

CARDIFF UNIVERSITY

Annual Report and Financial Statements

Year Ended 31 July 2014

CARDIFF UNIVERSITY

REPORT AND FINANCIAL STATEMENTS 2014

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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 D John Jeans

Vice Chair: Dr G Treharne

Vice-Chancellor: Professor C Riordan

Deputy Vice-Chancellor: Professor E Treasure

Mr R Aggarwal

Mrs M Battle

Mr O Wannell [resigned 31 July 2014, replaced by Mr R Jenkins]

Mr G Clarke

Mr R Calil

Professor R Evans

Mrs P Herbert [resigned 240214]

Mr D Hodgson [resigned 081014, replaced by Ms R Williams wef 190514]

Professor K Holford

Mr S Gibson [resigned 31 July 2014, replaced by Dr C Bell wef 010814]

Dr G Guilford [resigned 31 July 2014, replaced by Mr A Gibbons wef 010814]

Mrs S Gwyer-Roberts

Professor W Gear [resigned 310714]

Ms C Davies [resigned 31 July 2014, replaced by Mr E Howells]

Professor S Palmer [wef 021213]

Ms L Phillips [wef 240214]

The Reverend G Powell

Mr R Preece

Professor P Price

Mr D Simpson [wef 021213]

Professor HR Thomas

Mrs G Williams

Professor AJ Whitley

Professor E Wilding [wef 190514]

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

TRUSTEES REPORT - OPERATING AND FINANCIAL REVIEW

Scope of the Financial Statements

The financial statements for the year ended 31 July 2014 consolidate the results of the University and its subsidiary company University College Cardiff Consultants Limited.

Results for the Year

The University's consolidated income and expenditure results for the year to 31 July 2014, together with comparative figures for 2012/13, are summarised as follows:

	<u>2013/14</u> £000	<u>2012/13</u> £000
Income	455,731	436,685
Expenditure	(430,404)	(426,817)
Surplus for the Year after Depreciation of Assets and before exceptional item	25,327	9,868
Exceptional item – Voluntary Severance payments	-	<u>(7,885)</u>
Surplus for the Year after Depreciation of Assets and after exceptional item	25,327	1,983
Transfer from Accumulated Income within Endowments	<u>1,055</u>	<u>517</u>
Surplus retained within General Reserves	<u>26,382</u>	<u>2,500</u>
Historical Cost Surplus	28,708	<u>5,332</u>

The 2013/14 surplus was substantially greater than the budgeted figure of M£15 and reflects sizeable underspending on both staff and non-staff budgets.

Income increased by M£19.0 (4.4%) compared to the previous year due to an increase in income from tuition fees (M£34.0) and research grants (M£5.3) partly offset by a reduction in income from HEFCW (M£13.3) and from other income (M£7.3).

Expenditure before the 2013 exceptional item increased by only M£3.6 (0.8%) compared to the previous year mainly reflecting an increase in academic expenditure of M£3.3.

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 broadly in line with its comparators as outlined in the table below:-

Financial Ratios	Cardiff			Russell Group Universities 12/13
	11/12	12/13	13/14	Median
Total Income - M£	426	437	456	471
Operating Surplus – M£	8	10	25	15
Staff Costs – M£	250	249	253	249
% of Income	59	57	56	53
Research Income – M£	88	88	94	113
% of Income	21	20	21	23

CARDIFF UNIVERSITY

TRUSTEES REPORT - 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 financial statements.

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, at the same time, 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 held M£172 with investment managers as at 31 July 2014. The annual return on these assets was 0.35% for Invesco and 0.36% for Fidelity against benchmarks of 0.44% and 0.35% respectively.

The University's endowment assets - totalling M£27.5 as at 31 July 2014 – achieved an annual return of 6.3% which exceeded the agreed benchmark of 4.6%.

IP Group plc

Shares held in Fusion IP plc were disposed of during the year in return for shares in IP Group plc. The company was given the same rights previously given to Fusion IP to commercially develop current and future research-generated intellectual property at Cardiff University. The value of shares in IP Group plc as at 31 July 2014 was M£8.9 (Fusion IP M£6.5 as at 31 July 2013).

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 (LGS). The combined liability as calculated for the purposes of FRS 17 on both of these schemes was M£35.5 as at 31 July 2014 (M£45.9 at 31 July 2013). The reason for this reduction comes from both CUPF and LGS where the net liability has decreased by M£5.8 and M£4.6 respectively due to the actuarial gains on the assets outweighing the increase in liabilities.

Future Developments

During 2013/14, the University continued to invest in the construction of new buildings, major refurbishments and support infrastructure. A review of the future estate infrastructure requirements is nearing completion which will produce a masterplan.

During the year, building work on a new Graduate Building for the Business School and a new student residence building at Talybont progressed and was completed in September 2014. In addition, the introduction of a new HR and Payroll system completed its second stage of implementation.

Outlook

The University created a significant surplus in 2013/14. In order to meet its ambitious investment programme, it will need to continue to generate substantial surpluses at a time when the pressure on income stream is increasing. The next few years will be challenging in this regard but is achievable through the efforts of its staff and stakeholders.

G Treharne – Vice-Chair of Council
Date 15th December 2014

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 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 University has developed a new framework for risk management, and a new risk management policy was adopted by the Governance Committee and the Policy and Resources Committee in May 2013. The new policy incorporates recommended best practice and accords with the internal control guidance for directors on the UK Corporate Governance Code (2010) as deemed appropriate for higher education. A corporate strategic risk register has been developed, based upon the University's strategic priorities and risks identified by Colleges and Professional Services Leadership Team. Further development is planned. Council, through the Audit Committee, receives regular reports on internal control and compliance across the University; the internal audit programme is based on an assessment of areas of priority and risk using the new framework and the strategic priorities identified in *The Way Forward*.

