marketing and recruitment for both domestic and international students. Our strategies are based around developing a portfolio of high quality programmes with clearly articulated identities, meaningful relationships with our feeder schools, and an individual and supportive relationship with our applicants. The priorities underpinning the 'growth' component of our plans are to establish a uniformly excellent teaching provision and a leading marketing and recruitment function. Both are embedded in our Financial Strategy for the future and we continue to actively review the teaching and recruiting activities of all University departments.

Student intake in September 2020 was better than budgeted. Our strategic aims are to consolidate and capitalise on this improvement, and ensure that more students choose Aberystwyth University as a place where they can learn and live in an exceptional environment; our business intelligence and modelling supports this assumption, with early indications of a substantial increase in applications for the 2021-22 academic year compared with previous enrolment cycles.

The University continues to make a major investment in its estate which will impact upon its financial position over the planning horizon. Whilst liquidity continues to be maintained, the University has seen a diminution of cash balances in 2019-20 and it remains clear that future financial performance needs to improve to secure long term sustainability. The University is on course to achieve this and we will continue to closely monitor cashflow and underlying earnings, for continuing operations and to provide the cash basis for our planned further capital investment. Our Financial Strategy for the next few years will see a major capital programme progressed and our core strengths built upon. Our financial forecasts show a tight budgetary landscape, whilst still allowing for investment through stimulus funding and other mechanisms, with the University currently forecasting a return to a moderate operating surplus in 2023-24, although it is hoped this can be delivered earlier. As well as these items, the University has included in its forecasts pay awards, the voluntary living wage and additional employer pension contributions including deficit reduction charges arising from the latest valuation.

The University is a member of a number of pension schemes (see note 27) which contain a degree of risk relating to the outcome of valuation processes. Given these significant uncertainties it remains important that the University delivers an improved financial performance during 2020-21 and beyond. It will continue to carefully control expenditure, particularly that incurred in acquiring fixed assets, to within those amounts allowed for in the financial plans approved by Council up to 2023-24, while at the same time delivering the Strategic Plan objectives and remaining able to attract students to study at all levels at the University. Against the wider economic backdrop, there will be challenging times ahead. However, with continuing strong management and staff, the University is confident of successfully making progress in its strategic plans, and achieving its objectives.

As part of its approach to financial sustainability, the University undertakes detailed expenditure reviews and has a robust budget monitoring system in place. Additional financial commitments have been reviewed and reduced as necessary, such as phasing some capital expenditure. Regular meetings are held to review the financial position, as well as the consideration of mitigating actions, including revenue generation, cost controls, cash management and financing options. There are regular discussions between Marketing, Finance and Planning to model fee income over the longer term planning horizon.

The financial outlook remains uncertain and 2020-21 will be challenging, as we deliver a blended approach to teaching and manage the additional costs and challenges of maintaining a safe campus. There remains an unquantifiable risk of further extensions to the prevailing restrictions or additional future national lockdowns arising from the COVID-19 pandemic. University income remains exposed to this risk, particularly that relating to student residential accommodation. However, our financial and cash management modelling demonstrates that the University remains able to meet its financial commitments, including scenarios that incorporate downside risk. The University anticipates an operating deficit in 2020-21, albeit less than originally budgeted, as a result of stronger student recruitment and robust cost control. With vaccines coming on line during 2021 we anticipate a gradual recovery period, which will require careful management, but which do not materially impact our financial plans.



---

## Public Benefit Statement

---

**Aberystwyth University is a Registered Charity (No 1145141) in accordance with the terms of the Charities Act 2011. In setting and reviewing the University's objectives and activities, the University Council has due regard for the Charity Commission's general guidance on public benefit and supplementary guidance for charities established for educational purposes.**

Since 1872 the University has promoted excellence in research and teaching under its motto 'Nid byd, byd heb wybodaeth – A world without knowledge is no world at all'. We aim to enable the student to develop a passion for academic enquiry, learning and personal development which is both lifelong and life-changing. We value innovation and excellence in research in all fields and disciplines and we encourage an inter-disciplinary approach to seek solutions to global issues. We seek to break down barriers to education and work closely with the community to widen access to our provision.

### Teaching

---

Our core mission is to produce well-educated, skilled and confident graduates, fully equipped for the world of work and for the work of the world. We provide this through excellent teaching across 17 core academic departments and embedding employability, transferrable skills and issues of global citizenship into our curriculum. We support a range of projects for learning in the community, including providing a wide range of lifelong learning courses in languages, the sciences, arts and humanities on the University campus as well as in community venues across Wales, and a portfolio of part-time and day courses. We recognise our special responsibility to further Welsh medium engagement and promote the Welsh language and are active in encouraging Welsh speaking students to pursue their studies through the medium of Welsh.

### Research

---

We have a long and distinguished record of undertaking cutting edge research of international significance, conducting research that addresses the major challenges society faces, including climate and environmental change, global inequality, space research, international economics, artificial intelligence and cultural identities. We are establishing ourselves as a centre for research collaborations with business through our Innovation and Enterprise Campus. Community engagement with research includes health and wellbeing programmes, robotics workshops, monthly science cafes and public lectures.

### Widening Participation

---

Our approach to widening access involves targeted projects aimed at raising school leaver aspirations and we work closely with schools and the local community on activities to improve skills, particularly in STEM (Science, Technology, Engineering and Maths) subjects. We provide a comprehensive range of bursaries, scholarships and awards, including bursaries for Post Graduate Research students which are funded via University and alumni-funded endowments. We provide a structure of financial support to ensure that students from all backgrounds can enjoy the benefits of Higher Education. We also provide a range of targeted academic and personal support to students to aid retention and promote student success.

## International Reach

---

We are a thriving international community, welcoming staff and students from over 90 countries worldwide and working in partnership with institutions, businesses and organisations across the world. Our International English Centre helps overseas students to gain language skills so that they can be confident members of our safe, inclusive community.

## Sustainability

---

We are wholly committed to the enhancement, promotion and development of sustainable practices, with the overarching aim to encourage sustainable growth and practices, both for individuals and for the institution. We have taken several steps to eliminate single-use plastics, including holding annual plastic free days to raise awareness, introducing a coffee cup tax, providing free water fountains for staff, students and visitors and introducing compostable takeaway containers. These changes have in turn reduced the University's carbon emissions from the purchasing of single use plastics and increased rates of recycling and reuse.

We are committed to being carbon neutral by 2030 and are prioritising our responsibility to protect the environment from the impact of its operations and activities. The Sustainability Policy Statement published this year outlines the University's commitment to conduct its activities in an environmentally responsible manner.

## Community Engagement

---

We engage fully with our local community through our Arts Centre's thriving cultural programmes which include theatre, music, cinema, gallery exhibitions, film and literary festivals, dancing classes, summer projects for school children and evening classes and workshops for adults. We are also proud of our partnership work with the National Library of Wales and with local schools and community groups and charities including the University Charity of the Year, which is chosen by our staff and students. We encourage staff and student volunteering and are proud of the involvement of both in activities such as working with women on probation, pro-bono legal work, beach conservation and engagement with St John's Ambulance Brigade. We offer services to regional businesses. We support the local hospital and community health programmes, and provide access to high quality sporting facilities and classes for the local community (including sports classes, sports holiday clubs, and activities to promote health and wellbeing in the over-50s).

## COVID-19

---

From research to community support, our staff and students are making vital contributions to the fight against COVID-19. We are committed to working together with our partners, including Ceredigion County Council, Hywel Dda University Health Board and Public Health Wales to reduce the impact of COVID-19 across our communities and provide support planning for the future. Among our local contributions, NHS workers were provided with accommodation in University residences on the Penglais campus. In addition, teams from the University have supplied and produced PPE for front-line health workers and care homes.

Researchers from the Institute of Biological, Environmental and Rural Sciences (IBERS), are working on a technique to improve testing for COVID-19 in low income countries. The testing method would be suitable in countries where there is limited access to testing infrastructure supply chains and could be conducted without requiring specialist virology facilities.

---

## Professional advisors

---

### External auditor and corporate tax advisors

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

### Internal auditor

Deloitte LLP  
The Pinnacle  
150 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 1FD

### Bankers

Barclays Bank  
26 Terrace Road  
Aberystwyth  
Ceredigion  
SY23 2AE

### Solicitors

Michelmores LLP  
Woodwater House  
Pynes Hill  
Exeter  
EX2 5WR

### Principle office

Aberystwyth University  
Visualisation Centre  
Penglais Campus  
Aberystwyth  
Ceredigion  
SY23 3BF

---

# Independent auditor's report to the Council of the Aberystwyth University

---

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

---

We have audited the financial statements of Aberystwyth University ("the University") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets, Consolidated Cash Flow Statement and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCW's Accounts Direction to Higher Education Institutions for 2019-20 issued on 24 June 2020; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

---

We have been appointed as auditor under the Articles, Charters, Statutes or Ordinances of the institution and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

---

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period.

