

**CARDIFF UNIVERSITY**

**Annual Report and Financial Statements**

**Year Ended 31 July 2012**

**REPORT AND FINANCIAL STATEMENTS 2012**

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**REFERENCE AND ADMINISTRATIVE INFORMATION**

**Reference and administrative information**

Charity Name: Cardiff University  
Charity Registration Number: 1136855  
Registered Office: Main Building  
Cathays Park  
Cardiff  
CF10 3AT

**Members of Council**

Chair: Mr R N Roberts (1 August – 31 December 2011); Mr D John Jeans (wef 1 January 2012)

Vice Chair: vacant

Honorary Treasurer: Mrs P Herbert

Vice-Chancellor: Dr D Grant (replaced by Professor C Riordan 1 September 2012)

Deputy Vice-Chancellor: Professor E Treasure

Mr R Aggarwal (wef 28 May 2012)

Mr M Coates-Walker (resigned 31 July 2012 replaced by Mr H Newman)

Mr G Clarke

Mr R Calil

Mrs P Donovan (end of term of office 31 July 2012)

Mr A Embiricos (retired 31 July 2012)

Professor R Evans

Mr D Francis (end of term of office 31 July 2012)

Mr D Hodgson

Professor K Holford (wef 1 August 2012)

Professor G Hutchings (end of term of office 31 July 2012)

Mr S Gibson

Dr G Guilford

Mrs S Gwyer-Roberts

Professor D M Jones (end of term of office 31 July 2012)

Professor W Gear

Mr G Lewis (retired 31 July 2012)

Professor G Maio (end of term of office 31 July 2012)

Professor K Meek (end of term of office 31 July 2012)

Professor J Osmond (end of term of office 31 July 2012)

Mrs F Peel

The Reverend G Powell

Professor P Price (wef 1 August 2012)

Ms S Reid (resigned 31 July 2012 replaced by Ms E Button)

Sir Jon Shortridge (resigned March 2012)

Professor HR Thomas

Professor T Threadgold (end of term of office 31 July 2012)

Dr G Treharne

Professor T Wess (end of term of office 31 July 2012)

Mrs G Williams

Professor AJ Whitley (appointed wef 1 August 2012)

All of those persons listed above served as Charity Trustees throughout the period covered by this Report. Unless otherwise indicated they also occupied these positions on the date on which the Report was approved.

# CARDIFF UNIVERSITY

## REPORT OF THE TREASURER - OPERATING AND FINANCIAL REVIEW

### Scope of the Financial Statements

The financial statements for the year ended 31 July 2012 consolidate the results of the University and its subsidiary company University College Cardiff Consultants Limited. The University's mission is to pursue research, learning and teaching of international distinction and impact.

### Results for the Year

The University's consolidated income and expenditure results for the year to 31 July 2012 are summarised as follows:

|  | <u>2011/12</u><br>£000 | <u>2010/11</u><br>£000 |
|--|------------------------|------------------------|
| Income   | 425,539                | 413,030                |
| Expenditure  | <u>(417,088)</u>       | <u>(402,463)</u>       |
| Surplus for the Year after Depreciation<br>of Assets at Valuation and Taxation | 8,451                  | 10,567                 |
| Transfer from Accumulated Income within Endowments                             | <u>404</u>             | <u>1,220</u>           |
| Surplus for the Year Retained in General Reserves                              | <u>8,855</u>           | <u>11,787</u>          |
| Surplus for the Year on an Historical Cost Basis                               | <u>11,820</u>          | <u>13,938</u>          |

Income increased by M£12.5 (3%) compared to the previous year mainly due to an increase in income from tuition fees (M£4.2) other operating income including services rendered (M£7) and research grants (M£3) being partially offset by an reduction in income from HEFCW (M£2.9).

Expenditure increased by M£14.6 (3.6%) compared to the previous year mainly reflecting an increase in staff spend of M£8.4 and non staff spend M£6.8.

### Key Financial Performance Indicators

The University monitors its key financial performance indicators and compares these against The Russell Group of research led universities in the UK. The latest available information relating to Russell Group universities indicates that Cardiff's ratios are in line with its comparators as outlined in the table below:-

| Financial Ratios                               | Cardiff |       |       | Russell Group universities<br>- 10/11 |     |        |
|--|---------|-------|-------|---------------------------------------|-----|--------|
|  | 09/10   | 10/11 | 11/12 | High                                  | Low | Median |
| Total Income - M£                              | 429     | 411   | 426   | 1,251                                 | 234 | 436    |
| Surplus to total income - %                    | 2.5     | 2.6   | 2.8   | 13.3                                  | 0.7 | 4.3    |
| Ratio of current assets to current liabilities | 2.6     | 2.7   | 2.9   | 2.8                                   | 0.5 | 1.2    |
| % of total staff costs to total income         | 57      | 59    | 59    | 61                                    | 46  | 54     |
| % of long term borrowing to total income       | 6       | 6     | 5     | 61                                    | 0   | 15     |

## REPORT OF THE TREASURER - OPERATING AND FINANCIAL REVIEW

The Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, the University continues to adopt the going concern basis in preparing the accounts.

### Investment Performance & Cash Flow

The University's investments have been managed within a framework that limits exposure to an individual counterparty and spreads risk amongst highly rated assets while ensuring the objectives of the University can be met through sufficient liquidity. The University policy is to protect the capital value of its short term deposits through its prudent investment management policy.

The University's endowment assets are invested for the longer term and there was a reduction of M£0.5 in their value between 31 July 2011 and July 2012.

### Fusion Plc

A ten-year deal signed with Fusion Plc gives the company the right to commercially develop current and future research-generated intellectual property (IP) at Cardiff University. The value of shares in Fusion Plc as at 31 July 2012 increased to M£5.1 (M£2.8 as at 31 July 2011). Comparative figures have been restated to reflect a change in the accounting treatment for Biofusion shares to give a fairer representation of the University's results. Note 34 of the accounts provides further details.

### Pension Schemes

The University's clinical, academic and related staff are members of either the NHS Superannuation Scheme or the Universities Superannuation Scheme and the cost is recognised in the accounts only to the extent of the employer contributions.

Non academic and non clinical staff participate in the Cardiff University Pension Fund (CUPF) and the Local Government Scheme. The combined liability as calculated for the purposes of FRS 17 on both of these schemes was M£52.1 as at 31 July 2012 (M£34.6 at 31 July 2011). The major reason for this worsening comes from CUPF where the liability has increased by M£18.6 due mainly to discount rate assumptions being lower than the previous year as a result of the fall in the corporate bond yields over the year.

### Future Developments

During 2011/12, the University continued to invest in the construction of assets such as academic buildings and support infrastructure. Further developments are planned for the future including refurbishment of academic buildings on both the Heath and Cathays Park campuses and continuing significant investment in the information technology systems within the University. A review of the future infrastructure requirements is in progress in order to revise the plan for future development.

### Conclusion

The financial outturn continues to confirm a satisfactory state of affairs, reflecting as they do the current financial strength of the University. There continue to be significant risks associated with the changes to the funding of higher education in the United Kingdom and Wales and this together with the challenging economic conditions make the future financial performance particularly uncertain.

Philippa Herbert - Treasurer  
Date 17<sup>th</sup> December, 2012

## CORPORATE GOVERNANCE STATEMENT

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the UK Corporate Governance Code (2010) issued by the Financial Reporting Council. Its purpose is to help the reader of the Financial Statements understand how the principles have been applied.

The Council is 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 can only provide reasonable and not absolute assurance against material misstatement or loss.

The Council has an ongoing process for identifying, evaluating and managing the University's significant risks that has been in operation for the whole of the year ended 31 July 2012 and up until the date of signing. The Council receives a regular report which includes sections on risk management, control and compliance that accords with the internal control guidance for directors on the UK Corporate Governance Code (2010) as deemed appropriate for higher education. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

In line with the Committee of University Chairmen's Guide, the Council receives a report which updates progress towards the University's key strategic outcomes and objectives and also undertakes an annual review of the effectiveness of the Council.

The University's Council meets five times a year and has several committees, including Policy and Resources Committee, a Governance Committee, a Remuneration Committee and an Audit Committee. All of these Committees are formally constituted with terms of reference.

In respect of its strategic and development responsibilities, the Council receives recommendations and advice from the Policy and Resources Committee which is a standing committee of the Council, and from the Senate, the body responsible for the University's academic affairs.

The Policy and Resources Committee manages, monitors and regulates the finances, accounts and investments of the University within the overall policy laid down by the Council. There is also a Finance Group which is chaired by the Treasurer and includes a lay member of Council as well as the Vice-Chancellor, Chief Operating Officer, Director of Finance and Financial Controller. The Finance Group meets four times a year to discuss financial and internal control matters in order to advise Policy and Resources Committee or the Governance Committee as necessary.

The Governance Committee advises Council on matters relating to governance and on the level of compliance by the University with the mandatory requirements of legislation and other regulations. Furthermore, the Governance Committee seeks out and recommends new lay and co-opted members to serve on the Council itself, and its sub-committees, in the light of the optimum skills and competencies required. Lay members form the majority of Council members.

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

The Audit Committee meets four times a year, with the University's internal auditors in attendance at all meetings and the external auditors present for consideration of the annual Financial Statements and management letter as well as the annual audit plan. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control as well as management responses and implementation plans. It also receives and considers reports from HEFCW, the Wales Audit Office and Research Councils UK as they affect the University's business and monitors adherence to the regulatory requirements. The Vice-Chancellor and other senior executives are not members of the Committee and may attend meetings by invitation.

# CARDIFF UNIVERSITY

## PUBLIC BENEFIT STATEMENT

Founded in 1883, and with a Royal Charter granted in 1884, Cardiff University originally consisted of thirteen members of academic staff and 151 students, but by today it has grown to become one of the UK's largest, most respected and most popular universities. Cardiff is a member of the UK's "Ivy League" of Russell Group research intensive universities.

The University's success is founded on the talent and dedication of staff and students. Staff have high levels of overall satisfaction with their work, according to a comprehensive staff survey. This is supported by many University initiatives to support a positive working environment. The student experience is also a high priority. The University's students are drawn from a variety of backgrounds, with students attracted from throughout Wales, the rest of the UK and world-wide and supported by a range of targeted scholarships and bursaries. Many of the University's degree schemes provide partial or complete exemption from relevant professional examinations with more than 50 schemes of study benefitting from accreditation and input from professional bodies. Cardiff is amongst the UK's leading universities for securing graduate employment, with 94 per cent of 2010 graduates having found a job, or entered further study, within six months of graduation. Some twenty per cent of Cardiff University students pursue postgraduate study.