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.

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 met five times in 2013-14, 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.

PUBLIC BENEFIT STATEMENT

In the preparation of this statement the Council of the University has had regard for the guidance issued by the Charity Commission.

Cardiff University is a registered charity (no 1136855). Its Royal Charter, first granted in 1884, sets out its constitutional arrangements and its objects. Embodied within the objects are such fundamental principles as the advancement of education, including the University's power to conduct research, to teach, examine, and award degrees. They also contain obligations to develop the character of the students, to promote health and welfare, especially in Wales and generally to contribute to social, cultural and economic development. The University is a member of the group of research intensive universities, the Russell Group, and exists to create and share knowledge and to educate for the benefit of all. Cardiff University sees fundamental research both as an essential to human aspiration and as critical to the development of cultural artefacts, technologies and services to improve the quality of life for all. Its research reputation is one of the principal factors in staff and student recruitment.

The University's strategic aims are set out in 'The Way Forward 2012 – 2017' and are summarised below.

Research and Innovation

Cardiff's aim is to be firmly positioned in the top ten UK universities. Through its research, which includes the establishment of a number of University research institutes, including the European Cancer Stem Cell Institute, the University will tackle critical global issues that require cross disciplinary co-operation. It is also establishing itself as an Innovation University that acts as a magnet for participants and for funding whilst reinforcing our civic responsibilities. In this way we are equipping our graduates with entrepreneurial capacity so that they can contribute to the growth of the knowledge economy. We will ensure that our research has global impact by tackling the grand challenges of our time.

Education

The University educates our students to the highest standards and supports them through the transition to independent learning. The student experience is based on excellence where students actively participate in their learning experience and benefit from an environment of top quality research and scholarship. We are increasing the employability of our students by investing in a "Languages for All" programme and by offering increased opportunities, through the Global Opportunities Centre, to students to spend time overseas whether in study or as volunteers.

The University's students are drawn from a variety of backgrounds, with students attracted from throughout Wales, the rest of the UK and worldwide and supported by a range of targeted scholarships and bursaries to ensure fair access for all. In 2013/14 we invested £3.3million in scholarships and bursaries.

International

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 18% of the total student population.

Engagement

The University demonstrates its commitment to the communities of Cardiff and Wales through knowledge exchange projects that directly and indirectly help those who do not traditionally engage with the University. One example is the Strong Communities, Healthier People project which works directly with people in Merthyr Tydfil and Cardiff. We also welcome the public at many of our events and activities, The University's students continue in their thousands to support local community projects and activities through Student Volunteering Cardiff.

Promoting health and welfare is an important role of the University and one which is fulfilled via a strongly interdisciplinary and multi-partnership approach. Central among the University's partners are the University Health Boards in Wales who provide not only clinical training for students but also are essential collaborators in conducting clinically based research.

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

Cardiff University is registered charity number 1136855.

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 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 departments;
- 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.

On behalf of the Council

Professor Colin Riordan
Accounting Officer

Date 15th December 2014

INDEPENDENT AUDITORS REPORT TO THE GOVERNING BODY OF CARDIFF UNIVERSITY (THE ‘INSTITUTION’)

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group’s and the parent institution’s affairs as at 31 July 2014, and of the group’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 properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent institution financial statements (the “financial statements”), which are prepared by Cardiff University comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2014;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in its preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice. In applying the financial reporting framework, the Governing Body has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). 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 and parent institution’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Governing Body; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS REPORT TO THE GOVERNING BODY OF CARDIFF UNIVERSITY (THE 'INSTITUTION')

OPINIONS ON OTHER MATTERS PRESCRIBED IN THE FURTHER EDUCATION AUDIT CODE OF PRACTICE ISSUED BY THE WELSH GOVERNMENT

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the financial memorandum with the Welsh Government.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Respective responsibilities of the Governing Body and auditors

As explained more fully in the Statement of Responsibilities of the Council of Cardiff University set out on page 8, the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they 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 Governing Body as a body in accordance with Article 18 of the University's articles of government 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date: 15th December 2014

- (a) The maintenance and integrity of the Cardiff University's website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

CARDIFF UNIVERSITY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 July 2014

	Note	2014 £'000	2013 £'000
INCOME			
Funding Body Grants	2	82,318	95,639
Tuition fees and support grants	3	192,784	158,828
Research grants and contracts	4	93,550	88,211
Other income	5	83,617	90,963
Endowment and investment income	6	3,462	3,044
		<hr/>	<hr/>
Total Income		455,731	436,685
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	253,376	249,121
Other operating expenses	9	157,728	160,179
Depreciation	11	18,060	16,212
Interest and other finance costs	8	1,240	1,305
		<hr/>	<hr/>
Total Expenditure	9	430,404	426,817
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation and before exceptional item		25,327	9,868
Exceptional item – Voluntary Severance payments	18	(-)	(7,885)
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item		25,327	1,983
Transfer from accumulated income in endowment funds		1,055	517
		<hr/>	<hr/>
Surplus for the year retained within General Reserves	23	26,382	2,500
		<hr/> <hr/>	<hr/> <hr/>

All of the above results arise from continuing operations.

