

**CARDIFF UNIVERSITY**

**Report and Financial Statements**

**31 July 2010**

# CARDIFF UNIVERSITY

## REPORT AND FINANCIAL STATEMENTS 2010

<b>CONTENTS</b>	<b>Page</b>
<b>Report of the Treasurer</b>	<b>3</b>
<b>Corporate Governance Statement</b>	<b>5</b>
<b>Public Benefit Statement</b>	<b>6</b>
<b>Responsibilities of the Council of Cardiff University</b>	<b>7</b>
<b>Independent auditors' report</b>	<b>9</b>
<b>Income and expenditure account</b>	<b>11</b>
<b>Statement of historical cost surpluses</b>	<b>11</b>
<b>Statement of total recognised gains and losses</b>	<b>12</b>
<b>Balance sheets</b>	<b>13</b>
<b>Consolidated cash flow statement</b>	<b>15</b>
<b>Notes to the financial statements</b>	<b>16</b>

# CARDIFF UNIVERSITY

## REPORT OF THE TREASURER – OPERATING AND FINANCIAL REVIEW

### Scope of the Financial Statements

The financial statements for the year ended 31 July 2010 consolidate the results of the University and its subsidiary companies, Microbridge Services Ltd and University College Cardiff Consultants Ltd.

### Results for the Year

The University's consolidated income and expenditure results for the year to 31 July 2010 are summarised as follows:

	<u>2009/10</u> £000	<u>2008/09</u> £000
Income	429,230	414,359
Expenditure	<u>(418,550)</u>	<u>(400,359)</u>
Surplus for the Year after Depreciation of Assets at Valuation and Taxation	10,680	14,000
Transfer from Accumulated Income within Endowments	<u>157</u>	<u>413</u>
Surplus for the Year Retained in General Reserves	<u>10,837</u>	<u>14,431</u>
Surplus for the Year on an Historical Cost Basis	<u>14,050</u>	<u>17,371</u>

Income increased by M£14.8 (3.6%) compared to the previous year. This increase is mainly attributable to an increase in income from tuition fees of M£5.7 and other operating income which includes services rendered of M£10.6.

Expenditure also increased by M£18.2 (4.5%) mainly reflecting an increase in staff costs of M£7.5 mainly due incremental drift and an increase in pension costs. There was also an increase of M£9.3 in other operating costs.

### Key Financial Performance Indicators

The University monitors its key financial performance indicators and compares these against comparator research led universities throughout the UK. The latest available information relating to a comparative subset of Russell Group universities indicates that Cardiff's ratios are stronger than the average.

Financial Ratios	Cardiff			Comparator Research Led universities* - 08/09		
	07/8	08/9	09/10	High	Low	Mean
Total Income M£	394	414	429	591	369	428
% HC surplus to total income	4.4	4.2	3.3	10.3	(1.1)	3
Ratio of current assets to current liabilities	2.4	2.8	2.6	2.8	1.0	1.5
Days of net liquidity to total expenditure (excluding depreciation)	104	119	142	132	55	94

\*Russell Group Selected Comparators - Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Newcastle, Sheffield, and Southampton & Warwick

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.

**REPORT OF THE TREASURER – OPERATING AND FINANCIAL REVIEW**

**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. Overall returns were above the agreed benchmarks during 2009/10.

The University's endowment assets are invested for the longer term and increased in value by M£2.5 between 31 July 2009 and July 2010 mainly due to the increase in the equity markets during the year.

**Biofusion Plc**

A ten-year deal signed with Biofusion 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 Biofusion as at 31 July 2010 was M£3.24 (M£3.57 as at 31 July 2009) while the release to the income and expenditure account was K£90 in 2009/10 (K£137 in 2008/09).

**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 and the Local Government Scheme. The combined deficit as calculated for the purposes of FRS 17 on both of these schemes was M£62.7 as at 31 July 2010 (M£62.4 at 31 July 2009). This overall M£0.3 increase in the deficit was due to an increase in the value of the liabilities (M£16.5) being offset by an increase (M£16.2) in the value of the assets.

**Future Developments**

During 2009/10, 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 major refurbishment of academic buildings on both the Heath and Cathays Park campuses and continuing significant investment in the information technology systems within the University.

**Conclusion**

The financial outturn continues to confirm a satisfactory state of affairs, reflecting as they do the current substantial financial strength of the University. However, there are significant risks associated with the proposed 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 28 January, 2011

# CARDIFF UNIVERSITY

## 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 Combined Code on Corporate Governance issued by the London Stock Exchange. 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 2010. 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 Combined Code 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 Strategy 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 Strategy 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 Strategy 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 the Vice-Chair of Council, a lay member of Council as well as the Vice-Chancellor, 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 Strategy 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 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 or otherwise by request. 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.

## **PUBLIC BENEFIT STATEMENT**

Cardiff University was founded by Royal Charter in 1883 and is registered charity number 1136855.

Cardiff University is recognised in independent government assessments as one of Britain's leading teaching and research universities. The University's breadth of expertise in research and research-led teaching encompasses: the humanities; the natural, physical, health, life and social sciences; engineering and technology; preparation for a wide range of professions; and a longstanding commitment to lifelong learning.