The University's students continue, in their thousands, to support local community projects. Anti-bullying charities, local conservation projects and support for cancer sufferers are just some of the local projects to have benefited from Student Volunteering Cardiff (SVC), recognised as one of the UK's largest and most successful student volunteer organisations.

Having gained national and international standing, Cardiff University's vision is to be a world-leading university and to achieve the associated benefits for its students, staff and all other stakeholders. The University's research reputation is one of the principal factors in staff and student recruitment.

Creating three unique Research Institutes illustrates the University's determination to pursue new scientific approaches to some of the world's most pressing concerns – in tackling cancer; relieving the suffering of mental illness and meeting the challenge of creating a sustainable future for communities across the world.

Cardiff's research develops knowledge and understanding and, in collaboration with a wide range of partners, is applied to produce real benefits locally and worldwide.

Promoting health and welfare with special reference to the needs of Wales is an important role of the University and one which is fulfilled via a strongly inter-disciplinary and multi-partnership approach. Central among the University's partners in this all-Wales role is the National Health Service (NHS) in Wales, with which the University is linked at all levels.

The University's international activities range from our collaborations with business and education partners all over the world; to the enormous contribution that international students make to the social and cultural life of the University. Cardiff also attracts the highest calibre of researchers from around the world. International students are welcomed from 100 different countries and account for some 12% of the total student population and come from all continents.

As a major presence within Cardiff, both as employer and educator, the University's relationship with the City is also particularly important and it is committed to maintaining and further developing a mutually beneficial relationship with the community of which we are such an important and integral part.

[www.cardiff.ac.uk](http://www.cardiff.ac.uk)

Cardiff University is registered charity number 1136855.

## RESPONSIBILITIES OF THE COUNCIL OF CARDIFF UNIVERSITY

In accordance with the University's Charter of Incorporation, the Council is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiaries and to enable it to ensure that the Financial Statements are prepared in accordance with the University's Charter of Incorporation, the Accounts Direction issued by HEFCW, 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 Financial Memorandum agreed between HEFCW and the Council of the University, the Council, through its designated office holder, 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 its subsidiaries and of the surplus or deficit, total recognised gains and losses and cash flows for that year.

In preparing these 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;
- Financial Statements are prepared on the going concern basis. The Council is satisfied that it 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 HEFCW, Welsh Government and other Funding Bodies are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCW and any other conditions which HEFCW or Funding Body may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and its subsidiaries and prevent and detect fraud;
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiaries.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and administrative directorates;
- planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, the overall budget being approved by the Council;
- regular reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Council;
- Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Council.

# **CARDIFF UNIVERSITY**

## **RESPONSIBILITIES OF THE COUNCIL OF CARDIFF UNIVERSITY**

Any system of internal financial control can, however, provide only reasonable, but not absolute, assurance against material misstatement or loss.

By Order of the Council

Professor Colin Riordan  
Accounting Officer

Date 17<sup>th</sup> December, 2012

**INDEPENDENT AUDITORS REPORT TO THE COUNCIL  
OF CARDIFF UNIVERSITY**

We have audited the group and parent institution financial statements (the “financial statements”) of Cardiff University for the year ended 31 July 2012 which comprise the Group Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses, the Consolidated Statement of Total Recognised Gains and Losses, the Group and Parent Institution Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of the Council and auditors**

As explained more fully in the Statement of Responsibilities of the Council of Cardiff University, the Council (who are also trustees for the purposes of charity law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the institution’s Council as a body in accordance with the Charters and Statutes of the institution and with the institution’s Articles of Government and section 124B of the Education Reform Act 1988 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group’s and parent institution’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the parent institution’s affairs as at 31 July 2012, and of the group’s and parent institution’s income and expenditure, recognised gains and losses and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

**INDEPENDENT AUDITORS REPORT TO THE COUNCIL  
OF CARDIFF UNIVERSITY**

**Opinion on other matters prescribed in 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 Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them;
- income has been applied in accordance with the institution's statutes and
- funds provided by HEFCW have been applied in accordance with the financial memorandum 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:

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent institution; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

# CARDIFF UNIVERSITY

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2012

|   | Note | 2012<br>£'000 | 2011<br>Restated<br>£'000 |
|---|------|---------------|---------------------------|
| <b>INCOME</b>   |      |               |                           |
| Funding Body Grants   | 2    | 117,368       | 120,293                   |
| Tuition fees and support grants   | 3    | 123,847       | 119,670                   |
| Research grants and contracts   | 4    | 87,654        | 84,633                    |
| Other income  | 5    | 93,492        | 86,516                    |
| Endowment income and investment income  | 6    | 3,178         | 1,918                     |
|   |      | <hr/>         | <hr/>                     |
| Total Income  |      | 425,539       | 413,030                   |
|   |      | <hr/>         | <hr/>                     |
| <b>EXPENDITURE</b>  |      |               |                           |
| Staff costs   | 7    | 249,868       | 241,457                   |
| Other operating expenses  | 9    | 150,993       | 144,219                   |
| Depreciation  | 11   | 14,858        | 13,910                    |
| Interest and other finance costs  | 8    | 1,369         | 2,877                     |
|   |      | <hr/>         | <hr/>                     |
| Total Expenditure   | 9    | 417,088       | 402,463                   |
|   |      | <hr/>         | <hr/>                     |
| Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation |      | 8,451         | 10,567                    |
| Transfer from accumulated income in endowment funds   |      | 404           | 1,220                     |
|   |      | <hr/>         | <hr/>                     |
| Surplus for the year retained in general Reserves   | 22   | 8,855         | 11,787                    |
|   |      | <hr/> <hr/>   | <hr/> <hr/>               |

All of the above results arise from continuing operations.

The prior period comparatives have been restated as set out in Note 34.

## CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES

Year ended 31 July 2012

|  | Note | 2012<br>£'000 | 2011<br>Restated<br>£'000 |
|--|------|---------------|---------------------------|
| Surplus on continuing operations   |      | 8,451         | 10,567                    |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 21   | 3,369         | 3,371                     |
|  |      | <hr/>         | <hr/>                     |
| Historical cost surplus retained for the year  |      | 11,820        | 13,938                    |
|  |      | <hr/> <hr/>   | <hr/> <hr/>               |

**CARDIFF UNIVERSITY**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year Ended 31 July 2012**

|  | Note | 2012<br>£'000          | 2011<br>Restated<br>£'000 |
|--|------|------------------------|---------------------------|
| Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation (Depreciation)/Appreciation of endowment asset investments | 20   | 8,451                  | 10,567                    |
| New endowments   | 20   | (675)                  | 1,889                     |
| Actuarial (loss)/gain on pension scheme  | 29   | 585                    | 311                       |
| Gains on valuation of shares   |      | (19,810)               | 29,290                    |
|  |      | 2,255                  | -                         |
| <b>TOTAL RECOGNISED (LOSS)/GAINS RELATING TO THE YEAR</b>  |      | <u>(9,194)</u>         | <u>42,057</u>             |
| Prior year adjustment  | 34   | (7,891)                | -                         |
| <b>TOTAL GAINS AND LOSSES REGONISED SINCE LAST ANNUAL REPORT</b>   |      | <u><u>(17,085)</u></u> | <u><u>-</u></u>           |

# CARDIFF UNIVERSITY

## BALANCE SHEETS As at 31 July 2012

|  | Note | <u>Consolidated</u>   |                           | <u>University</u>     |                           |
|--|------|-----------------------|---------------------------|-----------------------|---------------------------|
|  |      | 2012<br>£'000         | 2011<br>Restated<br>£'000 | 2012<br>£'000         | 2011<br>Restated<br>£'000 |
| <b>FIXED ASSETS</b>  |      |                       |                           |                       |                           |
| Tangible assets  | 11   | 327,461               | 319,765                   | 327,461               | 319,765                   |
| Investments  | 12   | 5,141                 | 2,886                     | 5,135                 | 2,880                     |
|  |      | <u>332,602</u>        | <u>322,651</u>            | <u>332,596</u>        | <u>322,645</u>            |
| <b>ENDOWMENT ASSET</b>   | 13   | 25,081                | 25,575                    | 25,081                | 25,575                    |
| <b>CURRENT ASSETS</b>  |      |                       |                           |                       |                           |
| Stocks   | 14   | 141                   | 149                       | 141                   | 149                       |
| Debtors  | 15   | 44,394                | 57,410                    | 44,781                | 58,374                    |
| Short-term deposits  |      | 172,177               | 167,022                   | 172,177               | 167,022                   |
| Cash at bank and in hand                                       |      | 6,476                 | 10,297                    | 6,287                 | 10,027                    |
|  |      | <u>223,188</u>        | <u>234,878</u>            | <u>223,386</u>        | <u>235,572</u>            |
| <b>CREDITORS: amounts falling due within one year</b>          | 16   | (76,555)              | (87,181)                  | (76,071)              | (86,855)                  |
| <b>NET CURRENT ASSETS</b>                                      |      | <u>146,633</u>        | <u>147,697</u>            | <u>147,315</u>        | <u>148,717</u>            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | 504,316               | 495,923                   | 504,992               | 496,937                   |
| <b>CREDITORS: amounts falling due after more than one year</b> | 17   | (22,326)              | (23,618)                  | (22,326)              | (23,618)                  |
| <b>OTHER DEFERRED INCOME</b>                                   | 18   | (27,023)              | (45,813)                  | (27,023)              | (45,813)                  |
| <b>NET ASSETS: excluding net pension liability</b>             |      | <u>454,967</u>        | <u>426,492</u>            | <u>455,643</u>        | <u>427,506</u>            |
| <b>NET PENSION LIABILITY</b>                                   | 29   | (52,100)              | (34,600)                  | (52,100)              | (34,600)                  |
| <b>NET ASSETS: including net pension liability</b>             |      | <u><u>402,867</u></u> | <u><u>391,892</u></u>     | <u><u>403,543</u></u> | <u><u>392,906</u></u>     |

# CARDIFF UNIVERSITY

## BALANCE SHEETS As at 31 July 2012 (Continued)

|                                | Note | <u>Consolidated</u> |                           | <u>University</u> |                           |
|--------------------------------|------|---------------------|---------------------------|-------------------|---------------------------|
|                                |      | 2012<br>£'000       | 2011<br>Restated<br>£'000 | 2012<br>£'000     | 2011<br>Restated<br>£'000 |
| <b>DEFERRED CAPITAL GRANTS</b> | 19   | 116,326             | 96,157                    | 116,326           | 96,157                    |
| <b>ENDOWMENTS</b>              |      |                     |                           |                   |                           |
| Permanent                      | 20   | 22,807              | 23,278                    | 22,807            | 23,278                    |
| Expendable                     | 20   | 2,274               | 2,297                     | 2,274             | 2,297                     |
|                                |      | 25,081              | 25,575                    | 25,081            | 25,575                    |
| <b>RESERVES</b>                |      |                     |                           |                   |                           |
| Revaluation reserve            | 21   | 89,174              | 90,288                    | 89,174            | 90,288                    |
| General reserves               | 22   | 172,286             | 179,872                   | 172,962           | 180,886                   |
|                                |      | 261,460             | 270,160                   | 262,136           | 271,174                   |
| <b>TOTAL FUNDS</b>             |      | 402,867             | 391,892                   | 403,543           | 392,906                   |

The prior period comparatives have been restated as set out in Note 34.