CARDIFF UNIVERSITY

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES
Year ended 31 July 2014

	Note	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item		25,327	1,983
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	3,381	3,349
Historical cost surplus retained for the year		<u>28,708</u>	<u>5,332</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2014

	Note	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item		25,327	1,983
New endowments	21	451	172
Appreciation of endowment asset investments	21	670	2,734
Actuarial gain on pension scheme	27	8,700	4,100
Appreciation of fixed asset investment	12	3,739	1,320
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		<u>38,887</u>	<u>10,309</u>
Reconciliation			
Opening Reserves and Endowments		296,850	286,541
Total recognised gains for the year		38,887	10,309
Closing Reserves and Endowments		335,737	296,850
Opening Deferred Capital Grants		120,444	116,326
Net (decrease)/increase in the year		(1,770)	4,118
Closing Deferred Capital Grants		118,674	120,444
Net Assets as at 31 July		<u>454,411</u>	<u>417,294</u>

CARDIFF UNIVERSITY

BALANCE SHEETS

As at 31 July 2014

		<u>Consolidated</u>		<u>University</u>	
	Note	2014 £'000	2013 £'000	2014 £'000	2013 £'000
FIXED ASSETS					
Tangible assets	11	353,925	332,089	353,925	332,089
Investments	12	8,975	6,461	8,969	6,455
		<u>362,900</u>	<u>338,550</u>	<u>362,894</u>	<u>338,544</u>
ENDOWMENT ASSETS	13	27,536	27,470	27,536	27,470
CURRENT ASSETS					
Stocks	14	188	222	188	222
Debtors	15	40,333	42,005	40,753	42,454
Short-term deposits		172,323	173,792	172,262	173,436
Cash at bank and in hand		1,280	4,333	1,280	4,333
		<u>214,124</u>	<u>220,352</u>	<u>214,483</u>	<u>220,445</u>
CREDITORS: amounts falling due within one year	16	(84,601)	(80,482)	(84,278)	(79,893)
NET CURRENT ASSETS		<u>129,523</u>	<u>139,870</u>	<u>130,205</u>	<u>140,552</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		519,959	505,890	520,635	506,566
CREDITORS: amounts falling due after more than one year	17	(19,464)	(20,941)	(19,464)	(20,941)
PROVISIONS	18	-	(6,593)	-	(6,593)
OTHER DEFERRED INCOME	19	(10,584)	(15,162)	(10,584)	(15,162)
NET ASSETS: excluding net pension liability		<u>489,911</u>	<u>463,194</u>	<u>490,587</u>	<u>463,870</u>
NET PENSION LIABILITY	27	(35,500)	(45,900)	(35,500)	(45,900)
NET ASSETS: including net pension liability		<u><u>454,411</u></u>	<u><u>417,294</u></u>	<u><u>455,087</u></u>	<u><u>417,970</u></u>

CARDIFF UNIVERSITY

BALANCE SHEETS As at 31 July 2014 (Continued)

	Note	<u>Consolidated</u>		<u>University</u>	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
DEFERRED CAPITAL GRANTS	20	118,674	120,444	118,674	120,444
ENDOWMENTS					
Permanent	21	25,401	25,240	25,401	25,240
Expendable	21	2,135	2,230	2,135	2,230
		<u>27,536</u>	<u>27,470</u>	<u>27,536</u>	<u>27,470</u>
RESERVES					
Revaluation reserve	22	80,190	87,145	80,190	87,145
General reserve	23	263,511	228,135	264,187	228,811
Pension reserve	24	(35,500)	(45,900)	(35,500)	(45,900)
		<u>308,201</u>	<u>269,380</u>	<u>308,877</u>	<u>270,056</u>
TOTAL FUNDS		<u><u>454,411</u></u>	<u><u>417,294</u></u>	<u><u>455,087</u></u>	<u><u>417,970</u></u>

These financial statements on pages 12 to 40 were approved by the Council on 15th December 2014.

Signed on behalf of the Council

Professor Colin Riordan - Vice Chancellor

G Treharne - Vice-Chair of Council

D M Davies - Director of Finance

CARDIFF UNIVERSITY

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2014

	Note	2014 £'000	2013 £'000
Net Cash inflow from operating activities	25	32,772	18,510
Returns on investments and servicing of finance			
Income from endowments	21	729	710
Interest received		1,333	1,974
Interest paid		(1,240)	(1,305)
		<u>822</u>	<u>1,379</u>
Net cash inflow from returns on investments and servicing of finance		<u>822</u>	<u>1,379</u>
Capital expenditure and financial investment			
Payments to acquire tangible assets	11	(39,896)	(20,880)
Payments to acquire endowment asset investments	13	(797)	(455)
Receipts from sales of tangible assets		-	281
Receipts from sales of endowment asset investments	13	1,401	800
Deferred capital grants received	20	2,504	983
New endowments	21	451	172
		<u>(36,337)</u>	<u>(19,099)</u>
Net cash outflow from capital expenditure and financial investment		<u>(36,337)</u>	<u>(19,099)</u>
Cash (outflow)/ inflow before management of liquid resources		(2,743)	790
Management of liquid resources			
Cash transferred from/(to) short term deposits		1,469	(1,615)
Financing			
Loan repayments in the year		(1,385)	(1,291)
Decrease in cash in the year	26	<u>(2,659)</u>	<u>(2,116)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

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 (2007) ("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, the investment in IP Group plc 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 Limited 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 income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; payments received in advance of such performance are recognised in the Balance Sheet as liabilities.

The gain recognised on the receipt of the Fusion IP plc shares is released from deferred income on a straight line basis over the 10 year life of the agreement. The shares held in Fusion IP plc were, however, disposed of during the year in return for shares in IP Group plc.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT.)

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.

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 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 funded from Treasury Sources.

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 over its expected useful life of four years. Assets under construction are not depreciated until brought into use.