We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

## **Other information**

---

The Council is responsible for the other information, which comprises the Strategic Review and the Corporate Governance and Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

## **Matters on which we are required to report by exception**

---

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the operating & financial review is inconsistent in any material respect with the financial statements; or
- the University has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

## **Council's responsibilities**

---

As explained more fully in their statement set out on page 20 and 21, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities**

---

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

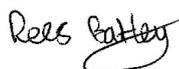
## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the operating & financial review is inconsistent in any material respect with the financial statements; or
- the University has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we required for our audit.

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council, in accordance with the Articles, Charters, Statutes or Ordinances of the institution and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.



Rees Batley

for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

# CONSOLIDATED & UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME

## for the year ended 31 July 2020

	Notes	2020		2019	
		Consolidated	University	Consolidated	University
		£000	£000	£000	£000
<b>INCOME</b>					
Tuition fees and education contracts	1	53,514	53,514	55,794	55,607
Funding body grants	2	14,997	14,997	12,954	12,954
Research grants and contracts	3	15,566	15,566	18,517	18,517
Other income	4	22,252	22,366	27,984	28,061
Investment income	5	521	521	774	774
Total income before endowments and donations		106,850	106,964	116,023	115,913
Donations and endowments	6	684	684	259	259
Total income		107,534	107,648	116,282	116,172
<b>EXPENDITURE</b>					
Staff costs	7/9	67,749	67,497	66,401	66,401
Staff costs - increase / (decrease) in USS pension scheme	7	(10,947)	(10,947)	18,334	18,334
Fundamental restructuring costs	7/9	103	103	770	770
Other operating expenses	9	39,278	39,632	46,447	46,337
Depreciation	9/10	9,884	9,884	10,531	10,531
Interest and other finance costs	8/9	4,484	4,484	3,845	3,845
Total expenditure	9	110,551	110,653	146,328	146,218
Deficit before other gains losses and share of operating deficit of joint ventures and associates		(3,017)	(3,005)	(30,046)	(30,046)
Gain on disposal of fixed assets		35	35	146	146
(Loss) / Gain on investments		(2,060)	(2,060)	1,301	1,301
(Deficit) / surplus before taxation		(5,042)	(5,030)	(28,599)	(28,599)
Taxation		-	-	-	-
(Deficit) / surplus after taxation		(5,042)	(5,030)	(28,599)	(28,599)
Actuarial gain /(loss) in respect of pension schemes	27	(11,147)	(11,147)	(11,601)	(11,601)
Total comprehensive income for the year		(16,189)	(16,177)	(40,200)	(40,200)
Represented by:					
Endowment comprehensive income for the year	21	(1,089)	(1,089)	566	566
Restricted comprehensive income (expenditure) for the year	22	(22)	(22)	(24)	(24)
Unrestricted comprehensive income for the year		(15,078)	(15,066)	(40,742)	(40,742)
		(16,189)	(16,177)	(40,200)	(40,200)
Total Comprehensive income for the year attributable to					
Non controlling interest		-	-	-	-
University		(16,189)	(16,177)	(40,200)	(40,200)

## CONSOLIDATED AND UNIVERSITY BALANCE SHEET as at 31 July 2020

	Notes	2020		2019	
		Consolidated	University	Consolidated	University
		£000	£000	£000	£000
<b>NON CURRENT ASSETS</b>					
Fixed assets	10	244,815	217,380	228,027	214,852
Heritage assets	11	1,347	1,347	1,347	1,347
Investment properties	12	5,723	5,723	7,866	7,866
Investments	14	31,943	31,943	34,193	34,193
Investment in subsidiaries		-	-	-	2
		283,828	256,393	271,433	258,260
<b>CURRENT ASSETS</b>					
Stock	15	1,603	1,603	1,428	1,428
Trade and other receivables	16	15,029	12,515	22,375	19,118
Investments	17	1,487	1,487	1,327	1,327
Cash and cash equivalents		12,325	12,207	14,288	12,638
		30,444	27,812	39,418	34,511
Less: Creditors: amounts falling due within one year	18	33,157	32,124	31,523	26,627
Net current (liability)/assets		(2,713)	(4,312)	7,895	7,884
Total assets less current liabilities		281,115	252,081	279,328	266,144
Creditors: amounts falling due after more than one year	19	127,734	100,299	109,745	96,573
<b>PROVISIONS</b>					
Pension provisions	20	52,046	52,046	52,570	52,570
Other provisions	20	3,328	1,729	2,817	2,817
Total net assets		98,007	98,007	114,196	114,184
<b>RESTRICTED RESERVES</b>					
Income and expenditure reserve - endowment reserve	21	35,557	35,557	36,646	36,646
Income and expenditure reserve - restricted reserve	22	155	155	177	177
<b>UNRESTRICTED RESERVES</b>					
Income and expenditure reserve - unrestricted		62,295	62,295	77,373	77,361
Total Reserves		98,007	98,007	114,196	114,184

The financial statements were approved by the University Council on 19th March 2021 and were signed on its behalf by:



Dr Emyr Roberts,  
Chair of Council



Professor Elizabeth Treasure,  
Vice-Chancellor

## CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES year ended 31 July 2020

CONSOLIDATED	Income and expenditure account			Revaluation reserve £000	Total Including Non Controlling Interest £000
	Endowment £000	Restricted £000	Unrestricted £000		
Balance at 1 August 2019	36,080	201	52,883	65,232	154,396
Surplus/(deficit) from the statement of comprehensive income	566	(24)	(40,742)		(40,200)
Transfers between revaluation and income and expenditure reserve			65,232	(65,232)	
<b>Total comprehensive income for the year</b>	566	(24)	24,490	(65,232)	(40,200)
Restated balance at 31 July 2019	36,646	177	77,373		114,196
Surplus/(deficit) from the statement of comprehensive income	(1,089)	(22)	(15,078)		(16,189)
<b>Total comprehensive income for the year</b>	(1,089)	(22)	(15,078)		(16,189)
<b>Balance at 31 July 2020</b>	<b>35,557</b>	<b>155</b>	<b>62,295</b>		<b>98,007</b>

UNIVERSITY	Income and expenditure account			Revaluation reserve £000	Total Including Non Controlling Interest £000
	Endowment £000	Restricted £000	Unrestricted £000		
Balance at 1 August 2019	36,080	201	52,871	65,232	154,384
Surplus/(deficit) from the statement of comprehensive income	566	(24)	(40,742)		(40,200)
Transfers between revaluation and income and expenditure reserve			65,232	(65,232)	
<b>Total comprehensive income for the year</b>	566	(24)	24,490	(65,232)	(40,200)
Restated balance at 31 July 2019	36,646	177	77,361		114,184
Surplus/(deficit) from the statement of comprehensive income	(1,089)	(22)	(15,066)		(16,177)
<b>Total comprehensive income for the year</b>	(1,089)	(22)	(15,066)		(16,177)
<b>Balance at 31 July 2020</b>	<b>35,557</b>	<b>155</b>	<b>62,295</b>		<b>98,007</b>

There is a non-controlling interest relating to AIEC Ltd that totals £25 and has therefore been rounded to zero and is not shown separately in the note above. The revaluation reserve was created on transition to FRS102 when the properties were recognised at deemed cost. As the Group does not have a policy of revaluing its fixed assets it has deemed that more appropriate presentation is to show this within its I&E reserve.

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 July 2020

	Notes	2020	2019
		£000	£000
<b>Cash flow from operating activities</b>			
(Deficit)/surplus for the year		(5,042)	(28,599)
<b>Adjustment for non-cash items</b>			
Depreciation	10	9,884	10,531
Impairment of fixed assets		7,720	9,162
Loss/(gain) on endowment investments	21	1,473	(660)
Loss/(gain) on other investments		587	(641)
Decrease in stock	15	(175)	(245)
Decrease/(increase) in debtors	16	7,347	(13,046)
Decrease/(increase) in creditors	18/19	(4,413)	1,716
Pension interest cost	27	1,130	620
Contribution to pension greater than current service charge	27	(1,872)	(1,994)
Change in USS deficit reduction plan assumptions	27	(10,947)	18,899
Increase/(decrease) in other provisions	20	511	(750)
Share of operating (surplus)/deficit in subsidiaries		11	
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(521)	(774)
Interest payable	8	3,290	3,241
New endowments	6/21	(291)	(38)
Profit on the disposal of fixed assets		(35)	(146)
Capital grant income within research grant		(2,845)	(3,466)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>5,812</b>	<b>(6,190)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		2,059	388
Capital grants receipts		20,378	15,275
Investment income	5	521	774
Payments made to acquire fixed assets		(34,273)	(24,490)
Disinvestment of non-current asset investments		31	7,582
		(11,284)	(471)
<b>Cash flows from financing activities</b>			
Interest paid		(3,282)	(3,901)
New unsecured loans		6,500	
New endowments	6/21	291	38
		3,509	(3,863)
<b>Decrease in cash and cash equivalents in the year</b>		<b>(1,963)</b>	<b>(10,524)</b>
Cash and cash equivalents at beginning of the year		14,288	24,812
Cash and cash equivalents at end of the year		12,325	14,288

---

# Statement of principal accounting policies

---

## 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019; Accounts Direction issued by HEFCW; and Financial Reporting Standards (FRS102).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention with the exception of investment properties and the defined benefit pension liabilities which are held at fair value.