The University's students and staff are drawn from throughout the world, attracted by an international reputation and commitment to innovation and excellence in all areas of activity. Cardiff University is a member of the Russell Group of Britain's leading research universities.

The student population is drawn from a variety of backgrounds, with students attracted from throughout Wales, the rest of the UK and world-wide. International students comprise some 17% of the total student population. Government performance indicators show that Cardiff University students are more likely to succeed in their studies, with first-year completion rates considerably higher than national averages and also higher than some similar universities. Many of the University's degree schemes provide partial or complete exemption from relevant professional examinations and more than forty schemes of study benefit from accreditation and input from professional bodies. More than 20% of Cardiff University students pursue postgraduate study.

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 is located in and around the Portland stone buildings, parks and tree-lined avenues that form Cardiff's civic centre. In recent years, substantial investment has been made in the University estate, including the expansion of life sciences facilities, recent development of a new brain research centre and a new building for Optometry and Vision Sciences.

Most of the University's student residential accommodation is within walking distance of lecture theatres, libraries and the students' union. A place in one of the University's 4,700 student rooms is guaranteed to all first-year undergraduates entering through the normal admissions cycle. The vast majority of student residences are single en-suite study bedrooms in self catered flats — and students enjoy some of the lowest rents in the UK, according to a survey by the National Union of Students. Networked computers offering a wealth of software applications are available to every student and there is a dedicated Graduate Centre providing support and facilities for postgraduates additional to those available within their Schools. Importance is attached to ensuring that Cardiff University graduates have the personal and intellectual skills demanded by employers resulting in very high levels of graduate employment.

The University is the largest provider of adult education in Wales, with the Cardiff Centre for Lifelong Learning providing several hundred courses in venues across South East Wales. The University's lifelong learning activities also encompass the professional development work carried out by schools for employers, and many of these courses are custom-made to suit an individual company's needs. The Centre also offers business language training at all levels.

The University is one of the largest employers in Cardiff and is a substantial purchaser of goods and services, making a major contribution to the prosperity of the region. Academic expertise and research facilities are used to advantage by industry and commercial partners, government bodies and other organisations. These contacts, combined with the provision of professional updating courses and the provision of sophisticated equipment and specialist skills, enable the University to help improve the efficiency, competitiveness and profitability of industry and commerce.

The University also helps to generate new business ideas and spin-out companies in the region; technology transfer activities, from start-up companies and the licensing of new products to industry, contribute tens of millions of pounds to the economy each year. The Cardiff University Innovation Network has introduced several hundred companies to the expertise, knowledge and facilities of the University.

# CARDIFF UNIVERSITY

## 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 causing the Financial Statements to be prepared, 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 Assembly 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;

# **CARDIFF UNIVERSITY**

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

- Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Council.

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

Dr David Grant  
Accounting Officer

Date 28 January, 2011

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

We have audited the financial statements ('the financial statements') of Cardiff University and its group for the year ended 31 July 2010 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention.

**Respective responsibilities of the University Council and auditors**

The University Council's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable United Kingdom Law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) is set out in the Statement of the Responsibilities of the Council of Cardiff University.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the University Council in accordance with the Charters and Statutes of the University and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales and the Statement of Recommended Practice - Accounting for Further and Higher Education. We report to you whether in our opinion, in all material respects, monies expended out of Higher Education Funding Council for Wales grants and other funds from whatever sources administered by the University for specific purposes have been properly applied in all material respects for the purposes for which they are received and, if appropriate, managed in compliance with all relevant legislation and whether in our opinion, in all material respects, income has been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales. We also report to you whether, in our opinion, the information given in the Treasurer's report is consistent with the financial statements. In addition, we report to you if, in our opinion, the University has not kept adequate accounting records, if the financial statements are not in agreement with the accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Treasurer's Report, the Corporate Governance Statement and the Statement of Responsibilities of the University's Council.

We also review the statement of internal control included as part of the Corporate Governance statement and comment if the statement is inconsistent with our knowledge of the University and Group. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the University's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for Wales. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- i. the financial statements give a true and fair view of the state of affairs of the University and the Group at 31 July 2010, and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales and the Statement of Recommended Practice - Accounting for Further and Higher Education, and with United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, funds from whatever source administered by the University 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; and
- iv. in all material respects, income has been applied in accordance with the Institution's Statutes and funds provided by the Higher Education Funding Council for Wales have been applied in accordance with the financial memorandum with the Higher Education Funding Council for Wales and any other terms and conditions attached to them.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cardiff

28 January 2011

**CARDIFF UNIVERSITY**

**INCOME AND EXPENDITURE ACCOUNT**

**Year ended 31 July 2010**

	Note	2010 £'000	2009 £'000
<b>INCOME</b>			
Grants from HEFCW	2	131,667	129,534
Academic fees and support grants	3	113,102	107,382
Research grants and contracts	4	87,962	89,137
Other operating income	5	93,938	83,312
Endowment income and interest receivable	6	2,561	4,994
		<hr/>	<hr/>
Total Income		429,230	414,359
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff costs	7	243,701	236,193
Other operating expenses	9	153,135	143,837
Depreciation	11	17,266	16,339
Interest payable and similar charges	8	4,448	3,990
		<hr/>	<hr/>
Total Expenditure	9	418,550	400,359
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation		10,680	14,000
Transfer from accumulated income in endowment funds		157	413
		<hr/>	<hr/>
Surplus for the year retained in general reserves	22	10,837	14,413
		<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF HISTORICAL COST SURPLUSES**