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 2014

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT.)

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 as are Fixed Asset Investments including IP Group plc shares. The University has adopted FRS26 'Financial instruments: Recognition and measurement' and, as a result, the movement in the value of the IP Group plc shares is carried out 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. Investments in subsidiary undertakings are shown at the lower of cost or net realisable 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 a registered charity within the meaning of Chapter 1 Section 3 of the Charities Act 2011 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.

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 2014

2. FUNDING BODY GRANTS

	Note	2014 £'000	2013 £'000
Recurrent grant		68,937	76,183
Specific grants:			
- Academic Infrastructure		400	1,932
- Learning & Teaching Support		216	516
- Science Research Investment Fund		-	129
- Innovation & Engagement		625	1,935
- Supplementary Funds		2,264	3,694
- Clinical Pay Award		800	1,400
- Widening Access		198	895
- Graduate Entry Scheme		2,100	2,051
- Welsh for Adults		1,653	1,661
Release of deferred capital grants:			
Buildings	20	3,764	3,776
Equipment	20	1,361	1,467
		82,318	95,639
		82,318	95,639

3. TUITION FEES AND SUPPORT GRANTS

	2014 £'000	2013 £'000
UK and European Union Undergraduate	92,177	68,656
UK and European Union Postgraduate	10,385	9,622
Overseas (inc. part-time)	56,691	48,060
Part Time (UK and European Union)	5,045	4,740
	164,298	131,078
Education contracts	14,036	12,917
Research training support grants	6,442	6,899
Non-Credit bearing fees	8,008	7,934
	192,784	158,828
	192,784	158,828

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2014

4. RESEARCH GRANTS AND CONTRACTS

	2014	2013
	£'000	£'000
Research Councils	22,301	22,866
UK-based charities	19,517	18,382
UK Government bodies	29,123	26,810
UK Industry	5,370	4,955
European Commission	12,007	9,809
Overseas	4,782	5,163
Other grants and contracts	450	226
	<u>93,550</u>	<u>88,211</u>

5. OTHER INCOME

	Note	2014	2013
		£'000	£'000
Residences, catering and conferences		22,513	20,571
Other services rendered:			
UK Central Government		31,548	36,551
UK Health Authorities		9,195	11,157
UK Industry		1,471	1,291
European Union		989	2,582
Overseas		950	681
UK Universities		389	390
Other Sources		9,525	7,260
Profit on disposal of fixed assets		0	241
Rents Receivable		127	101
Exempt VAT recoverable		519	843
Donations and Subventions		252	1,081
Other income		4,110	6,184
Fusion IP plc Investment Release		1,594	1,594
Released from Deferred Capital Grants	20	435	436
		<u>83,617</u>	<u>90,963</u>

6. ENDOWMENT AND INVESTMENT INCOME

	Note	2014	2013
		£'000	£'000
Income from permanent endowments	21	680	654
Income from expendable endowments	21	49	56
Interest receivable		1,333	1,534
Interest element of pension cost		1,400	800
		<u>3,462</u>	<u>3,044</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

7. STAFF COSTS

	Note	2014 £'000	2013 £'000
Staff costs			
Wages and salaries		203,535	200,661
Social security costs		16,263	16,362
Other pension costs	27	33,578	32,098
		253,376	249,121
		253,376	249,121

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

Emoluments of the Vice Chancellor – Salary (i)		238	216
Pension		31	34
Benefits in kind		2	2
		271	252
		271	252

(i) The figure for 2012/13 is for 11 months following the commencement of the new Vice Chancellor.

Remuneration paid to Trustees in total for expenses		7	5
		7	5

No Trustee receives payments for serving.

		2014 Number (FTE's)	2013 Number (FTE's)
Average staff numbers by major category			
Clinical and non-clinical academic and academic related		3,607	3,676
Technical services		213	222
Administrative support		939	939
Operational services		363	325
		5,122	5,162
		5,122	5,162

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

7. STAFF COSTS (continued)

Remuneration of higher paid staff excludes employer's pension contributions and 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.

The list is drawn up on a different basis from previously where employer's pension contributions were included. Prior-year figures have been restated on the new basis.

	2014 Number	2013 Number
£100,000 - £109,999	56	48
£110,000 - £119,999	30	19
£120,000 - £129,999	16	26
£130,000 - £139,999	11	6
£140,000 - £149,999	7	7
£150,000 - £159,999	3	1
£160,000 - £169,999	2	3
£170,000 - £179,999	1	2
£180,000 - £189,999	2	1
£210,000 - £219,999	-	1
£250,000 - £259,999	1	-
	129	114
	129	114

	2014 £'000	2013 £'000
Compensation for loss of office payable to higher paid employees		
Compensation payable – 5 employees (2013 - 4 employees)	385	415
The compensation pay was approved by the University's Remuneration Committee.		