These financial statements on pages 12 to 42 were approved by the Council on 17<sup>th</sup> December, 2012

Signed on behalf of the Council

Professor Colin Riordan - Vice Chancellor

Philippa Herbert - Honorary Treasurer

D M Davies - Director of Finance

**CARDIFF UNIVERSITY**

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 July 2012**

|   | Note | 2012<br>£'000         | 2011<br>Restated<br>£'000 |
|---|------|-----------------------|---------------------------|
| <b>Net Cash flow from operating activities</b>                      | 23   | 16,393                | 29,427                    |
| Returns on investments and servicing of finance                     | 24   | 969                   | 2,040                     |
| Capital expenditure and financial investment                        | 25   | (14,294)              | (9,304)                   |
| Management of liquid resources                                      | 26   | (5,155)               | (16,212)                  |
| Financing   | 27   | (1,720)               | (1,152)                   |
| <b>Increase/(Decrease) in cash</b>                                  |      | <u>(3,807)</u>        | <u>4,799</u>              |
| <br><b>Reconciliation of net cash flow to movement in net funds</b> |      |                       |                           |
| Increase/(Decrease) in cash   | 28   | (3,807)               | 4,799                     |
| Cash inflow from liquid resources                                   | 28   | 5,155                 | 16,212                    |
| Cash outflow from decrease in debt                                  | 28   | 1,720                 | 1,152                     |
| Movement in net funds in the period                                 |      | <u>3,068</u>          | <u>22,163</u>             |
| Net funds at 1 August   |      | <u>151,547</u>        | <u>129,384</u>            |
| Net funds at 31 July  |      | <u><u>154,615</u></u> | <u><u>151,547</u></u>     |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

#### **Basis of Preparation**

The Financial Statements have been prepared on a going concern basis, consistently applied and in accordance with Accounting Standards applicable in the United Kingdom and, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions ("SORP") and Charities Act 2011. Where relevant the Financial Statements adhere to the Accounting directives of HEFCW.

#### **Basis of Accounting**

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments and certain fixed assets.

#### **Basis of Consolidation**

The consolidated Financial Statements consolidate the Financial Statements of the University and all its subsidiary undertakings for the financial year to 31 July but do not include those of the University Union or the Cardiff Partnership Fund Ltd as the Council does not exercise control over their financial and operating activities. Uniform accounting policies are adopted throughout the Group.

#### **Recognition of Income**

Income from Specific Endowments and Donations, Research Grants and Contracts and Other Services Rendered is included to the extent of the direct expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits and General Endowment Asset Investments is credited to the Income and Expenditure Account on a receivable basis. Specific Grants unspent are carried forward as Deferred Income.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

The gain recognised on the receipt of the Fusion IP shares is released from deferred income on a straight line basis over the 10 year life of the agreement.

#### **Provision for Doubtful Debts**

Provision is made for individual debts where recovery is thought to be in doubt based on historic experience.

#### **Pension Schemes**

The three principal defined benefit pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Cardiff University Pension Fund (CUPF), and the Local Government Scheme (LGS). The schemes are funded defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme. The funds are actuarially valued every three years by a professionally qualified actuary using either the aggregate method or the attained age method with the rates of contribution payable being determined by the scheme's trustees on the advice of the actuary.

In respect of the CUPF and LGS, the net asset or liability recognised in the balance sheet represents the present value of the defined benefit obligations less the fair value of the plan's assets. Plan assets are measured using closing market rates and the pension liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent terms. The increase in the present value of the liability expected to arise from employee service in the year is charged to staff costs. The expected return on plan assets and the increase during the year in the present value of the scheme liabilities arising from the passage of time are charged as an interest expense. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

It is not possible to identify the University's share of the underlying assets and liabilities of the USS. Therefore, as permitted by FRS 17, the USS is accounted for as a defined contribution scheme with the contributions accruing being charged to staff costs during the year.

In addition, the National Health Service (NHS) Superannuation Scheme is in operation for certain staff. The NHS scheme is an unfunded defined contribution scheme, with pension benefits being paid out of contributions received in the year and contribution rates determined by HM Treasury.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates and the resulting exchange differences are included in the determination of the deficit or surplus for the year.

### Leases

Finance leases, which are leases that give substantially the same rights as ownership, relating to significant items of plant, machinery and vehicles have been capitalised and depreciated in accordance with the University's depreciation policy, subject to a maximum period of the term of the lease. The capital element of future lease payments is included in other creditors. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income and expenditure account over the period of the lease.

Rental income and costs under operating leases are credited and charged to income and expenditure respectively in equal annual amounts over the periods of the leases.

### Land and Buildings

The University has complied with the provisions of FRS15 (Tangible Fixed Assets) and has retained Land and Buildings at their net book value (subject to the requirement to review annually for impairment). The last valuation of the Cathays Park site was in July 1998 by Gerald Eve, Chartered Surveyors. The valuation of leasehold property on the Cardiff & Vale University Health Board site was carried out by the Valuation Office Agency Cardiff and the valuation of other former University of Wales College of Medicine property was performed by Burnett Davies, Chartered Surveyors.

Formerly the basis of valuation for non-specialised freehold and for non-specialised leasehold properties was the open market value for the existing use; for specialised freehold and specialised long-leasehold properties, the basis of valuation was the depreciated replacement cost, this value has now been fixed. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life.

Buildings are depreciated over their expected useful lives of 50 years and leasehold land over the life of the lease up to a maximum of 50 years. Major refurbishments with a capital cost of over K£250 that enhance the value of buildings are capitalised and depreciated over 15 years. Assets under construction are not depreciated until commissioned.

Where buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

The University adheres to the HEFCW Financial Memorandum whereby approval of HEFCW must be obtained before a transaction is entered into affecting property built or developed with grants paid by the Secretary of State on the advice of the Funding Councils.

### Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised with the exception of equipment funded from Research Grants which costs under £50,000 which is also written off in the year of acquisition.

Capitalised equipment is stated at cost which includes purchase price plus the associated direct costs of acquisition and depreciated on a straight-line basis over the shorter of the lease term and the expected useful life as follows:

|   |   |         |
|---|---|---------|
| Main frame computer and telephone equipment | - | 7 years |
| Motor vehicles and other general equipment  | - | 4 years |

Equipment costing over £50,000 and funded by Research Grants is capitalised and depreciated over the lesser of the above and the remaining years of the project. The related grants are treated as deferred capital grants and released to income over the expected useful life of the equipment.

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

### **Capital grants and contributions**

Capital grants and contributions received by the University to finance the construction or purchase of capital assets are accounted for as deferred capital grants and released to the income and expenditure account over the expected useful life of the related assets.

### **Investments**

Endowment Asset Investments are included in the Balance Sheet at market value. Fixed Asset Investments are included at market value. Current Asset Investments are included at market value. The University has adopted FRS26; Financial instruments; Recognition and measurement and as a result the movement in the value of the Fusion Plc shares is carried as a credit to the revaluation reserve via the statement of recognised gains and losses; a diminution in value would be charged to the income and expenditure account as a debit to the extent it is not covered by a previous revaluation surplus.

### **Stocks**

The stocks are central chemical stocks and trading consumables of Catering and the Works Unit. They are valued at the lower of cost or net realisable value.

### **Maintenance of Premises**

The University has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

### **Taxation Status**

The University is a registered charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 6 to the Finance Act 2010. 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 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 for public benefit.

All subsidiary companies are liable to Corporation Tax and Value Added Tax (VAT). The University's principal activities are exempt from VAT but certain ancillary supplies and services are liable to VAT at various rates. Expenditure includes irrecoverable VAT charged by suppliers to the University. The University does not have to pay Stamp Duty Land Tax when buying and leasing a property.

### **Deferred Taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events result in an obligation to pay more taxation in the future, or a right to pay less taxation in future. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be taxable surpluses from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

### **Cash and Liquid Resources**

Short-term cash deposits with recognised banks, building societies and government securities, which can be called on demand or without notice and without any material penalty are included within cash balances within the consolidated balance sheet and consolidated cash flow statements.