**Year ended 31 July 2010**

	Note	2010 £'000	2009 £'000
Surplus on continuing operations		10,680	14,000
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21	3,370	3,371
		<hr/>	<hr/>
Historical cost surplus retained for the year		14,050	17,371
		<hr/> <hr/>	<hr/> <hr/>

# CARDIFF UNIVERSITY

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year Ended 31 July 2010

	Note	2010 £'000	2009 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation		10,680	14,000
Appreciation/(Depreciation) of endowment asset investments	20	2,291	(2,271)
New endowments	20	369	439
Actuarial gain/(loss) on pension scheme	29	2,130	(20,840)
		<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE YEAR</b>		<b>15,470</b>	<b>(8,672)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation</b>			
Opening reserves and endowments		247,236	255,908
Total recognised gains/(losses) for the year		15,470	(8,672)
		<hr/>	<hr/>
Closing reserves and endowments		262,706	247,236
		<hr/> <hr/>	<hr/> <hr/>

# CARDIFF UNIVERSITY

## BALANCE SHEETS

As at 31 July 2010

	Note	<u>Consolidated</u>		<u>University</u>	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	317,697	324,558	317,697	324,383
Investments	12	3,326	3,656	3,320	3,710
		<u>321,023</u>	<u>328,212</u>	<u>321,017</u>	<u>328,093</u>
<b>ENDOWMENT ASSET INVESTMENTS</b>	13	24,595	22,092	24,595	22,092
<b>CURRENT ASSETS</b>					
Stocks	14	148	129	148	129
Debtors	15	59,957	48,166	60,493	48,536
Short-term deposits		150,810	119,690	150,810	119,690
Cash at bank and in hand		5,478	5,808	5,356	5,255
		<u>216,393</u>	<u>173,793</u>	<u>216,807</u>	<u>173,610</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(81,963)</u>	<u>(62,368)</u>	<u>(81,361)</u>	<u>(61,488)</u>
<b>NET CURRENT ASSETS</b>		<u>134,430</u>	<u>111,425</u>	<u>135,446</u>	<u>112,112</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		480,048	461,729	481,058	462,307
<b>CREDITORS: amounts falling due after more than one year</b>	17	(24,836)	(26,990)	(24,836)	(26,990)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	29	(62,700)	(62,400)	(62,700)	(62,400)
<b>OTHER DEFERRED INCOME</b>	18	<u>(33,850)</u>	<u>(28,350)</u>	<u>(33,850)</u>	<u>(28,350)</u>
<b>NET ASSETS</b>		<u><u>358,662</u></u>	<u><u>343,989</u></u>	<u><u>359,672</u></u>	<u><u>344,567</u></u>

# CARDIFF UNIVERSITY

## BALANCE SHEETS

As at 31 July 2010 (Continued)

	Note	<u>Consolidated</u>		<u>University</u>	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>DEFERRED CAPITAL GRANTS</b>	19	95,956	96,753	95,956	96,753
<b>ENDOWMENTS</b>					
Permanent	20	19,987	17,959	19,987	17,959
Expendable	20	4,608	4,133	4,608	4,133
		24,595	22,092	24,595	22,092
<b>RESERVES</b>					
Revaluation reserve	21	93,659	97,029	93,659	97,029
General reserves	22	144,452	128,115	145,462	128,693
		238,111	225,144	239,121	225,722
<b>TOTAL</b>		358,662	343,989	359,672	344,567

These financial statements were approved by the Council on 28 January 2011

Signed on behalf of the Council

Dr David Grant - Vice Chancellor

Philippa Herbert - Honorary Treasurer

D M Davies - Director of Finance

**CARDIFF UNIVERSITY**

**CONSOLIDATED CASH FLOW STATEMENT**

**Year ended 31 July 2010**

	Note	2010 £'000	2009 £'000
<b>Cash flow from operating activities</b>	23	35,458	26,010
Returns on investments and servicing of finance	24	438	3,443
Capital expenditure and financial investment	25	(2,731)	(5,795)
Management of liquid resources	26	(31,120)	(20,351)
Financing	27	(2,091)	(2,535)
<b>(Decrease)/Increase in cash</b>		<u>(46)</u>	<u>772</u>
 <b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash	28	(46)	772
Cash inflow from liquid resources	28	31,120	20,351
Cash outflow from decrease in debt	28	<u>2,091</u>	<u>2,535</u>
Movement in net funds in the period		33,165	23,658
Net funds at 1 August		<u>96,219</u>	<u>72,561</u>
Net funds at 31 July		<u><u>129,384</u></u>	<u><u>96,219</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 1. ACCOUNTING CONVENTION

#### **Basis of Preparation**

The Financial Statements have been prepared 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"). 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.

#### **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 2010

### 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 profit and loss 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 former Cardiff University property was in July 1998 by Gerald Eve, Chartered Surveyors. The valuation of leasehold property on the University of Wales, NHS Trust site was carried out by the Valuation Office Agency Cardiff and the valuation of other former UWCM 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.

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 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 2010**

**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. Current Asset Investments are included at the lower of cost and market value.