8. INTEREST AND OTHER FINANCE COSTS

	2014 £'000	2013 £'000
Bank Loans	1,240	1,305
	1,240	1,305
	1,240	1,305

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2014

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2014 £'000	Total 2013 £'000
Academic departments	146,574	47,892	-	194,466	191,197
Academic services	14,282	7,557	-	21,839	22,741
Research grants and contracts	35,593	33,753	-	69,346	66,242
Other services rendered	20,954	25,513	-	46,467	51,038
Residences, catering and conferences	5,300	6,916	1,240	13,456	15,535
Premises	6,781	19,504	-	26,285	25,857
Administration and central services	18,126	5,093	-	23,219	21,726
Other expenses	6,066	11,500	-	17,566	17,569
FRS 17 pension fund adjustments	(300)	-	-	(300)	(1,300)
	<u>253,376</u>	<u>157,728</u>	<u>1,240</u>	<u>412,344</u>	<u>410,605</u>
Depreciation (note 11)				<u>18,060</u>	<u>16,212</u>
Total per Income and Expenditure Account				<u>430,404</u>	<u>426,817</u>
				2014	2013
Other expenses include:					
Auditors' remuneration – external audit				54	52
– audit-related services				28	38
– other tax services				-	1
				<u>82</u>	<u>91</u>

10. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

The surplus on continuing operations after depreciation of assets at valuation and after exceptional item is made up as follows:

	2014 £'000	2013 £'000
University surplus for the year	25,327	1,983
Surplus incurred by subsidiary undertakings	-	-
	<u>25,327</u>	<u>1,983</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

11. TANGIBLE FIXED ASSETS

	<u>Consolidated and University</u>				
	Land and Buildings			Equipment	Total
	Freehold £'000	Long leasehold £'000	Assets in the Course of Construction £'000	£'000	£'000
Cost or valuation					
At 1 August 2013	230,230	214,688	5,680	71,746	522,344
Additions at cost	605	993	27,479	10,819	39,896
Disposals (i)	-	-	-	(2,361)	(2,361)
Projects Completed	5,068	1,378	(6,446)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	235,903	217,059	26,713	80,204	559,879
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Valuation	122,211	115,700	-	-	237,911
Cost	113,692	101,359	26,713	80,204	321,968
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	235,903	217,059	26,713	80,204	559,879
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation					
At 1 August 2013	59,282	66,710	-	64,263	190,255
Charge for year	5,451	6,528	-	6,081	18,060
Eliminated on Disposal	-	-	-	(2,361)	(2,361)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	64,733	73,238	-	67,983	205,954
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 July 2014	171,170	143,821	26,713	12,221	353,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2013	170,948	147,978	5,680	7,483	332,089
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financed By:					
Funding Council	59,877	35,187	-	1,615	96,679
Endowments/Donations	736	1,657	-	-	2,393
Loans	17,194	17,220	-	-	34,414
Revaluation	21,907	51,192	-	-	73,099
Other Capital	71,456	38,565	26,713	10,606	147,340
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 July 2014	171,170	143,821	26,713	12,221	353,925
	<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£136,201 (2013 K£128,859). 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 (2013 K£20,881).

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

12. FIXED ASSET INVESTMENTS

	<u>Consolidated</u>		<u>University</u>	
	Other Invest- ments	Total	Other Invest- ments	Total
	£000's	£000's	£000's	£000's
Balance at 1 August 2013	6,461	6,461	6,455	6,455
Appreciation recognised in year	3,739	3,739	3,739	3,739
Disposals	(10,118)	(10,118)	(10,118)	(10,118)
Additions	10,350	10,350	10,350	10,350
Impairment recognised in year	(1,457)	(1,457)	(1,457)	(1,457)
	<u>8,975</u>	<u>8,975</u>	<u>8,969</u>	<u>8,969</u>
Balance at 31 July 2014	<u><u>8,975</u></u>	<u><u>8,975</u></u>	<u><u>8,969</u></u>	<u><u>8,969</u></u>

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. The company's principal activity is the commercialisation of the intellectual property and other outputs of research generated by the academic schools of the University. The company is also responsible for the University's interests through shareholdings in a number of spin-off companies arising from the University's research and other operations.

Cardiff Partnership Fund Limited

The University owns a 100% interest in the Cardiff Partnership Fund Limited, the holding company of the unincorporated Cardiff Partnership Fund Limited 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. The company has no trading activities and net assets of £20,277 at 31 July 2014 (£20,125 at July 2013).

IP Group plc

In 2006/07, a ten-year deal was signed with Fusion IP plc giving 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 were held at market value within Investments. The University had 10.05% of the share-holding.

Subsequently, in March 2014, the shares held by the University in Fusion IP plc were disposed of in return for shares in IP Group plc who were given the same rights previously given to Fusion IP. The value of shares in IP Group plc as at 31 July 2014 was M£8.9 (Fusion IP M£6.5 as at 31 July 2013).

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

13. ENDOWMENT ASSETS

	<u>Consolidated and University</u>	
	2014	2013
	£'000	£'000
Balance at 1 August	27,470	25,081
Additions	797	455
Disposals	(970)	(302)
Decrease in cash held as short-term deposits	(431)	(498)
Appreciation on revaluation/disposal	670	2,734
	<hr/>	<hr/>
Balance at 31 July	27,536	27,470
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest stock	3,844	3,986
Equities	17,274	16,935
Bank balances and short-term deposits	3,297	3,728
Other assets	3,121	2,821
	<hr/>	<hr/>
Total endowment asset investments	27,536	27,470
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest and equities at cost	19,507	19,238
	<hr/> <hr/>	<hr/> <hr/>

14. STOCKS

	<u>Consolidated and University</u>	
	2014	2013
	£'000	£'000
Residences and Catering	104	112
Maintenance	84	110
	<hr/>	<hr/>
	188	222
	<hr/> <hr/>	<hr/> <hr/>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

15. DEBTORS

	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Debtors:				
Fees	2,635	1,991	2,635	1,991
Research	25,693	26,416	25,693	26,416
NHS Distinction Awards	407	311	407	311
Accommodation	518	130	518	130
Miscellaneous	11,417	14,931	11,237	14,780
Less; provision for impairment	(650)	(1,956)	(650)	(1,956)
	40,020	41,823	39,840	41,672
Prepayments	313	182	313	182
Amounts owed by subsidiary undertakings	-	-	-	-
	40,333	42,005	40,153	41,854
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings (i)	-	-	600	600
	40,333	42,005	40,753	42,454

(i) The amounts owed by subsidiary undertakings falling due after more than one year are unsecured and interest-free. There is no fixed date of repayment but are repayable on demand.