### **Provisions**

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 2. FUNDING BODY GRANTS

|                                     | Note | <b>2012</b><br><b>£'000</b> | <b>2011</b><br><b>£'000</b> |
|-------------------------------------|------|-----------------------------|-----------------------------|
| Recurrent grant                     |      | 101,912                     | 105,021                     |
| Specific grants:                    |      |                             |                             |
| - Merger Fund                       |      | -                           | 201                         |
| - Academic Infrastructure           |      | 1,679                       | 2,599                       |
| - Learning & Teaching Support       |      | 10                          | 61                          |
| - Science Research Investment Fund  |      | (60)                        | 361                         |
| - Innovation & Engagement           |      | 1,732                       | 1,235                       |
| - Supplementary Funds               |      | 2,413                       | 1,837                       |
| - Clinical Pay Award                |      | -                           | 1,278                       |
| - North Wales Clinical Schools      |      | 161                         | 1,056                       |
| - Widening Access                   |      | 118                         | 413                         |
| - Graduate Entry Scheme             |      | 1,839                       | 1,442                       |
| - Other                             |      | 3,671                       | 1,556                       |
| Release of deferred capital grants: |      |                             |                             |
| Buildings                           | 19   | 3,326                       | 3,052                       |
| Equipment                           | 19   | 567                         | 181                         |
|                                     |      | 117,368                     | 120,293                     |
|                                     |      | 117,368                     | 120,293                     |

### 3. TUITION FEES AND SUPPORT GRANTS

|                                      | <b>2012</b><br><b>£'000</b> | <b>2011</b><br><b>£'000</b> |
|--------------------------------------|-----------------------------|-----------------------------|
| UK Higher Education students         | 50,534                      | 49,008                      |
| European Union (EU excl UK) students | 3,077                       | 3,043                       |
| Non-EU students                      | 38,012                      | 36,392                      |
| Part Time fees                       | 6,554                       | 6,164                       |
|                                      | 98,177                      | 94,607                      |
| Education contracts                  | 13,323                      | 13,723                      |
| Research training support grants     | 6,518                       | 7,139                       |
| Non-Credit bearing fees              | 5,829                       | 4,201                       |
|                                      | 123,847                     | 119,670                     |
|                                      | 123,847                     | 119,670                     |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 4. RESEARCH GRANTS AND CONTRACTS

|                                  | <b>2012</b>   | <b>2011</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>£'000</b>  | <b>£'000</b>  |
| Research Councils                | 26,465        | 27,041        |
| UK-based charities               | 18,158        | 16,210        |
| UK Government bodies             | 25,231        | 25,222        |
| UK Industry                      | 4,667         | 3,760         |
| European Commission              | 8,542         | 7,059         |
| Overseas                         | 4,037         | 4,373         |
| Science Research Investment Fund | -             | 104           |
| Other grants and contracts       | 554           | 864           |
|                                  | <u>87,654</u> | <u>84,633</u> |

### 5. OTHER INCOME

|                                       | <b>Note</b> | <b>2012</b>   | <b>2011</b>               |
|---------------------------------------|-------------|---------------|---------------------------|
|                                       |             | <b>£'000</b>  | <b>Restated<br/>£'000</b> |
| Residences, catering and conferences  |             | 19,870        | 18,828                    |
| Other services rendered:              |             |               |                           |
| UK Central Government                 |             | 40,026        | 38,348                    |
| UK Health Authorities                 |             | 9,633         | 9,953                     |
| UK Industry                           |             | 1,673         | 837                       |
| European Union                        |             | 3,281         | 1,432                     |
| Overseas                              |             | 525           | 434                       |
| UK Universities                       |             | 289           | 962                       |
| Other Sources                         |             | 5,659         | 3,667                     |
| Profit on disposal of fixed assets    |             | -             | 150                       |
| Rents Receivable                      |             | 52            | 55                        |
| Exempt VAT recoverable                |             | 818           | 440                       |
| Donations and Subventions             |             | 604           | 1,091                     |
| Other income                          |             | 8,873         | 8,321                     |
| Fusion Investment Release             |             | 1,594         | 1,594                     |
| Released from Deferred Capital Grants | 19          | 595           | 404                       |
|                                       |             | <u>93,492</u> | <u>86,516</u>             |

### 6. ENDOWMENT AND INVESTMENT INCOME

|                                   | <b>Note</b> | <b>2012</b>  | <b>2011</b>  |
|-----------------------------------|-------------|--------------|--------------|
|                                   |             | <b>£'000</b> | <b>£'000</b> |
| Income from permanent endowments  | 20          | 615          | 634          |
| Income from expendable endowments | 20          | 70           | 48           |
| Interest receivable               |             | 2,093        | 1,236        |
| Interest element of pension cost  |             | 400          | -            |
|                                   |             | <u>3,178</u> | <u>1,918</u> |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 7. STAFF COSTS

|                       | Note | 2012<br>£'000 | 2011<br>£'000 |
|-----------------------|------|---------------|---------------|
| <b>Staff costs</b>    |      |               |               |
| Wages and salaries    |      | 199,884       | 194,076       |
| Social security costs |      | 17,293        | 16,547        |
| Other pension costs   | 29   | 32,691        | 30,834        |
|                       |      | 249,868       | 241,457       |
|                       |      | 249,868       | 241,457       |

The above figures exclude payments made to staff on behalf of the National Health Service.

|  |  |     |     |
|--|--|-----|-----|
| Emoluments of the Vice Chancellor - Salary |  | 264 | 246 |
| Pension                                    |  | 16  | 39  |
|  |  | 280 | 285 |
|  |  | 280 | 285 |

No benefits in kind were provided to the Vice Chancellor.

|   |  | 2012<br>Number | 2011<br>Number |
|---|--|----------------|----------------|
| <b>Average staff numbers by major category</b>          |  |                |                |
| Clinical and non-clinical academic and academic related |  | 3,742          | 3,774          |
| Technical services                                      |  | 231            | 215            |
| Administrative support                                  |  | 939            | 922            |
| Operational services                                    |  | 290            | 291            |
|   |  | 5,202          | 5,202          |
|   |  | 5,202          | 5,202          |

Remuneration of higher paid staff includes employer's pension contributions but excludes payments made on behalf of the National Health Service in respect of its contractual obligations to University staff under separate National Health Service contracts of employment (for example distinction awards) which are also excluded from the University's income and expenditure account. This treatment is in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales.

|                     |  | 2012<br>Number | 2011<br>Number. |
|---------------------|--|----------------|-----------------|
| £100,000 - £109,999 |  | 90             | 89              |
| £110,000 - £119,999 |  | 55             | 56              |
| £120,000 - £129,999 |  | 37             | 38              |
| £130,000 - £139,999 |  | 29             | 30              |
| £140,000 - £149,999 |  | 15             | 11              |
| £150,000 - £159,999 |  | 6              | 7               |
| £160,000 - £169,999 |  | 4              | 1               |
| £170,000 - £179,999 |  | 1              | 1               |
| £180,000 - £189,999 |  | 1              | 1               |
| £190,000 - £199,999 |  | 1              | 1               |
| £200,000 - £209,999 |  | 1              | 1               |
| £240,000 - £249,999 |  | 1              | -               |
| £280,000 - £289,999 |  | 1              | 1               |
|                     |  | 242            | 237             |
|                     |  | 242            | 237             |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**7. STAFF COSTS (continued)**

Compensation for loss of office payable to higher paid employees:

|                      | <b>2012</b>  | <b>2011</b>  |
|----------------------|--------------|--------------|
|                      | <b>£'000</b> | <b>£'000</b> |
| Compensation payable | 394          | -            |

The compensation pay was approved by the University's Remuneration Committee.

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

|                                  | <b>Note</b> | <b>2012</b>  | <b>2011</b>  |
|----------------------------------|-------------|--------------|--------------|
|                                  |             | <b>£'000</b> | <b>£'000</b> |
| Bank Loans                       |             | 1,369        | 1,417        |
| Interest element of pension cost | 29          | -            | 1,460        |
|                                  |             | 1,369        | 2,877        |
|                                  |             | 1,369        | 2,877        |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 9. ANALYSIS OF EXPENDITURE BY ACTIVITY

|  | Staff costs    | Other<br>operating<br>expenses | Interest<br>Payable | Total<br>2012  | Total<br>2011<br>Restated |
|--|----------------|--------------------------------|---------------------|----------------|---------------------------|
|  | £'000          | £'000                          | £'000               | £'000          | £'000                     |
| Academic departments                     | 144,767        | 40,641                         | -                   | 185,408        | 171,280                   |
| Academic services                        | 14,677         | 6,817                          | -                   | 21,494         | 21,639                    |
| Research grants and contracts            | 34,463         | 29,842                         | -                   | 64,305         | 66,496                    |
| Other services rendered                  | 21,819         | 29,876                         | -                   | 51,695         | 50,811                    |
| Residences, catering and conferences     | 5,192          | 9,819                          | 1,369               | 16,380         | 15,363                    |
| Premises                                 | 7,036          | 19,331                         | -                   | 26,367         | 23,865                    |
| Administration and central services      | 18,855         | 4,911                          | -                   | 23,766         | 23,236                    |
| Other expenses                           | 4,969          | 9,756                          | -                   | 14,725         | 14,550                    |
| FRS 17 pension fund adjustments          | (1,910)        | -                              | -                   | (1,910)        | 1,313                     |
| Total per income and expenditure account | <u>249,868</u> | <u>150,993</u>                 | <u>1,369</u>        | 402,230        | 388,553                   |
| Depreciation (note 11)                   |                |                                |                     | <u>14,858</u>  | <u>13,910</u>             |
| Total per Income and Expenditure Account |                |                                |                     | <u>417,088</u> | <u>402,463</u>            |

|   | 2012      | 2011      |
|---|-----------|-----------|
| Other expenses include:                 |           |           |
| Auditors' remuneration – external audit | 44        | 58        |
| – audit related services                | 25        | 28        |
| – other tax services                    | 4         | 7         |
|   | <u>73</u> | <u>93</u> |

### 10. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

The surplus on continuing operations is made up as follows:

|   | 2012         | 2011              |
|---|--------------|-------------------|
|   | £'000        | Restated<br>£'000 |
| University surplus for the year                       | 9,263        | 10,654            |
| Surplus/(Deficit) incurred by subsidiary undertakings | 338          | (4)               |
|   | <u>9,601</u> | <u>10,650</u>     |