**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 an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University does not receive a similar exemption in respect of Value Added Tax.

**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 2010

### 2. FUNDING COUNCIL GRANTS

	Note	2010 £'000	2009 £'000
Recurrent grant		111,611	113,052
Specific grants:			
- Merger Fund		257	1,044
- Academic Infrastructure		2,654	1,814
- Learning & Teaching Support		287	1,014
- Students with Disabilities		-	81
- Science Research Investment Fund		34	47
- Higher Education Economic Development		1,306	1,270
- Supplementary Funds		7,334	3,916
- Research Investment Fund		-	50
- Medic Pay Award		1,276	1,309
- North Wales Clinical Schools		1,694	1,413
- Widening Access		290	299
- Other		1,575	1,111
Release of deferred capital grants:			
Buildings	19	3,053	2,973
Equipment	19	296	141
		131,667	129,534
		131,667	129,534

### 3. ACADEMIC FEES AND SUPPORT GRANTS

	2010 £'000	2009 £'000
UK Higher Education students	47,239	44,337
European Union (EU excl UK) students	2,720	2,372
Non-EU students	32,587	29,008
Part Time fees	5,892	5,694
	88,437	81,411
Education contracts	13,781	13,668
Research training support grants	6,407	6,544
Non-Credit bearing fees	4,476	5,759
	113,102	107,382
	113,102	107,382

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2010**

**4. RESEARCH GRANTS AND CONTRACTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Research Councils	27,080	27,176
UK-based charities	15,961	16,079
UK Government bodies	26,530	25,669
UK Industry	6,552	8,221
European Commission	6,697	6,381
Overseas	4,062	4,073
Science Research Investment Fund	198	241
Other grants and contracts	882	1,297
	<b>87,962</b>	<b>89,137</b>
	<b>87,962</b>	<b>89,137</b>

**5. OTHER INCOME**

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
Residences, catering and conferences		19,753	18,430
Other services rendered:			
Teaching Companies		-	223
UK Central Government		39,269	33,666
UK Health Authorities		9,719	10,345
UK Industry		1,543	3,939
European Commission		1,198	110
Overseas		506	733
UK Universities		535	369
Other Sources		12,289	9,536
Profit on disposal of fixed assets		-	289
Rents Receivable		306	209
Exempt VAT recoverable		379	460
Donations and Subventions		260	228
Other income		7,688	4,234
Biofusion Investment Release		90	137
Released from Deferred Capital Grants	19	403	404
		<b>93,938</b>	<b>83,312</b>
		<b>93,938</b>	<b>83,312</b>

**6. ENDOWMENT AND INVESTMENT INCOME**

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
Income from permanent endowments	20	643	606
Income from expendable endowments	20	110	81
Interest receivable		1,808	4,307
		<b>2,561</b>	<b>4,994</b>
		<b>2,561</b>	<b>4,994</b>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 7. STAFF COSTS

	Note	2010 £'000	2009 £'000
<b>Staff costs</b>			
Wages and salaries		198,139	193,936
Social security costs		16,386	16,267
Other pension costs	29	29,176	25,990
		243,701	236,193

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

Emoluments of the Vice Chancellor - Salary		245	241
Pension		38	34
		283	275

No benefits in kind were provided to the Vice Chancellor.

		2010 No.	2009 No.
<b>Average staff numbers by major category</b>			
Clinical and non-clinical academic and academic related		3,701	3,563
Technical services		204	198
Administrative support		937	957
Operational services		289	283
		5,131	5,001

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.

		2010 No.	2009 No.
£100,000 - £109,999		80	92
£110,000 - £119,999		55	45
£120,000 - £129,999		38	36
£130,000 - £139,999		31	24
£140,000 - £149,999		11	9
£150,000 - £159,999		5	5
£160,000 - £169,999		1	2
£170,000 - £179,999		-	1
£180,000 - £189,999		-	-
£190,000 - £199,999		1	2
£200,000 - £209,999		-	-
£210,000 - £219,999		-	-
£260,000 - £269,999		-	-
£270,000 - £279,999		-	1
£280,000 - £289,999		1	-
		223	217

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 7. STAFF COSTS (continued)

Compensation for loss of office payable to a higher paid employee:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Compensation payable	30	139

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

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	<b>Note</b>	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Bank Loans		1,458	1,760
Interest element of pension cost	29	2,990	2,230
		<u>4,448</u>	<u>3,990</u>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2010 £'000	Total 2009 £'000
Academic departments	137,819	29,354	-	167,173	164,771
Academic services	14,555	9,729	-	24,284	27,361
Research grants and contracts	33,686	32,662	-	66,348	65,967
Other services rendered	22,325	33,118	-	55,443	43,148
Residences, catering and conferences	5,203	8,997	1,458	15,658	13,731
Premises	4,160	20,792	-	24,952	24,864
Administration and central services	21,734	5,775	-	27,509	25,307
Other expenses	4,779	12,708	-	17,487	17,711
FRS 17 pension fund adjustments	(560)	-	2,990	2,430	1,160
	<u>243,701</u>	<u>153,135</u>	<u>4,448</u>	<u>401,284</u>	<u>384,020</u>
Depreciation (note 11)				<u>17,266</u>	<u>16,339</u>
Total per Income and Expenditure Account				<u>418,550</u>	<u>400,359</u>
				<b>2010</b>	<b>2009</b>
Other expenses include:					
Auditors' remuneration – external audit				61	46
– other services				<u>38</u>	<u>30</u>