As at 31 July 2014, the provision for impairment of debtors was aged as follows:

	2014 £'000	2013 £'000
Less than 3 months past due	-	71
3 to 6 months past due	104	213
Over 6 months past due	546	1,672
	650	1,956

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

15. DEBTORS (continued)

Movement on the provision for impairment of debtors is as follows:

	2014	2013
	£'000	£'000
At 1 August	1,956	2,557
Debtors written off during the year	(39)	(260)
Provision adjustments (i)	(1,267)	(341)
	<hr/>	<hr/>
At 31 July	<u>650</u>	<u>1,956</u>

As at 31 July 2014, debtors past their due date but not impaired were aged as follows:

	2014	2013
	£'000	£'000
Less than 3 months past due	4,505	3,528
Over 3 months past due	1,038	791
	<hr/>	<hr/>
	<u>5,543</u>	<u>4,319</u>

- (i) The Provision adjustment in 2014 reflects the fundamental review of outstanding debtors as at 31 July 2014 and a change in the methodology that calculates the provision required.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank overdraft (i)	-	394	-	394
Trade creditors	6,887	6,450	6,487	5,979
Sundry creditors	5,558	6,141	5,558	6,141
Social security and other taxation	5,802	5,882	5,783	5,771
Accruals and deferred income	18,539	9,306	18,503	9,299
Research grants and contracts in advance	36,094	40,707	36,094	40,707
Other services rendered	10,244	10,217	10,244	10,217
Lloyds Bank loan (Note 17(i))	777	685	777	685
Royal Bank Scotland loan (Note 17(ii))	700	700	700	700
Amounts due to subsidiary undertakings	-	-	132	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>84,601</u>	<u>80,482</u>	<u>84,278</u>	<u>79,893</u>

- (i) The bank overdraft is secured on the University's current accounts by Letter of Set Off over credit balances.

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

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

	<u>Consolidated</u>		<u>University</u>	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Lloyds Bank Loan (i)	12,289	13,066	12,289	13,066
Royal Bank of Scotland Loan (ii)	7,175	7,875	7,175	7,875
	19,464	20,941	19,464	20,941
	19,464	20,941	19,464	20,941

- (i) Lloyds Bank 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£777
Between two and five years	K£4,191
Over five years	K£8,098

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£4,375

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

18. PROVISIONS

	<u>Consolidated and University</u>	
	2014	2013
	£'000	£'000
Voluntary Severance Scheme	-	6,593
	-	6,593
	-	6,593

As part of the University's cost reduction programme, a voluntary severance and early retirement programme was implemented in 2012/13. The provision of K£6,593 was in respect of 2013/14 commitments. Nothing further has been charged in the current year.

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

19. OTHER DEFERRED INCOME

	Consolidated and University	
	2014 £'000	2013 £'000
Academic Infrastructure Grants	727	1,119
Learning and Teaching Support Grants	313	406
Supplementary Funds	5,128	7,572
Other Deferred Grants	197	197
Fusion IP plc Deferred Income	3,194	4,788
Student Fees received in advance	1,025	1,080
	10,584	15,162

20. DEFERRED CAPITAL GRANTS

	Consolidated and University		
	Funding Council £'000	Other grants/ beneficiaries £'000	Total £'000
As at 1 August 2013			
Buildings	93,086	24,039	117,125
Equipment	2,138	1,181	3,319
Total	95,224	25,220	120,444
Transferred from deferred income			
Buildings	1,566	-	1,566
Equipment	1,120	-	1,120
Total	2,686	-	2,686
Cash received			
Buildings	-	-	-
Equipment	494	2,010	2,504
Total	494	2,010	2,504
Released to income and expenditure			
Buildings (Note 2/Note 5)	(3,764)	(435)	(4,199)
Equipment (Note 2)	(1,361)	(1,400)	(2,761)
Total	(5,125)	(1,835)	(6,960)
At 31 July 2014			
Buildings	90,888	23,604	114,492
Equipment	2,391	1,791	4,182
Total	93,279	25,395	118,674

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2014

21. ENDOWMENTS

	Consolidated and University					
	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2014 Total £'000	2013 Total £'000
Opening Balance						
Capital	1,712	14,209	15,921	2,265	18,186	16,192
Accumulated Income	1,164	8,155	9,319	(35)	9,284	8,889
	2,876	22,364	25,240	2,230	27,470	25,081
New endowments	-	300	300	151	451	172
Income for year	81	599	680	49	729	710
Expenditure	(80)	(1,377)	(1,457)	(327)	(1,784)	(1,227)
	1	(778)	(777)	(278)	(1,055)	(517)
Increase in market value	62	576	638	32	670	2,734
	2,939	22,462	25,401	2,135	27,536	27,470
Closing Balance (Note 13)	2,939	22,462	25,401	2,135	27,536	27,470
Represented by:						
Capital	1,778	15,050	16,828	1,077	17,905	18,186
Accumulated Income	1,161	7,412	8,573	1,058	9,631	9,284
	2,939	22,462	25,401	2,135	27,536	27,470
	2,939	22,462	25,401	2,135	27,536	27,470