**CARDIFF UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**11. TANGIBLE FIXED ASSETS**

|                                 | <u>Consolidated</u>       |                                     |   |                            |                        |
|---------------------------------|---------------------------|-------------------------------------|---|----------------------------|------------------------|
|                                 | <b>Land and Buildings</b> |                                     |   |                            |                        |
|                                 | <b>Freehold<br/>£'000</b> | <b>Long<br/>leasehold<br/>£'000</b> | <b>Assets in the<br/>course of<br/>construction<br/>£'000</b> | <b>Equipment<br/>£'000</b> | <b>Total<br/>£'000</b> |
| <b>Cost or valuation</b>        |                           |                                     |   |                            |                        |
| At 1 August 2011                | 207,180                   | 195,245                             | 16,131  | 64,773                     | 483,329                |
| Additions at cost               | 1,934                     | 55                                  | 15,074  | 5,491                      | 22,554                 |
| Disposals (i)                   | -                         | -                                   | -   | (2,435)                    | (2,435)                |
| Projects Completed              | -                         | 18,715                              | (18,715)  | -                          | -                      |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
| At 31 July 2012                 | 209,114                   | 214,015                             | 12,490  | 67,829                     | 503,448                |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
| Valuation                       | 122,181                   | 115,730                             | -   | -                          | 237,911                |
| Cost                            | 86,933                    | 98,285                              | 12,490  | 67,829                     | 265,537                |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
|                                 | 209,114                   | 214,015                             | 12,490  | 67,829                     | 503,448                |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
| <b>Accumulated Depreciation</b> |                           |                                     |   |                            |                        |
| At 1 August 2011                | 49,562                    | 53,865                              | -   | 60,137                     | 163,564                |
| Charge for year                 | 4,662                     | 6,417                               | -   | 3,779                      | 14,858                 |
| Eliminated on Disposal          | -                         | -                                   | -   | (2,435)                    | (2,435)                |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
| At 31 July 2012                 | 54,224                    | 60,282                              | -   | 61,481                     | 175,987                |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
| <b>Net book value</b>           |                           |                                     |   |                            |                        |
| At 31 July 2012                 | 154,890                   | 153,733                             | 12,490  | 6,348                      | 327,461                |
|                                 | <hr/> <hr/>               | <hr/> <hr/>                         | <hr/> <hr/>   | <hr/> <hr/>                | <hr/> <hr/>            |
| At 31 July 2011                 | 157,618                   | 141,380                             | 16,131  | 4,636                      | 319,765                |
|                                 | <hr/> <hr/>               | <hr/> <hr/>                         | <hr/> <hr/>   | <hr/> <hr/>                | <hr/> <hr/>            |
| <b>Financed By:</b>             |                           |                                     |   |                            |                        |
| Funding Council                 | 43,671                    | 35,048                              | 4,311   | 567                        | 83,597                 |
| Endowments/Donations            | 793                       | 1,760                               | -   | -                          | 2,553                  |
| Loans                           | 16,563                    | 18,197                              | 7,750   | -                          | 42,510                 |
| Revaluation                     | 23,652                    | 55,114                              | -   | -                          | 78,766                 |
| Other Capital                   | 70,211                    | 43,614                              | 429   | 5,781                      | 120,035                |
|                                 | <hr/>                     | <hr/>                               | <hr/>   | <hr/>                      | <hr/>                  |
| Net book value at 31 July 2012  | 154,890                   | 153,733                             | 12,490  | 6,348                      | 327,461                |
|                                 | <hr/> <hr/>               | <hr/> <hr/>                         | <hr/> <hr/>   | <hr/> <hr/>                | <hr/> <hr/>            |

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£111,023 (2011 K£107,546). Should these particular buildings be sold, the University would use the proceeds in accordance with the Financial Memorandum with HEFCW.
- (iii) Note 1 outlines details of the land and buildings valuations.
- (iv) Freehold land and buildings includes non-depreciated land of K£20,881 (2011 K£20,881).

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 11. TANGIBLE FIXED ASSETS (continued)

|                                 | <u>University</u>         |                  |                      |                  |                |
|---------------------------------|---------------------------|------------------|----------------------|------------------|----------------|
|                                 | <b>Land and Buildings</b> |                  |                      |                  |                |
|                                 | <b>Freehold</b>           | <b>Long</b>      | <b>Assets in the</b> | <b>Equipment</b> | <b>Total</b>   |
|                                 | <b>£'000</b>              | <b>leasehold</b> | <b>course of</b>     | <b>£'000</b>     | <b>£'000</b>   |
|                                 |                           | <b>£'000</b>     | <b>construction</b>  |                  |                |
|                                 |                           |                  | <b>£'000</b>         | <b>£'000</b>     | <b>£'000</b>   |
| <b>Cost or valuation</b>        |                           |                  |                      |                  |                |
| At 1 August 2011                | 207,180                   | 195,245          | 16,131               | 64,422           | 482,978        |
| Additions at cost               | 1,934                     | 55               | 15,074               | 5,491            | 22,554         |
| Disposals (i)                   | -                         | -                | -                    | (2,084)          | (2,084)        |
| Projects Completed              | -                         | 18,715           | (18,715)             | -                | -              |
|                                 | <u>209,114</u>            | <u>214,015</u>   | <u>12,490</u>        | <u>67,829</u>    | <u>503,448</u> |
| At 31 July 2012                 | 209,114                   | 214,015          | 12,490               | 67,829           | 503,448        |
| Valuation                       | 122,181                   | 115,730          | -                    | -                | 237,911        |
| Cost                            | 86,933                    | 98,285           | 12,490               | 67,829           | 265,537        |
|                                 | <u>209,114</u>            | <u>214,015</u>   | <u>12,490</u>        | <u>67,829</u>    | <u>503,448</u> |
| <b>Accumulated Depreciation</b> |                           |                  |                      |                  |                |
| At 1 August 2011                | 49,562                    | 53,865           | -                    | 59,786           | 163,213        |
| Charge for year                 | 4,662                     | 6,417            | -                    | 3,779            | 14,858         |
| Eliminated on Disposal          | -                         | -                | -                    | (2,084)          | (2,084)        |
|                                 | <u>54,224</u>             | <u>60,282</u>    | <u>-</u>             | <u>61,481</u>    | <u>175,987</u> |
| At 31 July 2012                 | 54,224                    | 60,282           | -                    | 61,481           | 175,987        |
| <b>Net book value</b>           |                           |                  |                      |                  |                |
| At 31 July 2012                 | <u>154,890</u>            | <u>153,733</u>   | <u>12,490</u>        | <u>6,348</u>     | <u>327,461</u> |
| At 31 July 2011                 | <u>157,618</u>            | <u>141,380</u>   | <u>16,131</u>        | <u>4,636</u>     | <u>319,765</u> |
| Financed By:                    |                           |                  |                      |                  |                |
| Funding Council                 | 43,671                    | 35,048           | 4,311                | 567              | 83,597         |
| Endowments/Donations            | 793                       | 1,760            | -                    | -                | 2,553          |
| Loans                           | 16,563                    | 18,197           | 7,750                | -                | 42,510         |
| Revaluation                     | 23,652                    | 55,114           | -                    | -                | 78,766         |
| Other Capital                   | 70,211                    | 43,614           | 429                  | 5,781            | 120,035        |
|                                 | <u>154,890</u>            | <u>153,733</u>   | <u>12,490</u>        | <u>6,348</u>     | <u>327,461</u> |
| Net book value at 31 July 2012  | <u>154,890</u>            | <u>153,733</u>   | <u>12,490</u>        | <u>6,348</u>     | <u>327,461</u> |

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£111,023 (2011 K£107,546). Should these particular buildings be sold, the University would use the proceeds in accordance with the Financial Memorandum with HEFCW.
- (iii) Note 1 outlines details of the land and buildings valuations.
- (iv) Freehold land and buildings includes non-depreciated land of K£20,881 (2011 K£20,881).

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 12. FIXED ASSET INVESTMENTS

|                                 | <u>Consolidated</u>                |               | <u>University</u>                  |               |
|---------------------------------|------------------------------------|---------------|------------------------------------|---------------|
|                                 | <b>Other<br/>Invest-<br/>ments</b> | <b>Total</b>  | <b>Other<br/>Invest-<br/>ments</b> | <b>Total</b>  |
|                                 | <b>£000's</b>                      | <b>£000's</b> | <b>£000's</b>                      | <b>£000's</b> |
| Balance at 1 August 2011        | 2,886                              | 2,886         | 2,880                              | 2,880         |
| Appreciation recognised in year | 2,255                              | 2,255         | 2,255                              | 2,255         |
|                                 | <hr/>                              | <hr/>         | <hr/>                              | <hr/>         |
| Balance at 31 July 2012         | 5,141                              | 5,141         | 5,135                              | 5,135         |
|                                 | <hr/> <hr/>                        | <hr/> <hr/>   | <hr/> <hr/>                        | <hr/> <hr/>   |

The Council members believe that the carrying value of the investments is supported by their underlying net assets.

The University has an interest in the following companies:

#### University College Cardiff Consultants Limited (UC3)

UC3, a company limited by guarantee, has been included in the consolidated Financial Statements.

#### Welsh Networking Limited

The University owned an 11% interest in Welsh Networking Ltd, a company that commenced activity in 2001 to provide high bandwidth networking facilities to educational institutions in South and West Wales. This interest was not consolidated and the company was dissolved on 9 October 2012.

#### Cardiff Partnership Fund Limited

The University owns a 100% interest in the Cardiff Partnership Fund Ltd, the holding company of the unincorporated Cardiff Partnership Fund Ltd Partnership. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board. This investment has been fully provided for. The company has no trading activities and net assets of £160,101 at 31 July 2012.

#### Fusion Plc

A ten-year deal signed with Fusion Plc during 2006/07 gives the company the right to commercially develop current and future research-generated intellectual property (IP) at Cardiff University. In return, the University received AIM listed shares which are held at market value within Investments.

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 13. ENDOWMENT ASSET INVESTMENTS

|  | <u>Consolidated and University</u> |              |
|--|------------------------------------|--------------|
|  | <b>2012</b>                        | <b>2011</b>  |
|  | <b>£'000</b>                       | <b>£'000</b> |
| Balance at 1 August                          | 25,575                             | 24,595       |
| Additions                                    | 669                                | 272          |
| Disposals                                    | (696)                              | (290)        |
| Movement in cash held as short-term deposits | 208                                | (891)        |
| Depreciation on disposal/revaluation         | (675)                              | 1,889        |
|  | <hr/>                              | <hr/>        |
| Balance at 31 July                           | 25,081                             | 25,575       |
|  | <hr/> <hr/>                        | <hr/> <hr/>  |
| Fixed interest stock                         | 4,406                              | 4,005        |
| Equities                                     | 14,073                             | 15,081       |
| Bank balances and short-term deposits        | 4,226                              | 4,018        |
| Other assets                                 | 2,376                              | 2,471        |
|  | <hr/>                              | <hr/>        |
| Total endowment asset investments            | 25,081                             | 25,575       |
|  | <hr/> <hr/>                        | <hr/> <hr/>  |
| Fixed interest and equities at cost          | 18,940                             | 18,592       |
|  | <hr/>                              | <hr/>        |
|  | <hr/> <hr/>                        | <hr/> <hr/>  |