The University has presented the Cash Flow Statement of the group only as permitted by the disclosure exemption available in FRS102.

The financial statements have been prepared on a going concern basis.

### Going Concern

---

The Consolidated Aberystwyth University Group incurred a deficit before taxation of £5.0 million (2018-19 deficit £28.6 million). Which has resulted in a negative net cash outflow of £2.0 million (2018-19 £10.5 million). The Group has net current liabilities of £2.7 million (2018-19 net current assets of £7.9 million) and total net assets of £98.0 million (2018-19 £114.2 million), of which £62.3 million is represented by unrestricted reserves. Included within net current assets, are cash and cash equivalents of £12.3 million (2018-19 £14.3 million) (£4.5 million of which are restricted) which may be used by the Group to settle its ongoing liabilities and support the Group's capital investment programmes.

During the 2019-20 academic year, the University concluded the implementation of its Sustainability Implementation Plan (SIP). The SIP objectives were to maximize income, reduce the costs of running the institution and placing it on a sustainable footing for the future. The SIP savings target of £11.4 million were exceeded, although with a slightly delayed timescale. Conclusion of the SIP programme, together with previously identified surplus space to enable face to face teaching to continue where possible in a Covid-secure environment and a historically low reliance on income from international students means that the University is well placed to manage the adverse financial impacts resulting from the COVID-19 pandemic.

Financial forecasts, including cash flow projections, have been prepared for the Group covering the going concern assessment period, being at least 12 months from the date of approval of these financial statements. These forecasts indicated that the University will have a negative net cash outflow during the going concern assessment period. As a result of the financial impact associated with COVID-19, the Group has deferred many of its capital investment plans, in order to maintain sufficient cash balances and reserves to meet liabilities as they fall due.

To support cashflow, Aberystwyth University has in place a £10 million revolving credit facility, which has been set up with a two-tier structure based on the university's requirements. This facility has been extended for a further period of 12 months until May 2023, with the agreement of the University's lenders. An additional £5 million Coronavirus Large Business Interruption Loan Scheme (CLBILS) facility which is 80 per cent underwritten by Government guarantee, has also been put in place for a period of 3 years to further support cash flow.

Consequently, the Council is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

---

## Statement of principal accounting policies (continued)

---

### 2. BASIS OF CONSOLIDATION

The consolidated financial statements include the University, Aberystwyth Innovation and Enterprise Campus (subsidiary), Aber Trading Ltd (subsidiary), Aber-Bangor Consultancy Ltd (subsidiary) and Aberystwyth Limited (Aberystwyth University Mauritius) (subsidiary) for the financial year to 31 July 2020. The results of the subsidiary during the period are included in the consolidated statement of income and expenditure. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

### 3. INCOME RECOGNITION

Income from the sale of goods or services is credited to the Consolidated and University Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated and University Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment or guaranteed discount for all students, income receivable is shown net of the discount. Non general bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Funds the University receives and disburses as paying agent on behalf of a funding body, are excluded from the income and expenditure of the University where: the University is exposed to minimal risk; or enjoys minimal economic benefit related to the transaction.

#### Grant funding

---

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year, and due after more than one year as appropriate.

Grants (including research grants) from non government sources are recognised in income when the University is entitled to the income, and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet, and released to income as the conditions are met.

#### Capital grants

---

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

---

## Statement of principal accounting policies (continued)

---

### Donations and endowments

---

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Restricted endowment income is retained within the endowment reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Unrestricted endowment income is recognised in the period it is received.

Restricted donations are retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises, and as either restricted or unrestricted income. The classification depends on the term and restrictions applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## 4. ACCOUNTING FOR RETIREMENT BENEFITS

The four principal pension schemes for the University are:

- the Universities Superannuation Scheme (USS), this is a Multi-employer Defined Benefit scheme;
- the Aberystwyth University Pension Provision (AUPP), this is a Defined Contribution Plan; and
- the Aberystwyth University Pension and Assurance Scheme (AUPAS), this is a Defined Benefit Scheme closed to future employee contributions;
- the Dyfed Pension Fund (DPF), this is a Defined Benefit scheme closed to new entrants

### Multi-employer Defined Benefit scheme

---

Multi-employer Defined Benefit schemes are valued every three years by professionally qualified independent actuaries. Where the University is not able to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis due to the mutual nature of the scheme, the scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund any past deficits within the scheme.

---

## Statement of principal accounting policies (continued)

---

### Defined Contribution Plan

---

The University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### Defined Benefit Scheme

---

Under defined benefit schemes the University's obligation is to provide the agreed benefits to current and former employees. The University bears the actuarial risk (that benefits will cost more or less than expected) and the investment risk (that returns on assets set aside to fund the benefits will differ from expectations).

The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Defined benefit schemes are valued every three years by professionally qualified independent actuaries.

## 5. EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and the value of the liability is recognised as the additional amount the University expects to pay as a result of the unused entitlement.

## 6. FINANCE LEASES

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

---

## Statement of principal accounting policies (continued)

---

### 7. OPERATING LEASES

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Long term e.g. foundations & structure	40 to 60 years
Medium Term e.g. services	10 to 30 years
Short Term e.g. internal fittings	5 to 10 years

Income received in respect of awarding operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### 8. FOREIGN CURRENCY

The functional currency of the Aberystwyth University Group is GBP (Sterling).

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation to the functional currency are recognised in Consolidated Statement of Comprehensive Income.

The assets and liabilities of foreign operations, are translated to Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of interest and other finance costs.

### 9. FIXED ASSETS

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 Higher Education SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

#### Land and buildings

---

The University's freehold property excluding Residences and other trading related buildings, were revalued on a depreciated replacement value basis as at 31 July 2014. These assets are carried at the 2014 valuation. Subsequent additions are held at cost.

Freehold buildings are depreciated on a straight line basis over their expected useful lives according to their constituent parts as follows:

---

## Statement of principal accounting policies (continued)

---

Costs incurred in relation to land and buildings after initial purchase or construction, are capitalised to the extent that they increase the expected future benefits to the University. No depreciation is charged on assets in the course of construction.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Leasehold land is depreciated over the life of the lease.

### Equipment

---

Equipment costing less than £10,000 per individual item is written off in the year of acquisition. Other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated on a straight line basis over its expected useful life of five years, other than equipment acquired for specific research projects which is depreciated over the life of the project (generally three years).

### Software

---

Software development costs directly attributable to bringing a computer system or other computer-operated machinery into working condition for use within the business are classified as intangible fixed assets within plant and machinery.

### Heritage assets

---

Heritage assets represent paintings, works of art and ceramics held by the University. They are held and maintained principally for their contribution to knowledge and culture. Those items valued at over £10,000 have been capitalised and recognised at the cost or value of acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Any costs incurred relating to the restoration or conservation of these assets is included in the Consolidated Statement of Comprehensive Income in the year in which it is incurred.

## 10. INVESTMENT PROPERTIES

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income. They are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

---

## Statement of principal accounting policies (continued)

---

### 11. OTHER INVESTMENTS

Listed investments are valued at fair market value with gains and losses recognised in the Statement of Comprehensive income.

Non current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income.

### 12. STOCK

Stock is held at the lower of cost and net realisable value.

### 13. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

- (i) the University has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a probable asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

---

## Statement of principal accounting policies (continued)

---

### 15. ACCOUNTING FOR JOINT OPERATIONS, JOINTLY CONTROLLED ASSETS AND JOINTLY CONTROLLED OPERATIONS

The University accounts for its share of joint ventures using the equity method.

### 16. TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax would be provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date.

The University's principal activities are exempt from Value Added Tax (VAT) but certain ancillary supplies and services are liable to VAT at various rates. Expenditure includes irrecoverable VAT charged by suppliers to the University.