22. REVALUATION RESERVE

	Consolidated and University	
	2014 £'000	2013 £'000
Revaluations		
At 1 August	144,154	142,834
Gains on valuation of shares	3,739	1,320
Disposal of Fixed Asset Investment (Note 23)	(7,313)	-
	140,580	144,154
At 31 July	140,580	144,154
Contributions to depreciation		
At 1 August	(57,009)	(53,660)
Released in year (Note 23)	(3,381)	(3,349)
	(60,390)	(57,009)
At 31 July	(60,390)	(57,009)
Net revaluation amount		
At 31 July	80,190	87,145
	80,190	87,145

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

23. GENERAL RESERVE

	<u>Consolidated</u>	<u>University</u>	<u>Consolidated</u>
	2014	2014	2013
	£'000	£'000	£'000
At 1 August	228,135	228,811	224,386
Surplus for the year	26,382	26,382	2,500
Transfers from revaluation reserve (Note 22)	10,694	10,694	3,349
Pension contributions in excess of FRS 17 charge	(1,700)	(1,700)	(2,100)
	<hr/>	<hr/>	<hr/>
At 31 July	<u>263,511</u>	<u>264,187</u>	<u>228,135</u>

24. PENSION RESERVE

	<u>Consolidated</u>	<u>University</u>	<u>Consolidated</u>
	2014	2014	2013
	£'000	£'000	£'000
At 1 August	(45,900)	(45,900)	(52,100)
Actuarial gain on pension scheme	8,700	8,700	4,100
Pension contributions in excess of FRS 17 charge	1,700	1,700	2,100
	<hr/>	<hr/>	<hr/>
At 31 July	<u>(35,500)</u>	<u>(35,500)</u>	<u>(45,900)</u>

25. RECONCILIATION OF SURPLUS ON CONTINUING OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item	25,327	1,983
Depreciation	18,060	16,212
Profit on disposal of fixed assets	-	(241)
Endowment income and interest receivable	(3,462)	(3,044)
Deferred capital grants released to income	(6,960)	(6,637)
Interest payable	1,240	1,305
Decrease/(Increase) in stocks	34	(81)
Decrease in debtors	1,672	1,949
Increase in creditors	4,421	3,860
(Decrease)/Increase in provisions	(6,593)	6,593
Decrease in Other Deferred Income	(1,892)	(2,089)
Pension contributions in excess of charge	(300)	(1,300)
Profit on disposal of shares	(232)	-
Loss on valuation of shares	1,457	-
	<hr/>	<hr/>
Net cash inflow from continuing operating activities	<u>32,772</u>	<u>18,510</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2014 £'000	2013 £'000
Decrease in cash in the year	(2,659)	(2,116)
Cash (inflow)/outflow to liquid resources	(1,469)	1,615
Loan repayments in the year	1,385	1,291
	(2,743)	790
Change in net (debt)/funds	(2,743)	790

	At 1 August 2013 £'000	Cash Flows £,000	At 31 July 2014 £'000
ANALYSIS OF CHANGES IN NET FUNDS			
Cash at bank and in hand	4,333	(3,053)	1,280
Bank overdraft	(394)	394	-
	3,939	(2,659)	1,280
Total cash at bank and in hand			
Liquid resources:			
Short-term deposits	173,792	(1,469)	172,323
Debt:			
Debts falling due within one year	(1,385)	(92)	(1,477)
Debts falling due after one year	(20,941)	1,477	(19,464)
	(22,326)	1,385	(20,941)
Total	155,405	(2,743)	152,662

27. 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</u>	<u>CUPF</u>	<u>LGS</u>
Latest actuarial valuations	31 March 2011	1 August 2013	31 March 2013
Investment returns per annum	6.1%	6.2%	5.6%
Salary scale increases per annum	4.4%	3.1%	3.4%
Pension increases per annum	3.4%	3.1%	2.4%
Market value of assets at date of last valuation	M£28,843	M£144.4	M£1,369.0
Proportion of members' accrued benefits covered by the actuarial value of the assets	68%	89%	82%

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

27. PENSION SCHEMES (continued)

Notes:

- (i) Employer contribution rates during the year were as follows:
- (a) USS 16%
 - (b) CUPF 20%
 - (c) The employer contribution rate to the LGS was 25.7% in the year to 31 March 2014 and 27.3% thereafter plus a cash contribution of M£1.391 in the year to 31 March 2014 and M£1.3 to be paid in the year to 31 March 2015.
- (ii) At 31 July 2014, the outstanding pension contributions included in creditors was M£3.476 (M£3.617 31 July 2013).

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

	2014	2013
	£'000	£'000
USS	22,653	22,206
NHS	2,195	2,200
CUPF	7,308	7,244
LGS	1,422	448
	33,578	32,098
Total pension cost (Note 7)	33,578	32,098

An updated estimated valuation of each of the two defined benefit schemes (CUPF and LGS) was performed at 31 July 2014 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:

	31 July					
	2014	2014	2013	2013	2012	2012
	CUPF	LGS	CUPF	LGS	CUPF	LGS
Rate of increase in salaries	3.2%	3.2%	4.6%	4.5%	4.1%	3.9%
Rate of increase in pensions in payment	2.2%	2.2%	2.7%	2.6%	2.1%	1.9%
Discount rate	4.0%	4.0%	4.5%	4.4%	4.1%	4.0%
Inflation assumption - RPI	3.2%	3.2%	3.6%	3.5%	3.1%	2.9%
- CPI	2.2%	2.2%	2.7%	2.6%	2.1%	1.9%

Commutation of pensions to lump sums:

CUPF

No allowance is made for commutation.

LGS

31 July 2014

Each member was assumed to surrender pension on retirement such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.