### 14. STOCKS

|                         | <u>Consolidated and University</u> |              |
|-------------------------|------------------------------------|--------------|
|                         | <b>2012</b>                        | <b>2011</b>  |
|                         | <b>£'000</b>                       | <b>£'000</b> |
| Residences and Catering | 108                                | 108          |
| Maintenance             | 33                                 | 41           |
|                         | <hr/>                              | <hr/>        |
|                         | 141                                | 149          |
|                         | <hr/> <hr/>                        | <hr/> <hr/>  |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 15. DEBTORS

|   | <u>Consolidated</u> |               | <u>University</u> |               |
|---|---------------------|---------------|-------------------|---------------|
|   | <b>2012</b>         | <b>2011</b>   | <b>2012</b>       | <b>2011</b>   |
|   | <b>£'000</b>        | <b>£'000</b>  | <b>£'000</b>      | <b>£'000</b>  |
| Amounts falling due within one year:                                    |                     |               |                   |               |
| Amounts owed by subsidiary undertakings                                 | -                   | -             | 950               | 1,059         |
| Debtors:  |                     |               |                   |               |
| Fees  | 772                 | 86            | 772               | 86            |
| Research  | 31,362              | 38,637        | 31,362            | 38,637        |
| NHS Distinction Awards  | 793                 | 329           | 793               | 329           |
| Miscellaneous   | 11,365              | 18,251        | 10,802            | 18,156        |
| Prepayments   | 102                 | 107           | 102               | 107           |
|   | <u>44,394</u>       | <u>57,410</u> | <u>44,781</u>     | <u>58,374</u> |
| Included in the above are amounts falling due after more than one year: |                     |               |                   |               |
| Amounts owed by subsidiary undertakings                                 | -                   | -             | 600               | 600           |

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | <u>Consolidated</u> |               | <u>University</u> |               |
|--|---------------------|---------------|-------------------|---------------|
|  | <b>2012</b>         | <b>2011</b>   | <b>2012</b>       | <b>2011</b>   |
|  | <b>£'000</b>        | <b>£'000</b>  | <b>£'000</b>      | <b>£'000</b>  |
| Bank overdraft                           | 421                 | 435           | 421               | 435           |
| Trade creditors                          | 12,326              | 13,375        | 11,899            | 13,115        |
| Sundry creditors                         | 3,646               | 7,834         | 3,646             | 7,834         |
| Social security and other taxation       | 6,060               | 5,933         | 6,005             | 5,869         |
| Accruals and deferred income             | 5,052               | 6,593         | 5,050             | 6,591         |
| Research grants and contracts in advance | 38,312              | 41,765        | 38,312            | 41,765        |
| Other services rendered                  | 9,447               | 9,527         | 9,447             | 9,527         |
| Royal Bank Scotland loan                 | -                   | 500           | -                 | 500           |
| Lloyds Bank loan (Note 17(i))            | 591                 | 519           | 591               | 519           |
| Royal Bank Scotland loan (Note 17(ii))   | 700                 | 700           | 700               | 700           |
|  | <u>76,555</u>       | <u>87,181</u> | <u>76,071</u>     | <u>86,855</u> |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                  | Consolidated  |               | University    |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2012<br>£'000 | 2011<br>£'000 | 2012<br>£'000 | 2011<br>£'000 |
| Lloyds Bank Loan (i)             | 13,751        | 14,343        | 13,751        | 14,343        |
| Royal Bank of Scotland Loan (ii) | 8,575         | 9,275         | 8,575         | 9,275         |
|                                  | 22,326        | 23,618        | 22,326        | 23,618        |

- (i) Lloyds TSB originally advanced M£17 to the University to finance the cost of student residences. The loan is secured on Talybont South and is repayable by 28 February 2024 on a reducing balance method as follows:

|                            |          |
|----------------------------|----------|
| Within one year            | K£591    |
| Between two and five years | K£3,317  |
| Over five years            | K£10,434 |

Interest is payable on the loan at 8.868% and is charged to Interest Payable (Note 8)

- (ii) Royal Bank of Scotland originally advanced M£14.0 to the University to finance the cost of Talybont Court. The loan is secured on Talybont Court and is repayable by 1 October 2025 by equal instalments of M£0.7 as follows:

|                            |         |
|----------------------------|---------|
| Within one year            | K£700   |
| Between two and five years | K£2,800 |
| Over five years            | K£5,775 |

Interest is payable on the loan at 0.225% above Base Rate and is charged to Interest Payable (Note 8).

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 18. OTHER DEFERRED INCOME

|                                      | <u>Consolidated and University</u> |                           |
|--------------------------------------|------------------------------------|---------------------------|
|                                      | <b>2012</b>                        | <b>2011</b>               |
|                                      | <b>£'000</b>                       | <b>Restated<br/>£'000</b> |
| Academic Infrastructure Grants       | 1,920                              | 2,014                     |
| Science Research Investment Fund     | 130                                | 69                        |
| Learning and Teaching Support Grants | 561                                | 274                       |
| Supplementary Funds                  | 16,633                             | 34,825                    |
| Other Deferred Grants                | 197                                | 385                       |
| Fusion Deferred Revenue              | 6,382                              | 7,976                     |
| Student Fees received in advance     | 1,200                              | 270                       |
|                                      | <u>27,023</u>                      | <u>45,813</u>             |

### 19. DEFERRED CAPITAL GRANTS

|                                    | <u>Consolidated and University</u>   |  |                        |
|------------------------------------|--------------------------------------|--|------------------------|
|                                    | <b>Funding<br/>Council<br/>£'000</b> | <b>Other grants/<br/>beneficiaries<br/>£'000</b> | <b>Total<br/>£'000</b> |
| As at 1 August 2011                |                                      |  |                        |
| Buildings                          | 76,669                               | 17,720   | 94,389                 |
| Equipment                          | 343                                  | 1,425  | 1,768                  |
|                                    | <u>77,012</u>                        | <u>19,145</u>                                    | <u>96,157</u>          |
| Transferred from deferred income   |                                      |  |                        |
| Buildings                          | 14,548                               | -  | 14,548                 |
| Equipment                          | 2,875                                | -  | 2,875                  |
|                                    | <u>17,423</u>                        | <u>-</u>   | <u>17,423</u>          |
| Cash received                      |                                      |  |                        |
| Buildings                          | -                                    | 7,216  | 7,216                  |
| Equipment                          | 68                                   | 572  | 640                    |
|                                    | <u>68</u>                            | <u>7,788</u>                                     | <u>7,856</u>           |
| Released to income and expenditure |                                      |  |                        |
| Buildings (Note 2/Note 5)          | (3,326)                              | (461)  | (3,787)                |
| Equipment (Note 2)                 | (567)                                | (756)  | (1,323)                |
|                                    | <u>(3,892)</u>                       | <u>(1,218)</u>                                   | <u>(5,110)</u>         |
| At 31 July 2012                    |                                      |  |                        |
| Buildings                          | 87,891                               | 24,475   | 112,366                |
| Equipment                          | 2,719                                | 1,241  | 3,960                  |
|                                    | <u>90,610</u>                        | <u>25,716</u>                                    | <u>116,326</u>         |

**CARDIFF UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**20. ENDOWMENTS**

|                           | Consolidated and University        |                                  |                             |                                   |                        |                        |
|---------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------------|------------------------|------------------------|
|                           | Unrestricted<br>Permanent<br>£'000 | Restricted<br>Permanent<br>£'000 | Total<br>Permanent<br>£'000 | Restricted<br>Expendable<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
| Opening Balance           |                                    |                                  |                             |                                   |                        |                        |
| Capital                   | 1,551                              | 12,687                           | 14,238                      | 2,186                             | 16,424                 | 14,955                 |
| Accumulated Income        | 1,097                              | 7,943                            | 9,040                       | 111                               | 9,151                  | 9,640                  |
|                           | 2,648                              | 20,630                           | 23,278                      | 2,297                             | 25,575                 | 24,595                 |
| New endowments            | -                                  | 193                              | 193                         | 392                               | 585                    | 311                    |
| Income for year           | 68                                 | 547                              | 615                         | 70                                | 685                    | 682                    |
| Expenditure               | (65)                               | (580)                            | (645)                       | (444)                             | (1,089)                | (1,902)                |
|                           | 3                                  | (33)                             | (30)                        | (374)                             | (404)                  | (1,220)                |
| Decrease in market value  | (75)                               | (559)                            | (634)                       | (41)                              | (675)                  | 1,889                  |
|                           | 2,576                              | 20,231                           | 22,807                      | 2,274                             | 25,081                 | 25,575                 |
| Closing Balance (Note 13) | 2,576                              | 20,231                           | 22,807                      | 2,274                             | 25,081                 | 25,575                 |
| Represented by:           |                                    |                                  |                             |                                   |                        |                        |
| Capital                   | 1,513                              | 12,511                           | 14,024                      | 2,168                             | 16,192                 | 16,424                 |
| Accumulated Income        | 1,063                              | 7,720                            | 8,783                       | 106                               | 8,889                  | 9,151                  |
|                           | 2,576                              | 20,231                           | 22,807                      | 2,274                             | 25,081                 | 25,575                 |
|                           | 2,576                              | 20,231                           | 22,807                      | 2,274                             | 25,081                 | 25,575                 |

**21. REVALUATION RESERVE**

|   | Consolidated and University |               |
|---|-----------------------------|---------------|
|   | 2012<br>£'000               | 2011<br>£'000 |
| <b>Revaluations</b>                     |                             |               |
| At 1 August and 31 July                 | 140,579                     | 140,579       |
|   | 140,579                     | 140,579       |
| <b>Additions to revaluation reserve</b> |                             |               |
| At 1 August                             | -                           | -             |
| Gains on valuation of shares            | 2,255                       | -             |
|   | 2,255                       | -             |
| At 31 July                              | 2,255                       | -             |
| <b>Contributions to depreciation</b>    |                             |               |
| At 1 August                             | (50,291)                    | (46,920)      |
| Released in year (Note 22)              | (3,369)                     | (3,371)       |
|   | (53,660)                    | (50,291)      |
| At 31 July                              | (53,660)                    | (50,291)      |
| <b>Net revaluation amount</b>           |                             |               |
| At 31 July                              | 89,174                      | 90,288        |
|   | 89,174                      | 90,288        |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 22. GENERAL RESERVES

|   | <u>Consolidated</u> | <u>University</u> | <u>Consolidated</u>       |
|---|---------------------|-------------------|---------------------------|
|   | <b>2012</b>         | <b>2012</b>       | <b>2011</b>               |
|   | <b>£'000</b>        | <b>£'000</b>      | <b>Restated<br/>£'000</b> |
| Income and Expenditure Account Reserve<br>At 1 August | 179,872             | 180,886           | 144,452                   |
| Surplus for the year                                  | 8,855               | 8,517             | 11,787                    |
| Transfer from revaluation reserve (Note 21)           | 3,369               | 3,369             | 3,371                     |
| Actuarial (loss)/gain on pension scheme               | (19,810)            | (19,810)          | 29,290                    |
| Prior year adjustment                                 | -                   | -                 | (9,028)                   |
|   | <hr/>               | <hr/>             | <hr/>                     |
| At 31 July  | <u>172,286</u>      | <u>172,962</u>    | <u>179,872</u>            |