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

The surplus on continuing operations is made up as follows:

	2010 £'000	2009 £'000
University surplus for the period	11,269	14,703
Deficit incurred by subsidiary undertakings	(432)	(290)
	<u>10,837</u>	<u>14,413</u>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 11. TANGIBLE FIXED ASSETS

	<u>Consolidated</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>Cost or valuation</b>					
At 1 August 2009	207,089	187,743	6,050	60,654	461,536
Additions at cost	191	68	5,319	4,827	10,405
Disposals (i)	-	-	-	(3,165)	(3,165)
Projects Completed	-	7,093	(7,093)	-	-
	<u>207,280</u>	<u>194,904</u>	<u>4,276</u>	<u>62,316</u>	<u>468,776</u>
At 31 July 2009	207,280	194,904	4,276	62,316	468,776
Valuation	122,181	115,730	-	-	237,911
Cost	85,099	79,174	4,276	62,316	230,865
	<u>207,280</u>	<u>194,904</u>	<u>4,276</u>	<u>62,316</u>	<u>468,776</u>
<b>Depreciation</b>					
At 1 August 2009	40,336	42,366	-	54,276	136,978
Charge for year	4,637	5,736	-	6,893	17,266
Eliminated on Disposal	-	-	-	(3,165)	(3,165)
	<u>44,973</u>	<u>48,102</u>	<u>-</u>	<u>58,004</u>	<u>151,079</u>
At 31 July 2010	44,973	48,102	-	58,004	151,079
<b>Net book value</b>					
At 31 July 2010	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>
At 31 July 2009	<u>166,753</u>	<u>145,377</u>	<u>6,050</u>	<u>6,378</u>	<u>324,558</u>
Financed By:					
Funding Council	46,682	35,066	622	296	82,666
Endowments/Donations	858	1,038	-	-	1,896
Loans	17,612	17,295	-	-	34,907
Revaluation	25,454	59,035	-	-	84,489
Other Capital	71,701	34,368	3,654	4,016	113,739
	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>
Net book value at 31 July 2010	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£107,956 (2009 K£106,842). 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 (2009 K£20,881).

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 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>Cost or valuation</b>					
At 1 August 2009	207,089	187,743	6,050	60,303	461,185
Additions at cost	191	68	5,319	4,827	10,405
Disposals (i)	-	-	-	(3,165)	(3,165)
Projects Completed	-	7,093	(7,093)	-	-
	<u>207,280</u>	<u>194,904</u>	<u>4,276</u>	<u>61,965</u>	<u>468,425</u>
At 31 July 2010	207,280	194,904	4,276	61,965	468,425
Valuation	122,181	115,730	-	-	237,911
Cost	85,099	79,174	4,276	61,965	230,514
	<u>207,280</u>	<u>194,904</u>	<u>4,276</u>	<u>61,965</u>	<u>468,425</u>
<b>Depreciation</b>					
At 1 August 2009	40,336	42,366	-	54,100	136,802
Charge for year	4,637	5,736	-	6,718	17,091
Eliminated on Disposal	-	-	-	(3,165)	(3,165)
	<u>44,973</u>	<u>48,102</u>	<u>-</u>	<u>57,653</u>	<u>150,728</u>
At 31 July 2010	44,973	48,102	-	57,653	150,728
<b>Net book value</b>					
At 31 July 2010	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>
At 31 July 2009	<u>166,753</u>	<u>145,377</u>	<u>6,050</u>	<u>6,203</u>	<u>324,383</u>
Financed By:					
Funding Council	46,682	35,066	622	296	82,666
Endowments/Donations	858	1,038	-	-	1,896
Loans	17,612	17,295	-	-	34,907
Revaluation	25,454	59,035	-	-	84,489
Other Capital	71,701	34,368	3,654	4,016	113,739
	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>
Net book value at 31 July 2010	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£107,956 (2009 K£106,842). 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 (2009 K£20,881).

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 12. INVESTMENTS

	<u>Consolidated</u>		<u>University</u>		
	<b>Other Invest- ments</b>	<b>Total</b>	<b>Investments In Subsidiary Undertakings</b>	<b>Other Invest- ments</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<u>Investments at cost</u>					
Balance at 1 August 2009	3,654	3,654	60	3,650	3,710
Impairment recognised in year	(328)	(328)	(60)	(330)	(390)
	3,326	3,326	-	3,320	3,320
Balance at 31 July 2010	3,326	3,326	-	3,320	3,320

During the year, the University's 100% subsidiary Cardiff Properties Limited was liquidated.

The University also has an interest in the following companies:

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

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

#### Welsh Networking Ltd

The University owns 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 is not consolidated.

#### Cardiff Partnership Fund Ltd

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 £234,805 at 31 July 2010.

#### Biofusion Plc

A ten-year deal signed with Biofusion 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 and set up a corresponding deferred income balance to be released to the I&E over the life of the agreement. The impact on the I&E statement in 2009/10 was to release K£90 to "Other Income".