### 17. RESERVES

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances for which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

### 18. BASIC FINANCIAL INSTRUMENTS

#### Trade and other debtors / creditors

---

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

#### Long-term financial liabilities

---

Long-term financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All loans held by the Group are classified as basic financial instruments in accordance with FRS 102, and are held at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

The University's student accommodation Fferm Penglais, was acquired using finance from L&G and Balfour Beatty. The building has been recognised at cost. The finance provided by L&G and Balfour Beatty has been recognised under long-term creditors based on the implicit interest rate of the arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 July 2020

	2020		2019		
	Notes	Consolidated	University	Consolidated	University
		£000	£000	£000	£000
<b>1 TUITION FEES AND EDUCATION CONTRACTS</b>					
Full-time home and EU students		46,545	46,545	47,766	47,766
Full-time international students		6,017	6,017	6,966	6,779
Part-time students		693	693	739	739
Research Training Support Grant		259	259	323	323
		53,514	53,514	55,794	55,607
<b>2 FUNDING BODY GRANTS</b>					
Recurrent grant					
Higher Education Funding Council		10,876	10,876	8,659	8,659
Release of HEFCW deferred capital grant		676	676	1,710	1,710
Specific grants					
Strategic Development Fund		39	39	-	-
Welsh Government Department for Education and Skills		3,406	3,406	2,585	2,585
		14,997	14,997	12,954	12,954
<b>3 RESEARCH GRANTS AND CONTRACTS</b>					
Research councils		5,529	5,529	7,260	7,260
Research charities		757	757	803	803
Government (UK and overseas)		7,625	7,625	8,507	8,507
Industry and commerce		1,473	1,473	1,703	1,703
Other		182	182	244	244
		15,566	15,566	18,517	18,517
<b>4 OTHER INCOME</b>					
Residences, catering and conferences		9,351	9,351	12,982	12,982
Other revenue grants		561	462	364	364
Other services rendered		3,559	3,559	2,736	2,736
Arts Centre		1,917	1,917	2,257	2,257
Farms		1,472	1,472	1,944	1,944
Released from deferred capital grants		1,865	1,865	1,481	1,481
Other income		3,527	3,740	6,220	6,297
		22,252	22,366	27,984	28,061
<b>5 INVESTMENT INCOME</b>					
Investment income on endowments	21	45	45	54	54
Investment income on restricted reserves	21	293	293	333	333
Other investment income		183	183	387	387
		521	521	774	774

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	Notes	2020		2019	
		Consolidated	University	Consolidated	University
		£000	£000	£000	£000
<b>6 DONATIONS AND ENDOWMENTS</b>					
New endowments	21	291	291	38	38
Donations with restrictions	22	340	340	218	218
Unrestricted donations		53	53	3	3
		684	684	259	259
<b>7 STAFF COSTS</b>					
Salaries		54,075	53,823	51,847	51,847
Social security costs		4,612	4,612	4,687	4,687
USS pension costs		7,376	7,376	6,836	6,836
Other pension costs		1,686	1,686	3,031	3,031
		67,749	67,497	66,401	66,401
Staff costs - increase/(decrease) in USS pension		(10,947)	(10,947)	18,334	18,334
		56,802	56,550	84,735	84,735
Staff costs - restructuring		103	103	770	770
Emoluments of the Vice-Chancellor (from 1st April 2017)					
Emoluments of the Vice-Chancellor					
Salary			232		228
Non-pensionable allowance			-		-
Bonus			-		-
Taxable benefits in kind			23		1
			255		229
Pension contributions to USS			5		5
			260		234

The amount shown under the 'taxable benefit in kind' relates to the accommodation provided to the Vice-Chancellor by Aberystwyth University at Plas Penglais.

On 21 September 2018, the Council approved a Senior Remuneration Framework for the University, which sets out the institution's approach to the remuneration of senior post holders, including the Vice-Chancellor. A copy can be accessed at: <https://www.aber.ac.uk/en/corporate-information/remuneration/>.

The Remuneration Committee been delegated the authority by Council to agree matters relating to the Vice-Chancellor's remuneration.

The University recognises that it operates in a competitive environment and wishes to attract and retain the best staff possible. However, in taking any decisions relating to the remuneration of senior staff, the Remuneration Committee is required to be mindful of the affordability of those decisions and refer to benchmarking data for comparable Universities. For the Vice-Chancellor's remuneration, benchmarking data is drawn from the annual Universities and Colleges Employer Association (UCEA) Senior Staff Remuneration Survey, and the annual Committee of University Chairs (CUC) Vice-Chancellor Salary Survey.

All senior post holders at the University - including the Vice-Chancellor - automatically receive any 'cost of living' pay awards provided by the University to employees on the nationally-agreed single pay spine.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 STAFF COSTS (continued)

The Vice-Chancellor is also required to participate in the institution's Effective Contribution Scheme appraisal process. This annual appraisal is conducted by the Chair of Council, and the process takes account of how the institution as a whole is performing against the Key Performance Indicators (KPIs) which had been agreed by Council to monitor the delivery of the institutional Strategic Plan. The outcome of this appraisal is subsequently presented to the Remuneration Committee and forms the basis of any recommendations to the Remuneration Committee with respect to any changes to the Vice-Chancellor's remuneration.

The Vice-Chancellor's basic salary, expressed as a multiple of all other employees, is 6.8 times (2018-19 6.7 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University of its staff.

The Vice-Chancellor's total salary, expressed as a multiple of all other employees, is 7.7 times (2018-19 6.9 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University of its staff.

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University's contributions to USS are paid at the same rate as for other academic staff.

The total cost Atypical staff for 2019-20 was £858,431 (2018-19 £603,783).

Remuneration of other higher paid staff, excluding employer's pension contributions is shown below. All remunerations shown before any salary sacrifice:

	Number of Staff 2020	Number of Staff 2019
£100,001-£105,000	4	1
£105,001-£110,000	2	1
£110,001-£115,000	-	1
£115,001-£120,000	1	1
£120,001-£125,000	1	-
£125,001-£130,000	-	-
£130,001-£135,000	-	1
£135,001-£140,000	1	-
	9	5

AVERAGE STAFF NUMBERS BY MAJOR CATEGORY	2020	2019
Academic	377	367
Research	140	158
Management & specialist	328	337
Technical	135	139
Other	399	414
	1,379	1,415

### KEY MANAGEMENT PERSONNEL

Key management personnel relate to those members of the executive board of the University only which is made up of eight members.

	2020	2019
	£000	£000
Key management personnel compensation	1,164	1,254

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 STAFF COSTS (continued)

#### Council Members

No member of Council has received any remuneration or waived payments from the University for acting as a member of Council during the year (2018-19 £nil). Members of the University staff appointed to the Council do not receive any additional remuneration in respect of their membership of the Council.

No member of Council has received payment for other services provided to the University, other than under a contract of employment for members of Council who are also University employees, during the year (2018-19 £nil).

The total expenses paid to or on behalf of 8 Council members was £6,079 (2018-19 £7,861 to 11 Council members). This represents travel and subsistence expenses incurred in attending Council and other meetings in their official capacity.

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>8 INTEREST AND OTHER FINANCE COSTS</b>				
Interest on Fferm Penglais Students Accommodation	3,290	3,290	3,241	3,241
Exchange differences	64	64	(16)	(16)
Interest cost on USS pension liability	658	658	238	238
Net charge on pension scheme	472	472	382	382
	4,484	4,484	3,845	3,845

### 9 UNIVERSITY ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Staff costs			Other		Total 2020	Total 2019
	Operational staff costs	Restructuring costs	Depreciation	Other Operating expenses	Interest Payable		
Academic Department	27,527	-	898	3,245	-	31,670	31,482
Academic Services	5,690	-	246	2,486	1,194	9,616	8,729
Research Grants & Contracts	11,080	-	200	3,948	-	15,228	18,422
Residences, Catering & Conference	5,485	-	1,453	5,392	-	12,330	13,273
Premises	1,196	-	6,552	4,770	3,290	15,808	17,106
General Education Expenditure	3,482	-	16	3,155	-	6,653	6,030
Central Administration & services	(4,206)	103	194	4,823	-	914	30,750
Student & staff facilities & amenities	2,669	-	60	207	-	2,936	2,921
Impairment of fixed assets	-	-	-	7,720	-	7,720	9,162
Other services rendered	1,746	-	8	1,240	-	2,994	2,836
Arts Centre	1,293	-	113	928	-	2,334	2,598
Farms	566	-	144	1,465	-	2,175	2,507
Auditor's remuneration	-	-	-	142	-	142	84
Other Expenses	22	-	-	111	-	133	318
	56,550	103	9,884	39,632	4,484	110,653	146,218