### 23. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

|  | <b>2012</b>   | <b>2011</b>               |
|--|---------------|---------------------------|
|  | <b>£'000</b>  | <b>Restated<br/>£'000</b> |
| Operating surplus                                    | 8,451         | 10,567                    |
| Depreciation   | 14,858        | 13,910                    |
| Profit on disposal of fixed assets                   | -             | (150)                     |
| Endowment income and interest receivable             | (3,178)       | (1,918)                   |
| Deferred capital grants released to income           | (5,110)       | (5,103)                   |
| Interest payable                                     | 1,369         | 2,877                     |
| Decrease/(Increase) in stocks                        | 8             | (1)                       |
| Decrease in debtors                                  | 13,456        | 1,008                     |
| (Decrease)/Increase in creditors                     | (10,184)      | 9,521                     |
| Decrease in Other Deferred Income                    | (1,367)       | (1,137)                   |
| Pension contributions in excess of charge            | (1,910)       | (147)                     |
|  | <hr/>         | <hr/>                     |
| Net cash inflow from continuing operating activities | <u>16,393</u> | <u>29,427</u>             |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

|                        | <b>2012</b>  | <b>2011</b>  |
|------------------------|--------------|--------------|
|                        | <b>£'000</b> | <b>£'000</b> |
| Income from endowments | 685          | 681          |
| Interest received      | 1,653        | 2,776        |
| Interest paid          | (1,369)      | (1,417)      |
|                        | 969          | 2,040        |
|                        | 969          | 2,040        |

**25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

|  | <b>2012</b>  | <b>2011</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Payments to acquire tangible assets                | (22,554)     | (16,049)     |
| Payments to acquire endowment asset investments    | (669)        | (272)        |
| Receipts from sales of tangible assets             | -            | 221          |
| Receipts from sales of endowment asset investments | 488          | 1,181        |
| Deferred capital grants received                   | 7,856        | 5,304        |
| New endowments                                     | 585          | 311          |
|  | (14,294)     | (9,304)      |
|  | (14,294)     | (9,304)      |

**26. MANAGEMENT OF LIQUID RESOURCES**

|  | <b>2012</b>  | <b>2011</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Net cash placed on short term deposits | (5,155)      | (16,212)     |
|  | (5,155)      | (16,212)     |
|  | (5,155)      | (16,212)     |

**27. FINANCING**

|                  | <b>2012</b>  | <b>2011</b>  |
|------------------|--------------|--------------|
|                  | <b>£'000</b> | <b>£'000</b> |
| Net loans repaid | (1,720)      | (1,152)      |
|                  | (1,720)      | (1,152)      |
|                  | (1,720)      | (1,152)      |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 28. ANALYSIS OF CHANGES IN NET FUNDS

|                                       | At<br>1 August<br>2011<br>£'000 | Cash flows<br>£'000 | At 31 July<br>2012<br>£'000 |
|---------------------------------------|---------------------------------|---------------------|-----------------------------|
| Cash at bank and in hand              | 10,297                          | (3,821)             | 6,476                       |
| Bank overdraft                        | (435)                           | 14                  | (421)                       |
| <b>Total cash at bank and in hand</b> | <b>9,862</b>                    | <b>(3,807)</b>      | <b>6,055</b>                |
| Liquid resources:                     |                                 |                     |                             |
| Short-term deposits                   | 167,022                         | 5,155               | 172,177                     |
| Debt:                                 |                                 |                     |                             |
| Debts falling due within one year     | (1,719)                         | 428                 | (1,291)                     |
| Debts falling due after one year      | (23,618)                        | 1,292               | (22,326)                    |
|                                       | <u>(25,337)</u>                 | <u>1,720</u>        | <u>(23,617)</u>             |
| <b>Total</b>                          | <b><u>151,547</u></b>           | <b><u>3,068</u></b> | <b><u>154,615</u></b>       |

### 29. PENSION SCHEMES

Particulars of the pension schemes in operation are shown in Note 1.

The assumptions and other data which have the most significant effect on the determination of the contribution levels of the other schemes are as follows:

|   | <u>USS(i)</u>    | <u>CUPF(ii)</u>  | <u>LGS(iii)</u>  |
|---|------------------|------------------|------------------|
| Latest actuarial valuations   | 31 March<br>2011 | 1 August<br>2010 | 31 March<br>2010 |
| Investment returns per annum  | 6.1%             | 6.5%             | 5.2%             |
| Salary scale increases per annum  | 4.4%             | 4.5%             | 4.8%             |
| Pension increases per annum   | 3.4%             | 2.75%            | 3.3%             |
| Market value of assets at date of last<br>Valuation                                     | M£28,843         | M£109.5          | M£1,031.2        |
| Proportion of members' accrued benefits<br>Covered by the actuarial value of the assets | 68%              | 86%              | 71%              |

#### Notes:

- (i) USS introduced a Career Average Benefits section of the scheme with effect from 1 October 2011, the employee contribution rate is 6.5% and the employer contribution rate is 16%.
- (ii) Cardiff University Pension Fund introduced a Career Average Revalued Benefits section of the Fund with effect from 1 January 2012, the employee contribution rate is 6.5% and the employer contribution rate for the both sections is 20%.
- (iii) The employer contribution rate to the LGS was 25.7% from 1 April 2011, plus an annual cash contribution of M£1.33, on the recommendation of the actuary.
- (iv) At 31 July 2012 the outstanding pension contributions included in creditors was M£3.407 (M£3.638 31 July 2011).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**29. PENSION SCHEMES (continued)**

The total pension cost for the University (excluding the interest payable element) was:

|                             | <b>2012</b>  | <b>2011</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>£'000</b> | <b>£'000</b> |
| USS                         | 23,235       | 21,396       |
| NHS                         | 2,456        | 2,038        |
| CUPF                        | 6,600        | 7,000        |
| LGS                         | 400          | 400          |
|                             | 32,691       | 30,834       |
| Total pension cost (Note 7) | 32,691       | 30,834       |

An updated estimated valuation of each of the two defined benefit schemes (CUPF and LGS) was performed at 31 July 2011 by a qualified actuary. The FRS 17 disclosures set out below are based on this updated valuation.

The major assumptions used by the scheme actuaries were:

|   | <b>31 July</b> | <b>31 July</b> | <b>31 July</b>  | <b>31 July</b>  |
|---|----------------|----------------|-----------------|-----------------|
|   | <b>2012</b>    | <b>2012</b>    | <b>2011</b>     | <b>2010</b>     |
|   | <b>CUPF</b>    | <b>LGS</b>     | <b>CUPF/LGS</b> | <b>CUPF/LGS</b> |
| Rate of increase in salaries            | 4.1%           | 3.9%           | 4.7%            | 4.9%            |
| Rate of increase in pensions in payment | 2.1%           | 1.9%           | 2.8%            | 2.7%            |
| Discount rate                           | 4.1%           | 4.0%           | 5.3%            | 5.4%            |
| Inflation assumption - RPI              | 3.1%           | 2.9%           | 3.7%            | 3.4%            |
| - CPI                                   | 2.1%           | 1.9%           | 2.8%            | 2.7%            |

Commutation of pensions to lump sums:

**CUPF**

No commutation of pensions is currently permitted under the scheme rules.

**LGS**

**31 July 2012**

Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements, for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements, for additional lump sum.

**31 July 2011**

Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements, for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements, for additional lump sum.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**29. PENSION SCHEMES (continued)**

The assumed life expectations on retirement at age 65 are:

|                       | <b>31 July<br/>2012</b> | <b>31 July<br/>2011</b> |
|-----------------------|-------------------------|-------------------------|
| <b><u>CUPE</u></b>    |                         |                         |
| Retiring Today:       |                         |                         |
| Males                 | 21.3                    | 21.2                    |
| Females               | 24.2                    | 24.1                    |
| Retiring in 20 years: |                         |                         |
| Males                 | 22.7                    | 22.6                    |
| Females               | 25.8                    | 25.7                    |
|                       |                         |                         |
|                       | <b>31 July<br/>2012</b> | <b>31 July<br/>2011</b> |
| <b><u>LGS</u></b>     |                         |                         |
| Retiring Today:       |                         |                         |
| Males                 | 23.9                    | 23.8                    |
| Females               | 26.7                    | 26.6                    |
| Retiring in 20 years: |                         |                         |
| Males                 | 25.6                    | 25.6                    |
| Females               | 28.7                    | 28.6                    |

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2012

### 29. PENSION SCHEMES (continued)

The assets in the scheme and the expected rate of return were:

| <u>CUPF</u>  | 31 July<br>2012<br>M£ | 31 July<br>2012<br>% | 31 July<br>2011<br>M£ | 31 July<br>2011<br>% | 31 July<br>2010<br>M£ | 31 July<br>2010<br>% |
|--------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| Equities     | 86.8                  | 7.5                  | 85.9                  | 7.9                  | 67.5                  | 8.2                  |
| Bonds        | 42.6                  | 2.9                  | 37.3                  | 4.3                  | 33.8                  | 4.2                  |
| Property     | -                     | 7.0                  | -                     | 7.4                  | 7.1                   | 7.7                  |
| Other Assets | 0.4                   | 1.4                  | 0.1                   | 1.5                  | 1.1                   | 1.4                  |
|              | <u>129.8</u>          |                      | <u>123.3</u>          |                      | <u>109.5</u>          |                      |
|              | <u><u>129.8</u></u>   |                      | <u><u>123.3</u></u>   |                      | <u><u>109.5</u></u>   |                      |
|              |                       |                      |                       |                      |                       |                      |
| <u>LGS</u>   | 31 July<br>2012<br>M£ | 31 July<br>2012<br>% | 31 July<br>2011<br>M£ | 31 July<br>2011<br>% | 31 July<br>2010<br>M£ | 31 July<br>2010<br>% |
| Equities     | 11.0                  | 7.5                  | 11.0                  | 7.9                  | 9.5                   | 8.2                  |
| Bonds        | 2.6                   | 2.8                  | 2.3                   | 4.3                  | 2.3                   | 4.6                  |
| Property     | 1.0                   | 7.0                  | 0.6                   | 7.4                  | 0.6                   | 7.7                  |
| Other Assets | 0.6                   | 4.4                  | 0.8                   | 4.7                  | 0.8                   | 4.8                  |
|              | <u>15.2</u>           |                      | <u>14.7</u>           |                      | <u>13.2</u>           |                      |
|              | <u><u>15.2</u></u>    |                      | <u><u>14.7</u></u>    |                      | <u><u>13.2</u></u>    |                      |