#### Microbridge Services Ltd (MSL)

The University owns a 100% interest in MSL. Its principal business activities are the exploitation of micro and nano engineering technology.

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 13. ENDOWMENT INVESTMENTS

	<u>Consolidated and University</u>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	22,092	24,337
Additions	336	241
Disposals	(282)	(183)
Movement in cash held as short-term deposits	159	(32)
Depreciation on disposal/revaluation	2,290	(2,271)
	<hr/>	<hr/>
Balance at 31 July	24,595	22,092
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest stock	3,769	2,777
Equities	13,773	12,488
Bank balances and short-term deposits	4,909	4,750
Other assets	2,144	2,077
	<hr/>	<hr/>
Total endowment asset investments	24,595	22,092
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest and equities at cost	18,089	18,223
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

### 14. STOCKS

	<u>Consolidated and University</u>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Residences and Catering	107	88
Maintenance	41	41
	<hr/>	<hr/>
	148	129
	<hr/> <hr/>	<hr/> <hr/>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 15. DEBTORS

	<u>Consolidated</u>		<u>University</u>	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts falling due within one year:				
Amounts owed by subsidiary undertakings	-	-	1,148	1,125
Debtors:				
Fees	373	1,568	373	1,568
Research	36,242	29,107	36,242	29,107
NHS Distinction Awards	354	301	354	301
Miscellaneous	22,524	16,949	21,912	16,194
Prepayments	464	241	464	241
	<u>59,957</u>	<u>48,166</u>	<u>60,493</u>	<u>48,536</u>
Included in the above are amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	600	600
	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>

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

	<u>Consolidated</u>		<u>University</u>	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank overdraft	415	699	415	699
Trade creditors	13,201	8,674	12,636	8,057
Sundry creditors	4,196	3,562	4,196	3,387
Social security and other taxation	5,727	5,462	5,690	5,374
Accruals and deferred income (i)	5,472	3,912	5,472	3,912
Research grants and contracts in advance	41,284	29,435	41,284	29,435
Other services rendered	10,015	9,034	10,015	9,034
Royal Bank Scotland loan (Note 17(i))	500	500	500	500
Lloyds Bank loan (Note 17(ii))	453	390	453	390
Royal Bank Scotland loan (Note 17(iii))	700	700	700	700
	<u>81,963</u>	<u>62,368</u>	<u>81,361</u>	<u>61,488</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2010**

**18. OTHER DEFERRED INCOME**

	<u>Consolidated and University</u>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Deferred VAT credit	-	-
Academic Infrastructure Grants	2,406	3,244
Science Research Investment Fund	430	1,579
Learning and Teaching Support Grants	92	796
Students with Disabilities	-	-
Merger Fund	202	458
Supplementary Funds	27,881	19,343
Other Deferred Grants	491	388
Biofusion Investment	542	962
Student Fees received in advance	1,806	1,580
	<u>33,850</u>	<u>28,350</u>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 19. DEFERRED CAPITAL GRANTS

	<u>Consolidated and University</u>		
	<b>Funding Council £'000</b>	<b>Other grants/ beneficiaries £'000</b>	<b>Total £'000</b>
As at 1 August 2009			
Buildings	78,273	15,217	93,490
Equipment	166	3,097	3,263
	<hr/>	<hr/>	<hr/>
Total	78,439	18,314	96,753
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash received			
Buildings	4,469	3	4,472
Equipment	654	2,392	3,046
	<hr/>	<hr/>	<hr/>
Total	5,123	2,395	7,518
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Released to income and expenditure			
Buildings (Note 2/Note 5)	(3,053)	(403)	(3,456)
Equipment (Note 2)	(296)	(4,563)	(4,859)
	<hr/>	<hr/>	<hr/>
Total	(3,349)	(4,966)	(8,315)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2010			
Buildings	79,689	14,817	94,506
Equipment	524	926	1,450
	<hr/>	<hr/>	<hr/>
Total	80,213	15,743	95,956
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 20. ENDOWMENTS

	Consolidated and University					
	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2010 Total £'000	2009 Total £'000
At 1 August 2009						
Capital	1,222	9,741	10,963	2,591	13,554	15,458
Accumulated Income	955	6,041	6,996	1,542	8,538	8,879
	2,177	15,782	17,959	4,133	22,092	24,337
New endowments	-	12	12	357	369	439
Income for year	65	578	643	110	753	687
Expenditure	(69)	(572)	(641)	(269)	(910)	(1,100)
	(4)	6	2	(159)	(157)	(413)
Decrease in market value	260	1,754	2,014	277	2,291	(2,271)
	2,433	17,554	19,987	4,608	24,595	22,092
At 31 July 2010 (Note 13)	2,433	17,554	19,987	4,608	24,595	22,092
Represented by:						
Capital	1,382	11,037	12,419	2,536	14,955	13,554
Accumulated Income	1,051	6,517	7,568	2,072	9,640	8,538
	2,433	17,554	19,987	4,608	24,595	22,092
	2,433	17,554	19,987	4,608	24,595	22,092

### 21. REVALUATION RESERVE

	Consolidated and University	
	2010 £'000	2009 £'000
<b>Revaluations</b>		
At 1 August and 31 July	140,579	140,579
	140,579	140,579
<b>Contributions to depreciation</b>		
At 1 August	(43,550)	(40,179)
Released in year (Note 22)	(3,370)	(3,371)
	(46,920)	(43,550)
At 31 July	(46,920)	(43,550)
<b>Net revaluation amount</b>		
At 31 July	93,659	97,029
	93,659	97,029