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9 CONSOLIDATED ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY (continued)

	Staff costs			Other		Total 2020	Total 2019
	Operational staff costs	Restructuring costs	Depreciation	Other Operating expenses	Interest Payable		
Academic Department	27,527	-	898	3,245	-	31,670	31,482
Academic Services	5,690	-	246	2,486	1,194	9,616	8,729
Research Grants & Contracts	11,080	-	200	3,948	-	15,228	18,422
Residences, Catering & Conference	5,485	-	1,453	5,392	-	12,330	13,273
Premises	1,196	-	6,552	4,770	3,290	15,808	17,106
General Education Expenditure	3,482	-	16	3,155	-	6,653	6,030
Central Administration & services	(3,954)	103	194	4,456	-	799	30,847
Student & staff facilities & amenities	2,669	-	60	207	-	2,936	2,921
Impairment of fixed assets	-	-	-	7,720	-	7,720	9,162
Other services rendered	1,746	-	8	1,240	-	2,994	2,836
Arts Centre	1,293	-	113	928	-	2,334	2,598
Farms	566	-	144	1,465	-	2,175	2,507
Auditor's remuneration	-	-	-	155	-	155	97
Other Expenses	22	-	-	111	-	133	318
	56,802	103	9,884	39,278	4,484	110,551	146,328

#### AUDITOR'S REMUNERATION INCLUDES

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
External auditors remuneration in respect of audit services	66	53	65	52
External auditors remuneration in respect of non-audit services:				
All other assurance services	20	20	9	9
All other non-audit services	69	69	23	23

#### Voluntary Severance

The obligation to fund voluntary severance included in restructuring costs relates to arrangements that have been agreed and costs are expected to be incurred within one year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10 FIXED ASSETS

Consolidated

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Assets in the Course of construction	Total
	£000	£000	£000	£000	£000
<b>COST AND VALUATION</b>					
At 1 August 2019	223,677	53,156	46,055	20,277	343,165
Additions	1,046	-	2,358	30,853	34,257
Transfers	2,174	-	189	(2,358)	5
Disposals	(55)	-	(1,288)	-	(1,343)
At 31 July 2020	226,842	53,156	47,314	48,772	376,084

### DEPRECIATION

At 1 August 2019	68,202	6,001	40,935	-	115,138
Charge for the year	6,467	1,347	2,070	-	9,884
Impairment	65	-	-	7,470	7,535
Disposals	-	-	(1,288)	-	(1,288)
At 31 July 2020	74,734	7,348	41,717	7,470	131,269

### Net book value

At 31 July 2020	152,108	45,808	5,597	41,302	244,815
At 31 July 2019	155,475	47,155	5,120	20,277	228,027

### UNIVERSITY

#### Cost and valuation

At 1 August 2019	223,677	53,156	46,055	7,102	329,990
Additions	1,046	-	2,358	16,593	19,997
Transfers	2,174	-	189	(2,358)	5
Disposals	(55)	-	(1,288)	-	(1,343)
At 31 July 2020	226,842	53,156	47,314	21,337	348,649

### DEPRECIATION

At 1 August 2019	68,202	6,001	40,935	-	115,138
Charge for the year	6,467	1,347	2,070	-	9,884
Impairment	65	-	-	7,470	7,535
Disposals	-	-	(1,288)	-	(1,288)
At 31 July 2020	74,734	7,348	41,717	7,470	131,269

### Net Book Value

At 31 July 2020	152,108	45,808	5,597	13,867	217,380
At 31 July 2019	155,475	47,155	5,120	7,102	214,852

Included within freehold land and buildings is £9,327,000 (2018-19 £10,849,000) that relate to endowment property (see note 21).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 FIXED ASSETS - HERITAGE ASSETS

University and consolidated

	Heritage Assets	Total
	£000	£000
Valuation at 1 August 2019 & at 31 July 2020	1,347	1,347

### 12 FIXED ASSETS - INVESTMENT PROPERTIES

University and consolidated

	Freehold investment land and buildings	Total
Valuation	£000	£000
At 1 August 2019	7,866	7,866
Transfers	(5)	(5)
Fair valuation movement	(173)	(173)
Disposals	(1,965)	(1,965)
At 31 July 2020	5,723	5,723

The last full valuation of these assets was completed by Cooke & Arkwright in July 2016 for the year ending 31 July 2016. During the year a review of all investment properties was undertaken at the 31 July 2020 and all changes were recorded in the Consolidated Statement of Comprehensive Income for the year. An impairment review was undertaken on assets that had been deemed surplus to requirement by the estates department and were reclassified as assets available for sale. For additional information please see note 29.

### 13 INVESTMENTS IN UNIVERSITY SUBSIDIARY COMPANIES

Company	Principal Activity	Status	Shareholding
Aberystwyth University Innovation and Enterprise Campus Limited (AIEC)	Provision of research in food, nutrition & energy security, renewable energies & biotechnologies in UK	75% owned	75 Class A share
AberTrading Limited	Provider of consultancy and research work in UK	100% owned	1 Ordinary share
Aberystwyth Limited	Provide Aberystwyth University education in Mauritius	100% owned	100,000 Ordinary share
Aber Bangor Consultancy Limited	Provider of consultancy work in UK	100% owned	2 Ordinary share
Ceredigion Limited	Dormant company setup to provide education in Mauritius	100% owned	1,000 Ordinary share
IOMICS Limited	Research & experimental development on biotechnology in UK	15% owned	150 Ordinary share

#### Investment in Aberystwyth Limited

As at the year-end the company was dormant and is in the process of being dissolved.

#### Investment in Ceredigion Limited

Since its incorporation the company has not traded and it is the intention of the board to dissolve this company within the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>14 NON-CURRENT INVESTMENTS</b>				
Fixed interest stocks	5,412	5,412	4,753	4,753
Non-equity investments	108	108	111	111
Equities	17,938	17,938	20,147	20,147
Absolute returns	6,547	6,547	7,162	7,162
Property unit trust	1,938	1,938	2,020	2,020
	31,943	31,943	34,193	34,193

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>15 STOCK</b>				
General consumables	1,603	1,603	1,428	1,428

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>16 TRADE AND OTHER RECEIVABLES</b>				
Amounts falling due within one year:				
Research grants receivables	6,551	6,551	7,811	7,811
Other trade receivables	6,701	3,443	12,744	3,914
Taxation asset RDEC credit	16	16	16	16
Prepayments and accrued income	1,761	1,761	1,804	1,804
Amounts due from subsidiary companies	-	744	-	5,573
	15,029	12,515	22,375	19,118

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>17 CURRENT INVESTMENTS</b>				
Treasury bills	1,487	1,487	1,327	1,327

Non-current investments includes £20,897,000 (2018-19 £22,387,000) that relate to endowments (see note 21) and £11,046,000 (2018-19 £11,806,000) that relate to non-endowment investments held by Aberystwyth University.

The University has undertaken an internal review and rationalisation of the endowment funds to ensure that they reflect the purpose and intentions of the donors' wishes.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Payment received on account	4,765	4,765	4,815	4,815
Research grant balances	7,331	5,779	8,888	4,379
Deferred income from Student Village Lease	680	680	680	680
Short-term employee benefit	2,055	2,055	1,835	1,835
Trade payables	3,393	3,393	6,127	4,599
Social security and other taxation payable	2,222	2,796	1,968	3,127
Rolling Credit Facility	6,500	6,500	-	-
Accruals and deferred income	3,262	3,207	3,393	3,376
Deferred capital grants less than 1 year	2,949	2,949	3,817	3,817
	33,157	32,124	31,523	26,628

	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Deferred income from Student Village lease	4,750	4,750	5,429	5,429
Secured liabilities				
- L&G finance	44,840	44,840	44,474	44,474
- Balfour Beatty deferred consideration	5,065	5,065	5,165	5,165
Deferred capital grants greater than 1 year	73,079	45,644	54,677	41,505
	127,734	100,299	109,745	96,573
<b>Analysis of secured and unsecured loans:</b>				
Due in five years or more	49,905	49,905	49,639	49,639
Total secured and unsecured loans	49,905	49,905	49,639	49,639
Secured loans repayable by 2048	49,905	49,905	49,639	49,639
	49,905	49,905	49,639	49,639

Both the L&G and Balfour Beatty liabilities are repaid through annual payments that increase by RPI until 2048. The implicit interest rates are 6 per cent (2018-19 6 per cent ) for the L&G finance and 12.5 per cent (2018-19 12.7 per cent) for Balfour Beatty.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20 PROVISIONS FOR LIABILITIES

	Obligation to fund deficit on USS pension	Defined benefit obligations	Total pensions provisions	Tax	Voluntary severance	Other	Total other
<b>Consolidated</b>	£000	£000	£000	£000	£000	£000	£000
At 1 August 2019	29,390	23,180	52,570	640	496	1,681	2,817
Utilised in year	16	(4,764)	(4,748)	(380)	(496)	(325)	(1,201)
Movement on pension	(10,947)	15,171	4,224	-	-	-	-
Additions in 2019-20	-	-	-	1,599	44	69	1,712
At 31 July 2020	18,459	33,587	52,046	1,859	44	1,425	3,328
<b>University</b>							
At 1 August 2019	29,390	23,180	52,570	640	496	1,681	2,817
Utilised in year	16	(4,764)	(4,748)	(380)	(496)	(325)	(1,201)
Movement on pension	(10,947)	15,171	4,224	-	-	-	-
Additions in 2019-20	-	-	-	-	44	69	113
At 31 July 2020	18,459	33,587	52,046	260	44	1,425	1,729

#### USS Deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed projections for future employees within the USS scheme and projections for salary payment over the period of the contracted obligation in assessing the value of this provision. More detail can be found in note 27.