The following amounts at 31 July were measured in accordance with the requirements of FRS17:

| <u>CUPF</u>                           | At 31 July<br>2012<br>M£ | At 31 July<br>2011<br>M£ |
|---------------------------------------|--------------------------|--------------------------|
| The assets of the scheme              | 129.8                    | 123.3                    |
| Present value of scheme liabilities   | (163.4)                  | (141.9)                  |
| Net pension liability                 | <u>(33.6)</u>            | <u>(18.6)</u>            |
|                                       | <u><u>(33.6)</u></u>     | <u><u>(18.6)</u></u>     |
|                                       |                          |                          |
| <u>LGS</u>                            | At 31 July<br>2012<br>M£ | At 31 July<br>2011<br>M£ |
| The share of the assets of the scheme | 15.2                     | 14.7                     |
| Present value of scheme liabilities   | (33.7)                   | (30.7)                   |
| Net pension liability                 | <u>(18.5)</u>            | <u>(16.0)</u>            |
|                                       | <u><u>(18.5)</u></u>     | <u><u>(16.0)</u></u>     |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**29. PENSION SCHEMES (continued)**

The following components of the pension charge have been recognised in the income and expenditure account and statement of recognised gains and losses for the years ended 31 July 2012 and 31 July 2011:

|   | <b>Year ended 31 July 2012</b> |                   | <b>Year ended 31 July 2011</b> |                   |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
|   | <u><b>CUPE</b></u>             | <u><b>LGS</b></u> | <u><b>CUPE</b></u>             | <u><b>LGS</b></u> |
|   | <b>M£</b>                      | <b>M£</b>         | <b>M£</b>                      | <b>M£</b>         |
| Analysis of amounts charged to<br>income and expenditure account:                       |                                |                   |                                |                   |
| Current service cost  | 6.6                            | 0.4               | 7.0                            | 0.4               |
| Past service cost   | 0.1                            | -                 | -                              | -                 |
|   | <hr/>                          | <hr/>             | <hr/>                          | <hr/>             |
| Total operating charge  | <u>6.7</u>                     | <u>0.4</u>        | <u>7.0</u>                     | <u>0.4</u>        |
| <br>  |                                |                   |                                |                   |
| Financing:  |                                |                   |                                |                   |
| Expected return on assets   | (8.4)                          | (1.1)             | (7.6)                          | (1.0)             |
| Interest on scheme liabilities  | 7.5                            | 1.6               | 8.6                            | 1.4               |
|   | <hr/>                          | <hr/>             | <hr/>                          | <hr/>             |
| Net expense   | <u>(0.9)</u>                   | <u>0.5</u>        | <u>1.0</u>                     | <u>0.4</u>        |
| <br>  |                                |                   |                                |                   |
|   | <b>Year ended 31 July 2012</b> |                   | <b>Year ended 31 July 2011</b> |                   |
|   | <u><b>CUPE</b></u>             | <u><b>LGS</b></u> | <u><b>CUPE</b></u>             | <u><b>LGS</b></u> |
|   | <b>M£</b>                      | <b>M£</b>         | <b>M£</b>                      | <b>M£</b>         |
| Analysis of amounts recognised in<br>statement of total recognised gains<br>and losses: |                                |                   |                                |                   |
| Actual return higher than expected on<br>scheme assets                                  | (2.8)                          | (1.0)             | 4.1                            | 0.6               |
| Change in assumptions underlying the<br>present value of scheme liabilities             | (13.7)                         | (2.3)             | 27.5                           | (2.9)             |
|   | <hr/>                          | <hr/>             | <hr/>                          | <hr/>             |
| Total actuarial (loss)/gain recognised  | <u>(16.5)</u>                  | <u>(3.3)</u>      | <u>31.6</u>                    | <u>(2.3)</u>      |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**29. PENSION SCHEMES (continued)**

The movement in the University's share of the schemes' deficits during the year is made up as follows:

|                                   | <b>Year ended 31 July 2012</b> |                   | <b>Year ended 31 July 2011</b> |                   |
|-----------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
|                                   | <b><u>CUPF</u></b>             | <b><u>LGS</u></b> | <b><u>CUPF</u></b>             | <b><u>LGS</u></b> |
|                                   | <b>M£</b>                      | <b>M£</b>         | <b>M£</b>                      | <b>M£</b>         |
| Opening fair value of assets      | 123.3                          | 14.7              | 109.5                          | 13.2              |
| Movement in year:                 |                                |                   |                                |                   |
| Expected return on assets         | 8.4                            | 1.1               | 7.6                            | 1.0               |
| Actuarial (losses)/gain on assets | (2.8)                          | (1.0)             | 4.1                            | 0.6               |
| Contributions by the employer     | 7.3                            | 1.7               | 6.6                            | 1.0               |
| Contributions by participants     | 0.2                            | 0.1               | 0.2                            | 0.1               |
| Net benefits paid out             | (6.6)                          | (1.4)             | (4.7)                          | (1.2)             |
|                                   | <hr/>                          | <hr/>             | <hr/>                          | <hr/>             |
| Closing fair value of assets      | <u>129.8</u>                   | <u>15.2</u>       | <u>123.3</u>                   | <u>14.7</u>       |

|   | <b>Year ended 31 July 2012</b> |                   | <b>Year ended 31 July 2011</b> |                   |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
|   | <b><u>CUPF</u></b>             | <b><u>LGS</u></b> | <b><u>CUPF</u></b>             | <b><u>LGS</u></b> |
|   | <b>M£</b>                      | <b>M£</b>         | <b>M£</b>                      | <b>M£</b>         |
| Opening present value of liabilities    | 141.9                          | 30.7              | 158.3                          | 27.1              |
| Movement in year:                       |                                |                   |                                |                   |
| Current service cost                    | 6.6                            | 0.4               | 7.0                            | 0.4               |
| Interest cost on liabilities            | 7.5                            | 1.6               | 8.6                            | 1.4               |
| Actuarial losses/(gains) on liabilities | 13.7                           | 2.3               | (27.5)                         | 2.9               |
| Contributions by participants           | 0.2                            | 0.1               | 0.2                            | 0.1               |
| Past service cost                       | 0.1                            | -                 | -                              | -                 |
| Net benefits paid out                   | (6.6)                          | (1.4)             | (4.7)                          | (1.2)             |
|   | <hr/>                          | <hr/>             | <hr/>                          | <hr/>             |
| Closing present value of liabilities    | <u>163.4</u>                   | <u>33.7</u>       | <u>141.9</u>                   | <u>30.7</u>       |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**29. PENSION SCHEMES (continued)**

The experience gains and losses for the year were as follows:

**CUPF**

|   | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Difference between the expected and actual return on assets:<br>Amount (M£) | (2.8)       | 4.1         | 8.9         | (10.2)      | (14.1)      |
| Experience gains and losses on scheme liabilities:<br>Amount (M£)           | 2.0         | 21.9        | 4.9         | 0.2         | (9.4)       |
| Total amount recognised in the STRGL:<br>Amount (M£)                        | (16.5)      | 31.6        | 0.4         | (17.5)      | (5.2)       |

**LGS**

|   | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Difference between the expected and actual return on assets:<br>Amount (M£) | (1.0)       | 0.6         | 1.1         | (1.3)       | (2.6)       |
| Experience gains and losses on scheme liabilities:<br>Amount (M£)           | (0.2)       | (1.1)       | 0.3         | (0.1)       | 0.3         |
| Total amount recognised in the STRGL:<br>Amount (M£)                        | (3.3)       | (2.3)       | 1.7         | (3.3)       | (2.2)       |

**30. CAPITAL COMMITMENTS**

|                                   | <u>Consolidated and University</u> |              |
|-----------------------------------|------------------------------------|--------------|
|                                   | <b>2012</b>                        | <b>2011</b>  |
|                                   | <b>£'000</b>                       | <b>£'000</b> |
| Commitments contracted at 31 July | 13,676                             | 31,456       |

**31. CONTINGENT LIABILITY**

The University is a member of UMALT, a company limited by guarantee, formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro-rata share spread over seven years. The university is a guarantor, on a joint and several basis with other members, of this £15 million loan facility. No liability has yet arisen under this guarantee.

**32. RELATED PARTY TRANSACTIONS**

During the year, Cardiff University made a block grant payment of M£2.331 (2010/11: M£2.359) to the Cardiff University Students' Union.

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The University maintains a Register of Interests of members of Council and senior officers.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2012**

**33. ACCESS FUNDS**

|                               | <b>2012</b>  | <b>2011</b>  |
|-------------------------------|--------------|--------------|
|                               | <b>£'000</b> | <b>£'000</b> |
| Funding Council grants        | 430          | 599          |
| Interest earned               | 1            | 1            |
|                               | 431          | 600          |
| Disbursed to students         | (432)        | (570)        |
| Administration expenses       | (13)         | (18)         |
|                               | (14)         | 12           |
| Balance unspent as at 31 July | (14)         | 12           |

Access grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**34. PRIOR YEAR ADJUSTMENT**

Comparative figures have been restated to reflect a change in the accounting for the Biofusion investment. A ten year deal signed with Fusion Plc during 2006/7 gave the company the right to develop current and future research-generated intellectual property (IP) at Cardiff University. In return, the University received AIM listed shares which are held at market value within Investments. The related gain on receipt of the shares was held in deferred income and was planned to be released over the life of the agreement.

Since the deal was signed the share value has declined and it was subsequently decided to offset the impairment of those shares against the deferred income balance.

The accounting treatment, as referred to in the Treasurer's report, has been changed in the current year to take any impairment on the shares directly to the I&E and to continue to release the deferred income balance over the remaining years of the agreement. The University consider the new policy gives a fairer presentation of the results.

As a result, comparative figures for the year ended 31 July 2011 have been adjusted as follows:

|                                       | <b>Surplus on continuing operations</b> | <b>Net assets</b> |
|---------------------------------------|---|-------------------|
|                                       | <b>£'000</b>                            | <b>£'000</b>      |
| As previously reported                | 9,430                                   | 399,783           |
| Effect of change in accounting policy | 1,137                                   | (7,891)           |
| As restated                           | 10,567                                  | 391,892           |