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

### 22. GENERAL RESERVES

	<u>Consolidated</u>	<u>University</u>	<u>Consolidated</u>
	<b>2010</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income and Expenditure Account Reserve At 1 August	128,115	128,693	131,171
Surplus for the year	10,837	11,269	14,413
Transfer from revaluation reserve (Note 21)	3,370	3,370	3,371
Actuarial gain on pension scheme	2,130	2,130	(20,840)
	<u>144,452</u>	<u>145,462</u>	<u>128,115</u>

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus	10,680	14,000
Depreciation	17,266	16,339
Profit on disposal of fixed assets	-	(289)
Endowment income and interest receivable	(2,561)	(4,994)
Deferred capital grants released to income	(8,315)	(8,058)
Interest payable	4,448	3,990
(Increase) in stocks	(19)	(4)
(Increase) in debtors	(11,128)	(1,835)
Increase in creditors	25,647	7,931
Pension contributions in excess of charge	(560)	(1,070)
	<u>35,458</u>	<u>26,010</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2010**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Income from endowments	753	687
Interest received	1,144	4,935
Interest paid	(1,459)	(2,179)
	<u>438</u>	<u>3,443</u>
Net cash inflow from returns on investments and servicing of finance	<u><u>438</u></u>	<u><u>3,443</u></u>

**25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Payments to acquire tangible assets	(10,405)	(14,011)
Payments to acquire endowment asset investments	(336)	(241)
Receipts from sales of tangible assets	-	289
Receipts from sales of endowment asset investments	123	214
Deferred capital grants received	7,518	7,515
New endowments	369	439
	<u>(2,731)</u>	<u>(5,795)</u>
Net cash outflow from capital expenditure and financial investment	<u><u>(2,731)</u></u>	<u><u>(5,795)</u></u>

**26. MANAGEMENT OF LIQUID RESOURCES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Net cash placed on short term deposits	(31,120)	(20,351)
	<u>(31,120)</u>	<u>(20,351)</u>
Net cash outflow from management of liquid resources	<u><u>(31,120)</u></u>	<u><u>(20,351)</u></u>

**27. FINANCING**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Net loans repaid	(2,091)	(2,535)
	<u>(2,091)</u>	<u>(2,535)</u>
Net cash outflow from financing	<u><u>(2,091)</u></u>	<u><u>(2,535)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2010**

**28. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 August 2009 £'000	Cash flows £'000	At 31 July 2010 £'000
Cash at bank and in hand	5,808	(330)	5,478
Bank overdraft	(699)	284	(415)
<b>Total cash at bank and in hand</b>	<b>5,109</b>	<b>(46)</b>	<b>5,063</b>
Liquid resources:			
Short-term deposits	119,690	31,120	150,810
Debt:			
Debts falling due within one year	(1,590)	(63)	(1,653)
Debts falling due after one year	(26,990)	2,154	(24,836)
	<u>(28,580)</u>	<u>2,091</u>	<u>(26,489)</u>
<b>Total</b>	<b><u>96,219</u></b>	<b><u>33,165</u></b>	<b><u>129,384</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 2008	31 July 2007	31 March 2007
Investment returns per annum	4.4%	7.0%	6.2%
Salary scale increases per annum	4.3%	4.75%	4.7%
Pension increases per annum	3.3%	3.25%	3.2%
Market value of assets at date of last Valuation	M£28,843	M£100.7	M£548.0
Proportion of members' accrued benefits Covered by the actuarial value of the assets	71%	90%	71%

Notes:

- (i) The level of contributions paid by employers into USS increased from 14% to 16% from 1 October 2009. In relation to future service liabilities it was assumed that the investment return per annum would be 6.1%.
- (ii) The rate for CUPF members is 19.8% from 1 August 2008.
- (iii) The employer contribution rate to the LGS was 32.4% from the 1 April 2009 and increased to 34.2% from 1 April 2010 on the recommendation of the actuary.
- (iv) At 31 July 2010 the outstanding pension contributions included in creditors was M£3.073 (M£3.033 31 July 2009).

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2010**

**29. PENSION SCHEMES (continued)**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
USS	20,509	17,880
NHS	2,047	2,020
CUPF	6,200	5,700
LGS	420	390
	<b>29,176</b>	<b>25,990</b>
Total pension cost (Note 7)	<b>29,176</b>	<b>25,990</b>

An updated estimated valuation of each of the two defined benefit schemes (CUPF and LGS) was performed at 31 July 2010 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 2010</b>	<b>31 July 2009</b>	<b>31 July 2008</b>
Rate of increase in salaries	4.9%	5.1%	5.3%
Rate of increase in pensions in payment	2.7%	3.6%	3.8%
Discount rate	5.4%	6.0%	6.5%
Inflation assumption - RPI (CUPF scheme)	3.4%	3.6%	3.8%
- CPI (LGS scheme)	2.7%	N/A	N/A

Commutation of pensions to lump sums:

**CUPF**

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

**LGS**

**31 July 2010**

Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2008 pension entitlements. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2008 pension entitlements.