#### Tax Provision

This tax provision is in respect of an ongoing taxation review resulting in a payment that is expected to be incurred within one year.

#### Other Provision

Of the total £1,681,000, £1,305,000 of the other provision relates to backlog maintenance on leased property which the University is contractually obliged to restore back to its original condition for which payments are expected to be incurred within one to five years. This value is based on current expected costs.

These outflows of economic resources are deemed probable and therefore a provision has been made rather than a contingent liability.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 ENDOWMENT RESERVES

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	Total
	£000	£000	£000	£000
Capital brought forward	25,083	8,627	425	34,135
Accumulated income brought forward	2,481	25	5	2,511
Balances at 1 August 2019	27,564	8,652	430	36,646
(Loss) on disposal of fixed assets				
Increase (decrease) in investment land and building	(100)	-	-	(100)
New endowments	291	-	-	291
Investment income	293	39	6	338
Expenditure	(179)	(64)	(2)	(245)
Decrease in market value of investments	(1,197)	(151)	(25)	(1,373)
<b>Total endowment comprehensive income for the year</b>	<b>(892)</b>	<b>(176)</b>	<b>(21)</b>	<b>(1,089)</b>
Balances at 31 July 2020	26,672	8,476	409	35,557
Capital carry forward	24,077	8,476	400	32,953
Accumulated income carry forward	2,595	-	9	2,604
At 31 July 2020	26,672	8,476	409	35,557

In addition to the decrease in market value of the investments (£1,373,000) during the year (2018-19 increase £660,000) included in the above, there has been a movement in the market value of investment properties (£100,000) (2018-19 £nil) other than the disposal and revaluation shown above.

	2020		2019	
	Consolidated	University	Consolidated	University
<b>Analysis by type of purpose:</b>	£000	£000	£000	£000
Lectureships	1,957	1,957	3,187	3,187
Scholarships and bursaries	16,547	16,547	16,296	16,296
Research support	5,536	5,536	6,641	6,641
Prize funds	1,269	1,269	2,017	2,017
General	10,248	10,248	8,505	8,505
	35,557	35,557	36,646	36,646

## NOTES TO THE FINANCIAL STATEMENTS (continued)

21 ENDOWMENT RESERVES (continued)	2020		2019	
	Consolidated	University	Consolidated	University
<b>Analysis by asset:</b>	£000	£000	£000	£000
Investment	22,139	22,139	21,960	21,960
Land and Buildings	9,327	9,327	10,849	10,849
Endowment cash and treasury bills	4,091	4,091	3,837	3,837
	35,557	35,557	36,646	36,646

22 RESTRICTED RESERVES	2020		2019	
Reserves with restrictions are as follows:	Consolidated & University		Consolidated & University	
	Donations	Total	Donations	Total
Capital brought forward	116	116	116	116
Accumulated income brought forward	61	61	85	85
At 1 August 2019	177	177	201	201
New donations	340	340	195	195
Investment income				
Expenditure	(362)	(362)	(219)	(219)
Total restricted comprehensive income for the year	(22)	(22)	(24)	(24)
Capital carry forward	116	116	116	116
Accumulated income carry forward	39	39	61	61
	155	155	177	177
Analysis of other restricted funds and donations by purpose:				
Lectureships				
Scholarships and bursaries	120	120	123	123
Research support				
Prize funds	2	2	2	2
General	33	33	52	52
	155	155	177	177

23 CONSOLIDATED RECONCILIATION OF NET DEBT	At 1st August 2019	Cash flow	At 31st July 2020
	£000	£000	£000
Consolidated			
Cash available to university	10,562	(2,593)	7,969
Restricted endowment cash	3,726	630	4,356
Revolving credit facility	-	(6,500)	(6,500)
	14,288	(8,463)	5,825

## NOTES TO THE FINANCIAL STATEMENTS (continued)

24 CAPITAL AND OTHER COMMITMENTS	2020		2019	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Capital commitments	4,889	2,895	30,836	16,001

### 25 CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets at the end of the period

### 26 EVENTS AFTER THE REPORTING PERIOD

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employers support as well as uncertainties for the higher education sector and financial markets in general. Based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8 billion and £17.9 billion. At this stage the outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation.

### 27 UNIVERSITY AND CONSOLIDATED PENSION SCHEMES

The University participates in four different schemes:

Aberystwyth University Pension Plan (AUPP)	defined contribution
Universities' Superannuation Scheme (USS)	defined benefit multi-employer
Aberystwyth University Pension Assurance Scheme (AUPAS)	defined benefit closed
Dyfed Pension Fund (DPF)	defined benefit closed to new entrants

AUPAS has been closed to further member contributions since April 2015. The Dyfed Pension Fund is not open to new members.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 PENSION SCHEMES (continued)

IMPACT ON CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2020	2019
<b>Operating charge in staff costs</b>	£000	£000
AUPP	1,671	2,999
USS	(3,571)	25,171
AUPAS		
DPF	15	11
Total pension charge in staff costs	(1,885)	28,181
<b>Interest costs</b>		
USS	658	238
AUPAS	466	384
DPF	6	(2)
Total interest costs	1,130	620
<b>Actuarial gain/(loss) in respect of pension schemes</b>		
AUPAS	(10,440)	(11,089)
DPF	(707)	(512)
Total actuarial gain/(loss)	(11,147)	(11,601)
<b>Impact on Balance Sheet</b>		
Pension Provision		
USS	18,459	29,390
AUPAS	32,559	22,799
DPF	1,028	381
Total pension liability	52,046	52,570

#### (i) ABERYSTWYTH UNIVERSITY PENSION PLAN

The Aberystwyth University Pension Plan is a defined contribution pension plan which is administered by Legal & General. All employee and Institute contributions are invested in a Legal & General Group Personal Pension Plan. The University contributes 10 per cent of salary into the pension scheme. The total contribution in 2019-20 was £1,671,000 (2018-19 £2,999,000).

### 27 PENSION SCHEMES (continued)

#### (i) THE UNIVERSITIES SUPERANNUATION SCHEME

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

The total adjustment credited to the Consolidated Statement of Comprehensive Income is £3,571,000 (2018-19 charge £25,171,000) including PensionChoice, but excluding the impact of the change in the deficit recovery plan, as shown in note 7.

Deficit recovery contributions due within one year for the institution are £8,018,234 (2018-19 £12,190,615)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95 per cent.

#### Assumptions

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles:

Discount rate Forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 PENSION SCHEMES (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table Pre-retirement	71% of AMCO0 (duration 0) for males and 112% of AF000 (duration 0) for females.
Mortality base table Post-retirement	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CML_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

THE CURRENT LIFE EXPECTANCIES ON RETIREMENT AT AGE 65 ARE:	2018 valuation	2019 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

The funding position of the scheme has since been updated on an FRS 102 basis:

Scheme assets	£66.5bn	£67.4bn
Total scheme liabilities	£79.4bn	£79.2bn
FRS 102 total scheme deficit	£12.9bn	£11.8bn
FRS 102 total funding level	84%	85%
Key assumptions used are:		
Discount rate	2.55%	2.44%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.05%	2.11%

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2 per cent of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6 per cent, until 31 March 2028. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions. In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5 per cent of salaries over the period 1 April 2020 to 30 June 2034.