31 July 2013

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 2014

27. PENSION SCHEMES (continued)

The assumed life expectations on retirement at age 65 are:

	31 July 2014	31 July 2013
<u>CUPE</u>		
Retiring Today:		
Males	21.9	21.4
Females	24.9	24.3
Retiring in 20 years:		
Males	23.7	22.8
Females	26.5	25.8
	31 July 2014	31 July 2013
<u>LGS</u>		
Retiring Today:		
Males	23.7	24.0
Females	26.6	26.8
Retiring in 20 years:		
Males	25.7	25.7
Females	28.9	28.8

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

	31 July 2014 M£	31 July 2014 %	31 July 2013 M£	31 July 2013 %	31 July 2012 M£	31 July 2012 %
<u>CUPE</u>						
Equities	106.6	7.5	100.0	7.8	86.8	7.5
Bonds	46.4	3.4	43.6	3.6	42.6	2.9
Other Assets	0.6	1.1	0.9	0.9	0.4	1.4
	153.6		144.5		129.8	
	153.6		144.5		129.8	
	31 July 2014 M£	31 July 2014 %	31 July 2013 M£	31 July 2013 %	31 July 2012 M£	31 July 2012 %
<u>LGS</u>						
Equities	16.3	7.5	14.7	7.8	11.0	7.5
Bonds	3.1	3.4	3.0	3.6	2.6	2.8
Property	1.2	6.8	1.1	7.3	1.0	7.0
Other Assets	0.3	4.3	0.1	4.3	0.6	4.4
	20.9		18.9		15.2	
	20.9		18.9		15.2	

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2014

27. PENSION SCHEMES (continued)

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

<u>CUPE</u>	31 July 2014 M£	31 July 2013 M£	31 July 2012 M£	31 July 2011 M£	31 July 2010 M£
The assets of the scheme	153.6	144.5	129.8	123.3	109.5
Present value of scheme liabilities	(177.0)	(173.7)	(163.4)	(141.9)	(158.3)
Net pension liability	<u>(23.4)</u>	<u>(29.2)</u>	<u>(33.6)</u>	<u>(18.6)</u>	<u>(48.8)</u>
<u>LGS</u>	31 July 2014 M£	31 July 2013 M£	31 July 2012 M£	31 July 2011 M£	31 July 2010 M£
The share of the assets of the scheme	20.9	18.9	15.2	14.7	13.2
Present value of scheme liabilities	(33.0)	(35.6)	(33.7)	(30.7)	(27.1)
Net pension liability	<u>(12.1)</u>	<u>(16.7)</u>	<u>(18.5)</u>	<u>(16.0)</u>	<u>(13.9)</u>

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

<u>CUPE</u>	2014	2013	2012	2011	2010
Difference between the expected and actual return on assets: Amount (M£)	(0.4)	5.5	(2.8)	4.1	8.9
Experience gains and losses on scheme liabilities: Amount (M£)	(0.6)	2.7	2.0	21.9	4.9
Total amount recognised in the STRGL: Amount (M£)	5.3	3.3	(16.5)	31.6	0.4
<u>LGS</u>	2014	2013	2012	2011	2010
Difference between the expected and actual return on assets: Amount (M£)	(0.2)	2.2	(1.0)	0.6	1.1
Experience gains and losses on scheme liabilities: Amount (M£)	2.4	(0.1)	(0.2)	(1.1)	0.3
Total amount recognised in the STRGL: Amount (M£)	3.4	0.8	(3.3)	(2.3)	1.7

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2014

27. PENSION SCHEMES (continued)

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

	Year ended 31 July 2014		Year ended 31 July 2013	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M£	M£	M£	M£
Opening fair value of assets	144.5	18.9	129.8	15.2
Movement in year:				
Expected return on assets	9.4	1.4	7.8	1.0
Actuarial (losses)/gains on assets	(0.4)	(0.2)	5.5	2.2
Contributions by the employer	7.3	1.8	7.4	1.7
Contributions by participants	0.2	0.1	0.2	0.1
Net benefits paid out	(7.4)	(1.1)	(6.2)	(1.3)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing fair value of assets	<u>153.6</u>	<u>20.9</u>	<u>144.5</u>	<u>18.9</u>

	Year ended 31 July 2014		Year ended 31 July 2013	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M£	M£	M£	M£
Opening present value of liabilities	173.7	35.6	163.4	33.7
Movement in year:				
Current service cost	8.4	0.4	7.3	0.4
Interest cost on liabilities	7.8	1.6	6.7	1.3
Actuarial (gains)/losses on liabilities	(5.7)	(3.6)	2.2	1.4
Contributions by participants	0.2	0.1	0.2	0.1
Past service cost	-	-	0.1	-
Net benefits paid out	(7.4)	(1.1)	(6.2)	(1.3)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing present value of liabilities	<u>177.0</u>	<u>33.0</u>	<u>173.7</u>	<u>35.6</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2014

28. CAPITAL COMMITMENTS

	<u>Consolidated and University</u>	
	2014	2013
	£'000	£'000
Commitments contracted at 31 July	24,382	21,986
	<u> </u>	<u> </u>

29. 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.

30. RELATED PARTY TRANSACTIONS

During the year, Cardiff University made a block grant payment of M£2.503 (2012/13: M£2.389) to the Cardiff University Students' Union. There are no other material related party transactions.

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.

31. ACCESS FUNDS

	2014	2013
	£'000	£'000
Funding Council grants	408	417
Interest earned	-	1
	<u> </u>	<u> </u>
Disbursed to students	408	418
Administration expenses	(407)	(406)
	<u> </u>	<u> </u>
Balance unspent as at 31 July	1	1
	<u> </u>	<u> </u>

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.