**31 July 2009**

Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2008 pension entitlements. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2008 pension entitlements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2010**

The assumed life expectations on retirement at age 65 are:

	<b>31 July 2010</b>	<b>31 July 2009</b>
<b><u>CUPE</u></b>		
Retiring Today:		
Males	21.1	21.0
Females	23.3	23.2
Retiring in 20 years:		
Males	22.1	22.1
Females	24.2	24.2
	<b>31 July 2010</b>	<b>31 July 2009</b>
<b><u>LGS</u></b>		
Retiring Today:		
Males	21.2	21.1
Females	25.2	25.0
Retiring in 20 years:		
Males	23.5	23.4
Females	27.4	27.3

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2010

### 29. PENSION SCHEMES (continued)

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

<u>CUPE</u>	31 July 2010 M£	31 July 2010 %	31 July 2009 M£	31 July 2009 %	31 July 2008 M£	31 July 2008 %
Equities	67.5	8.2	58.9	8.0	58.1	7.8
Bonds	33.8	4.2	30.3	4.5	29.7	4.8
Property	7.1	7.7	3.7	7.0	6.2	6.8
Cash	1.1	1.4	1.7	0.9	2.0	5.9
	109.5		94.6		96.0	
	109.5		94.6		96.0	
<u>LGS</u>	31 July 2010 M£	31 July 2010 %	31 July 2009 M£	31 July 2009 %	31 July 2008 M£	31 July 2008 %
Equities	9.5	8.2	8.3	8.0	8.9	7.8
Bonds	2.3	4.6	2.2	5.2	2.4	5.7
Property	0.6	7.7	0.5	7.0	0.7	6.8
Other Assets	0.8	4.8	0.9	0.9	0.6	5.9
	13.2		11.9		12.6	
	13.2		11.9		12.6	

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

<u>CUPE</u>	At 31 July 2010 M£	At 31 July 2009 M£
The assets of the scheme	109.5	94.6
Present value of scheme liabilities	(158.3)	(141.9)
Net pension liability	(48.8)	(47.3)
	(48.8)	(47.3)
<u>LGS</u>	At 31 July 2010 M£	At 31 July 2009 M£
The share of the assets of the scheme	13.2	11.9
Present value of scheme liabilities	(27.1)	(27.0)
Net pension liability	(13.9)	(15.1)
	(13.9)	(15.1)



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2010**

**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 2010</b>		<b>Year ended 31 July 2009</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	94.6	11.9	96.0	12.6
Movement in year:				
Expected return on assets	6.3	0.8	6.6	0.9
Actuarial gain/(loss) on assets	8.9	1.1	(10.2)	(1.3)
Contributions by the employer	6.5	0.7	6.5	0.7
Contributions by participants	0.2	0.1	0.2	0.1
Net benefits paid out	(7.0)	(1.4)	(4.5)	(1.1)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing fair value of assets	<u>109.5</u>	<u>13.2</u>	<u>94.6</u>	<u>11.9</u>

	<b>Year ended 31 July 2010</b>		<b>Year ended 31 July 2009</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	27.0	125.0	24.0
Movement in year:				
Current service cost	6.2	0.4	5.7	0.4
Interest cost on liabilities	8.5	1.6	8.2	1.6
Actuarial losses on liabilities	8.5	(0.6)	7.3	2.0
Contributions by participants	0.2	0.1	0.2	0.1
Past service cost	-	-	-	-
Net benefits paid out	(7.0)	(1.4)	(4.5)	(1.1)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing present value of liabilities	<u>158.3</u>	<u>27.1</u>	<u>141.9</u>	<u>27.0</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2010**

**29. PENSION SCHEMES (continued)**

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

**CUPE**

	2010	2009	2008	2007	2006
Difference between the expected and actual return on assets: Amount (M£)	8.9	(10.2)	(14.1)	0.2	3.4
Experience gains and losses on scheme liabilities: Amount (M£)	4.9	0.2	(9.4)	(1.3)	(1.0)
Total amount recognised in the STRGL: Amount (M£)	0.4	(17.5)	(5.2)	(3.4)	(2.5)

**LGS**

	2010	2009	2008	2007	2006
Difference between the expected and actual return on assets: Amount (M£)	1.1	(1.3)	(2.6)	0.8	0.8
Experience gains and losses on scheme liabilities: Amount (M£)	0.3	(0.1)	0.3	0.0	0.0
Total amount recognised in the STRGL: Amount (M£)	1.7	(3.3)	(2.2)	1.7	0.1

**30. LEASE OBLIGATIONS**

	<u>Consolidated and University</u>	
	2010	2009
	£'000	£'000
Operating lease commitments for the next financial year, on leases expiring:		
Under two years	-	-

**31. CAPITAL COMMITMENTS**

	<u>Consolidated and University</u>	
	2010	2009
	£'000	£'000
Commitments contracted at 31 July	16,563	3,392

**32. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2010**

**33. THIRD PARTY RELATED TRANSACTIONS**

Owing 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 possible that transactions may 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.

**34. ACCESS FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Funding Council grants	1,094	1,039
Interest earned	1	4
	1,095	1,043
Disbursed to students	(869)	(916)
Administration expenses	(33)	(31)
	193	96
Balance unspent as at 31 July		

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.