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £29,390,000 million to £18,459,000 million as set out in note 20. £10,947,358 million of this decrease is attributable to the change in the deficit contributions contractual commitment. Also see staff costs note 7 in respect of significant one-off pension costs/gains.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation must be completed by 30 June 2021. However it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 PENSION SCHEMES (continued)

	2020	2019
	£000	£000
Opening deficit	(29,390)	(11,056)
Current service cost	(7,376)	(6,272)
Change in deficit reduction plan assumptions	10,947	(18,899)
USS Pension cost in the Consolidated Income Statement	3,571	(25,171)
Net interest cost	(658)	(238)
Contribution from University	8,018	7,075
Closing deficit	(18,459)	(29,390)

#### (ii) ABERYSTWYTH UNIVERSITY PENSION AND ASSURANCE SCHEME

The University maintains a closed final salary defined benefit pension scheme called the Aberystwyth University Pension and Assurance Scheme. The scheme is externally funded. The last formal triennial actuarial valuation of the scheme was performed as at 1 August 2014 by a professionally qualified actuary.

During the accounting period, the University paid contributions of £1,146,000 (2018-19 £1,106,000) to the pension scheme as a contribution to reduce the value of the deficit. The scheme is closed and no contributions were made by members.

ASSUMPTIONS	2020	2019
The financial assumptions used to calculate scheme liabilities under FRS102 are:		
	%pa	%pa
Price inflation (RPI)	2.85	3.20
Price inflation (CPI)	2.40	2.20
Rate of increase in salaries	2.90	2.70
Rate of increase of pensions in payment for AUPAS members	2.10	2.10
Deferred pension revaluation	2.40	2.20
Discount rate	1.55	2.10

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

Males currently aged 65 (years)	21.6	21.6
Females currently aged 65 (years)	24.0	23.9
Males currently aged 45 (years)	23.3	23.3
Females currently aged 45 (years)	25.8	25.8

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 PENSION SCHEMES (continued)

SUMMARY OF THE AMOUNT SHOWN IN THE BALANCE SHEET FOR AUPAS	2020	2019
	£000	£000
Scheme assets	102,274	101,019
Scheme liabilities	134,833	123,818
Net pension liability	32,559	22,799
<b>Analysis of movement in the present value of AUPAS liabilities</b>		
Present value of AUPAS liabilities at the start of the year	123,818	109,225
Current service cost (net of member contributions)	-	-
Loss on curtailments/changes	-	-
Interest cost	2,552	3,057
Actual member contributions (including notional contributions)	-	-
Actuarial (gain)/loss due to changes in assumptions	13,013	15,390
(Gain)/loss on curtailments/change/introduction	-	45
Actuarial (gain)/loss due to effect of experience adjustment	-	-
Actual benefit payments	(4,550)	(3,899)
Present value of AUPAS liabilities at the end of the year	134,833	123,818
<b>Analysis of movement in the present value of AUPAS liabilities</b>		
Fair value of assets at the start of the year	101,019	96,792
Expected interest income on plan assets	2,086	2,719
Actual return on plan assets (excluding interest income)	2,573	4,301
Actual contributions paid by University	1,146	1,106
Actual member contributions (including notional contributions)	-	-
Actual benefit payments	(4,550)	(3,899)
Administrative expenses paid from plan assets	-	-
Fair value of scheme assets at the end of the year	102,274	101,019
<b>Fair value of AUPAS scheme assets</b>		
Cash and cash equivalents	295	503
Equity instruments	22,809	38,673
Debt instruments	45,604	43,401
Real estate	9,249	9,767
Other	24,317	8,675
Total fair value of AUPAS scheme assets	102,274	101,019
AUPAS assets do not include any of the University's own financial instruments, or any property occupied by the University.		
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	2,089	2,719
Asset gain/(loss)	2,573	4,301
Actual return on scheme assets	4,662	7,020
Per cent return on scheme assets at start of year	4.6%	7.0%

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 PENSION SCHEMES (continued)

The university has updated its approach to setting Retail Price Index (RPI) and Consumer Price Index (CPI) inflation assumptions in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority.

For CPI, the University reduced the assumed difference between RPI and CPI by 0.55 per cent (from 1.00 per cent per annum at the prior year to an average of 0.45 per cent per annum at 31 July 2020) to reflect increased clarity on the future of the RPI index. The estimated impact of this change is a c £10,000,000 increase in the Defined Benefit Obligation.

In the current year, the University has used Jarrow Yildirim to reflect the impact of caps and collars applied to the CPI-related pension increase assumption, in particular for the CPI 3.00 per cent and CPI 2.50 per cent assumption. In the prior year, a similar deduction was not made as these were kept in line with the CPI. The estimated impact of this change in the methodology is approximately a £4,000,000 decrease in the Defined Benefit

#### (iii) DYFED PENSION FUND

The University is an admitted member of the Dyfed Pension Fund which is a multi-employer Local Government Pension Scheme regulated by statute. The last full actuarial valuation was carried out at 31 March 2019 by a qualified independent actuary; an approximate actuarial valuation was carried out at 31 July 2020 by a qualified independent actuary.

ASSUMPTIONS	2020	2019
The financial assumptions used to calculate scheme liabilities under FRS102 are:		
	%pa	%pa
Price inflation	2.3	2.3
Rate of increase in salaries	3.8	3.8
Rate of increase of pensions in payment for DPF members	2.4	2.4
Discount rate	1.5	2.0

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

Males currently aged 65 (years)	23.0	23.0
Females currently aged 65 (years)	24.9	25.7
Males currently aged 45 (years)	24.5	25.2
Females currently aged 45 (years)	27.1	28.1

ANALYSIS OF THE AMOUNT SHOWN IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR DPF	2020	2019
	£000	£000
Pension cost within surplus/deficit before other gains/losses		
Current service cost	15	11
Total operating charge in staff costs	15	11
<b>Interest on plan assets</b>	<b>114</b>	<b>153</b>
Interest on pension liabilities	120	151
Net interest cost	6	(2)
Administrative cost	-	-
Total pension cost within surplus/deficit before other gains/losses	21	9
Actuarial gain/(loss) in respect of pension schemes	-	-
(Loss)/gain on assets	(406)	179
Loss on liabilities	(301)	(691)
Net Actuarial gain in respect of pension schemes	(707)	(512)
Total Comprehensive (cost)/income for the year	(728)	521

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 PENSION SCHEMES (continued)

SUMMARY OF THE AMOUNT SHOWN IN THE BALANCE SHEET FOR DPF	2020	2019
	£000	£000
Scheme assets	5,340	5,747
Scheme liabilities	6,368	6,128
Net pension liability	(1,028)	(381)
<b>Analysis of movement in the present value of DPF liabilities</b>		
Present value of DPF liabilities at the start of the year	6,128	5,492
Current service cost (net of member contributions)	15	11
Interest cost	120	151
Actual member contributions (including notional contributions)	2	2
Past service costs	16	3
Actuarial (gain)/ loss due to changes in assumptions	301	691
Actual benefit payments	(214)	(222)
Present value of DPF liabilities at the end of the year	6,368	6,128
<b>Analysis of movement in the fair value of scheme assets</b>		
Fair value of assets at the start of the year	5,747	5,541
Expected interest income on plan assets	114	153
Actual return on plan assets (excluding interest income)	(406)	179
Actual contributions paid by University	97	94
Actual member contributions (including notional contributions)	2	2
Actual benefit payments	(214)	(222)
Fair value of scheme assets at the end of the year	5,340	5,747
<b>Fair value of DPF scheme assets</b>		
Cash and cash equivalents	21	75
Equity instruments	3,829	4,103
Debt instruments	748	862
Real estate	635	707
Other	107	
Total fair value of DPF scheme assets	5,340	5,747
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	114	153
Asset gain	(406)	179
Actual return on scheme assets	(292)	332
Per cent return on scheme assets at start of year	5.1%	6.0%

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 28 UNIVERSITY AND CONSOLIDATED LEASE OBLIGATIONS

	Land and Buildings	Plant and Machinery	Other leases	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Payable during the year	263		115	378	521
<b>Future minimum lease payments due</b>					
Not later than 1 year	263	-	99	362	398
Later than 1 year and not later than 5 years	919	-	93	1,012	1,159
Later than 5 years	1,229	-		1,229	1,457
<b>Total lease payments due</b>	<b>2,411</b>	<b>-</b>	<b>192</b>	<b>2,603</b>	<b>3,014</b>

### 29 SIGNIFICANT JUDGEMENTS & SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the University regarding the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the University's Balance Sheet at 31 July 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

ITEM	Uncertainties	Effect if actual results differ from assumptions
Pension liability	<p>A firm of consulting actuaries (Mercers) were engaged to provide expert advice about the pension assumptions to be applied.</p> <p>The estimation of the net pension liability depends on a number of complex judgements including the discount rate used, the rate of inflation, and mortality rates.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured.</p> <p>A 0.25 per cent change in the discount rate assumption changes the AUPAS pension liability by £6.0 million. An increase in discount rate reduces the liability, a fall in the discount rate increases the liability.</p> <p>A 0.25 per cent change in the inflation rate assumption changes the AUPAS pension liability by £5.2 million. An increase in inflation rate increases the liability, a fall in the inflation rate reduces the liability.</p> <p>A change of 1 year in life expectancy changes the pension liability by £5.1 million. An increase in life expectancy increases the liability, a fall in life expectancy reduces the liability.</p> <p>A 0.25 per cent change in the discount rate changes the USS pension liability by £0.3 million. An increase in discount rate reduces the liability, a fall in discount rate increases the liability.</p>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29 SIGNIFICANT JUDGEMENTS & SOURCES OF ESTIMATION UNCERTAINTY (continued)

ITEM	Uncertainties	Effect if actual results differ from assumptions
Investment property	<p>Investment properties have been valued at £5.7 million by a Chartered Surveyor and Registered Valuer under the RICS Valuer Registration Scheme (Cooke and Arkwright).</p> <p>They have been valued at fair value which is the value for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.</p> <p>The property market in Aberystwyth and surrounding area is less liquid and the values of property is subject to the demand for a specific property.</p>	<p>If the values of the investment properties are determined to be lower, this will be recognised as a charge to the University's Consolidated Statement of Comprehensive Income. If the values of investment properties are determined to be higher, this will be recognised as a gain in the University's Consolidated Statement of Comprehensive Income.</p>

### 30 RELATED PARTY TRANSACTIONS

The University's Council, Senate and Senior Staff members are the Trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the trustees, it is inevitable that transactions will take place with organisations in which a member of the Trustees may have an interest, such transactions are undertaken in accordance with the University's Financial Regulations and usual procurement procedures.

	Income £000	Expenditure £000	Debtor £000	Creditor £000
<b>Members of Council</b>			-	-
The Learned Society of Wales - (Sir Robin Williams)	-	(15)	-	-
Hywel Dda University Health Board- (Ms Fiona Sharp)	29	(5)	9	-
Alun, Thomas & John Solicitors - (Mr Richard John)	-	(1)	-	-
Chartered Management Institute - (Mr Ian MacEachern)	-	(5)	-	-
Coleg Cymraeg Cenedlaethol - (Ms Meri Huws)	5		-	-
<b>Senior Staff Members</b>				
UCAS Media Limited - (Prof Elizabeth T Treasure)	-	(363)	-	-
UCAS - (Prof Elizabeth T Treasure)	-	(66)	-	-

Mr Dhan Ramnatsing and Mr Tomos Ifan, in addition to being University Trustees were also members of the Aberystwyth University Students' Union. Transactions with a value of £691,993 relating to block grant took place between the University and the Students' Union.

The University has taken the advantage of the exemption allowed by FRS 102 not to disclose transactions between its wholly owned subsidiary undertaking.

### 30 RELATED PARTY TRANSACTIONS (continued)

#### **Investment in Aberystwyth University Innovation and Enterprise Campus Limited (AIEC)**

Aberystwyth University Innovation and Enterprise Campus Limited (AIEC), is a company limited by shares and registered in England & Wales. Aberystwyth University owns 75 per cent of the AIEC the remaining 25 per cent is owned by Biotechnology and Biological Sciences Research Council (BBSRC) a government agency. The shareholders' agreement was signed on 22 May 2018. AIEC has obtained funding to build a new research centre. This centre will cost £40.5 million to establish and will allow research into food, nutrition and energy security, renewable energies and biotechnologies.

During the year the University invoiced AIEC for expenditure the University had incurred on behalf of AIEC totalling £570,974 (2018-19 £343,261) and AIEC invoiced the University £429,339 (2018-19 £164,881). The University also advanced cash to AIEC to the value of £9,100,000 (2018-19 £5,170,000) which has incurred an interest rate of 5 per cent. At the year end AIEC had a long-term creditor to the University which includes cash advances of £672,036 (2018-19 £5,472,444 ). The non controlling interest is £25 and therefore does not show up in the consolidated and university balance sheet as the figures are shown in thousands. AIEC is a 75 per cent owned subsidiary.

#### **Aberystwyth University Pension and Assurance Scheme (AUPAS)**

The University runs a payroll service on behalf of AUPAS for which no administrative cost recharges are made. The Pension Scheme debtor at the year end was £344,146 (2018-19 £343,642) which relates to PAYE payments made by Aberystwyth University on behalf of AUPAS' during the year, which is now owed to the University.

#### **Aberystwyth Students' Union**

Aberystwyth University Students' Union (AUSU) is a separate entity funded by the University by the provision of a grant. It is administered by elected student officers for the benefit of the students.

The University's grant to AUSU amounted to £691,663 (2018-19 £641,663).

The Students Union occupies premises owned by the University for which no rent is charged and received payroll services from the University for which no fee is charged. At the year end the University was owed £3,758 (2018-19 £37,190).

---

## Images

---

### Page 7

Students in one of the refurbished teaching spaces.

A lecturer delivering an online learning session.

Left to right: Professor Stuart Reid, Principal of the Royal Veterinary College; Professor Christianne Glossop, Chief Veterinary Officer for Wales; Professor Elizabeth Treasure, Vice-Chancellor and Professor Tim Woods, Pro Vice-Chancellor at Aberystwyth University marking the launch of the Aberystwyth School of Veterinary Science.

Aberystwyth University's annual science fair.

The Piazza, home to the Hugh Owen Library, Aberystwyth Arts Centre and the Students' Union.

### Page 8

Students outside Parry Williams building, home of the Department of Theatre Film & Television Studies and Welsh and Celtic Studies along with the BBC studio.

### Page 9

The University has invested more than £1 million in a major refurbishment of its iconic Hugh Owen library.

### Page 10

Satellite image of Wales, Living Wales exhibition.

### Page 11

The Fractal Clock: a time piece that features 81 rotating triangles of glass by Richard Downing, a lecturer at the Department of Theatre, Film and Television Studies. Glass triangles, that rotate at individual speeds to create patterns, are perfectly placed to manipulate perspective and, from a specific vantage point in the gallery, appear to create a classical 2D fractal pattern. This pattern is one that can be found throughout history, culture and nature.

### Page 13

Aberystwyth University's iconic Old College, one of Wales's outstanding Grade I buildings, was awarded almost £10 million (£9,732,300) of National Lottery money to help in its renovation and secure its long-term future as a centre for culture, heritage, discovery, learning and enterprise attracting 190,000 annual visitors.

An additional £3 million will also be invested from the Welsh Government and £3 million from the European Regional Development Fund through the Tourism Attractor Destination programme to promote the new tourism opportunities that will come in the wake of its redevelopment.

Left to right: Dr Rhodri Llwyd Morgan, Director of Welsh language and culture and External engagement; Gwerfyl Pierce Jones, Chair of the Old College Project Board; Dr Emyr Roberts, Chair of Council; Dafydd Elis-Thomas MS, Deputy Minister for Culture, Sport and Tourism; Professor Elizabeth Treasure, Vice-Chancellor Aberystwyth University; Jim O'Rourke, Old College Project Manager; Louise Jagger; Director of Development & Alumni Relations.

### Page 15

Dr Suzanne Austin, University of Alabama at Birmingham's Senior Vice Provost and Senior International Officer, and Professor Elizabeth Treasure, Vice-Chancellor of Aberystwyth University, signing a partnership between the two universities to provide study abroad opportunities for students.

VetHub 1 and ProTEM sign a Memorandum of Understanding.

Left to right: Professor Luis Muir, VetHub1 academic lead; Professor Glyn Hewinson Sêr Cymru research chair in the Centre of Excellence for Bovine Tuberculosis for Wales at Aberystwyth University; Sean Kenny, Estates department at Aberystwyth University; Claire Miles - Mid Wales Regional Engagement Officer at Ceredigion County Council; Professor Colin McInnes, Pro Vice Chancellor at Aberystwyth University (Research, Knowledge Exchange and Innovation); David Rooke, owner of ProTEM; Kevin Stephens, VetHub 1 board member; Karen Hutton, Project Quality Assurance Manager; Dr Bernardo Villarreal-Ramos, Sêr Cymru II Professor and Jackie Sayce, Project Manager.

### Page 17

Eluned Morgan MS, Minister for Mental Health, Well-being and Welsh Language in conversation with authors, Alys Conran and Eurig Salisbury, about their international travels in language as part of the Our Voice in the World Festival, hosted by Aberystwyth University.



1872

PRIFYSGOL

ABERYSTWYTH

UNIVERSITY