

Annual Report and Financial Statements

Year ended 31 July 2019



SUSTAINABLE DEVELOPMENT GOALS



The United Nations Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all.

They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. As a signatory to the Environmental Association for Universities and Colleges Accord, the University has committed to aligning and mapping its activities to the relevant goals.

In this report you will see within each section icons against the relevant goal. For more information on the SDGs, please visit:

www.un.org/sustainabledevelopment/sustainable-development-goals/

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Members of Council

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Professor Stuart Palmer
Vice Chair:
Rev Canon Gareth Powell [to 31 July 2019], Ms Jan Juillerat [Vice-Chair from 1 August 2019]
Vice-Chancellor:
Professor C Riordan
Deputy Vice-Chancellor:
Professor K Holford
Ms F Al-Dhahouri [to 30 June 2019]
Professor R Allemann [from 1 August 2018]
Mr P Baston
Dr C Bell
Professor M Bühner [from 22 November 2018]
Mr R Calil [from 13 February 2019 to 31 July 2019 and from 21 August 2019]
Mr T Evans [from 1 July 2019]
Ms J Fabian [from 27 November 2018]
Mr A Gibbons
Professor K Graham [from 1 September 2018]
Mr M Hampson [from 1 August 2018]
Professor M Heimann [from 22 November 2018]
Dr Reg Hinkley [from 1 August 2019 to 6 September 2019]
Dr S Luke
Professor P Milbourne [to 31 July 2019]
Ms L Phillips
Mr L Richards
Ms N Richards [to 31 July 2019]
Mr J Shakeshaft [from 1 August 2019]
Mr D Simmons [from 1 August 2019]
Mr D Simpson [to 31 July 2019]
Judge Ray Singh
Dr J Wademan
Ms A Xavier-Phillips
Ms J Yip

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

Charity Name:
Cardiff University

Charity Registration Number:
1136855

Registered Office:
**Main Building
Cathays Park
Cardiff CF10 3AT**

www.cardiff.ac.uk



Annual Strategic Review

Introduction by the Vice-Chancellor

The uncertainty that we have become used to in recent times has shown no sign of abating in the last year. The combination of Brexit and a tightening financial environment has cast a shadow over Higher Education throughout the UK.

While we have had to take some difficult decisions to deal with the impact of this uncertainty, I am pleased to report that the University has also enjoyed much success, and we are working with Welsh Government and other partners to mitigate the financial pressures we face.

This time last year I wrote that the UK's exit from the EU would finally take place in spring 2019. Manifestly that did not happen, and at the time of writing it is still unclear what the ultimate outcome will be. Whatever eventuates we are prepared, and can be confident of our ability to handle the consequences. I am conscious that the Brexit process has been difficult for many of our staff and students who face uncertainty about their status. The contribution of our students and staff from Europe and the rest of the world is enormous and we will continue to provide practical support and guidance during Brexit. We will always be proud to be an international community, not least because academic success is built on the diversity of talent that we draw from around the world.

Against this background of uncertainty and resource constraints, our Transforming Cardiff programme is helping us achieve financial sustainability while delivering the ambitions that were set out in our strategy, The Way Forward 2018-23. We will meet our objectives through controlling our cost base on the one hand, and by changing the ways we organise and run our research, teaching and learning and professional services on the other. The latter point is very important, and is the reason for introducing a programme of managed change rather than simply controlling costs. We have our Council's support for this approach and I believe that the five-year Transforming Cardiff programme will enable us to deliver our strategic objectives. It is a challenging period for all concerned but we have made an excellent start, already ahead of the financial trajectory required and making the changes we need to secure our long-term sustainability.

The publication of the Augar review at the end of May 2019 presented us with a new range of risks, chief amongst them the proposed reduction of home fees from £9,000 to £7,500 and a shifting of resource from higher to further education.

The review applies only to England, but it is likely that there would be knock-on effects for the Welsh system because of the interconnections between the two countries. At the time of writing it is unclear which, if any, of the proposals will ever be implemented. There is still hope that the very well received Diamond reforms in Wales might supply a better model for England to follow than this plan.

Once again we have enjoyed a successful year in our key strategic areas. You can read more about our many successes in the five strategic themes of Education, Research, Civic Mission, International and Innovation in the annual review section of this document. I am always careful not to put too much emphasis on our performance in league tables but they can be a useful method for charting our progress. I was therefore heartened by our rises in the Guardian University Guide and The Complete University Guide, although we did drop slightly in The Times and The Sunday Times Good University Guide 2020. In addition, four Cardiff University subjects were ranked among the Top 50 in the world in the QS World University Rankings by Subject: Communication and Media Studies, Architecture/Built Environment, Engineering, Mineral and Mining, and Dentistry.

Notably, we have achieved record research income this year of just over £116m. Behind that figure stands a huge and diverse range of research grants and contracts. Just two of the highlights from 2018-19 are the Clwstwr Creadigol and the Centre for Climate Change and Social Transformations (CAST). The Clwstwr aims to put innovation at the core of media production in South Wales. It is funded to the tune of £10m by the Arts and Humanities Research Council as part of the Creative Industries Clusters Programme under the auspices of the Industrial Strategy Challenge Fund. The timely new Cardiff-led CAST puts people at the heart of the changes required to tackle the enormous challenges of the climate emergency. This £5m project is funded by the Economic and Social Research Council and has a strong practical focus on what we need to do to bring down carbon emissions.

We have always been a university that stands shoulder to shoulder with our communities as part of our overall civic mission. As part of The Way Forward 2018-23 we have embarked upon an ambitious programme to support educational attainment in the schools and colleges of Wales. This is extremely important work at a time when the Welsh Government is introducing a new curriculum for schools. We enrich our communities in countless ways and I am proud of our long history in this regard. Our economic impact is also significant.

According to our most recent economic and social impact report, produced by specialist economics and policy consultancy London Economics, Cardiff University now contributes £3.23bn to the UK economy, most of which is in Wales. It means we generate £6.30 for every £1 we spend. It is therefore fair to say that our social and economic impact is considerable and of great importance to our communities.

We are fortunate to benefit from the skills of many exceptionally talented people at this University. I would like to offer my congratulations to Professor Bernard Schutz, who has been elected to the highly prestigious National Academy of Sciences in USA for his work on gravitational waves, and to Professor Anwen Williams, who has become only our second Principal Fellow of the Higher Education Academy. Professor Roger Awan-Scully, who is Head of Politics and International Relations, was named National University Mentor of the Year. We are proud of them and it is gratifying to see their contributions recognised in these ways.

The excellent work of all our students and staff is indeed a source of great pride. Despite the uncertainty in the sector, we are continuing to evolve as a university and we are making good progress in implementing our strategy. The changes we are making are not without challenges, but will put us in a strong position to capitalise on opportunities in the future. This will benefit us all: staff, students, alumni and the institution itself.

Professor Colin Riordan
Vice-Chancellor
25 November 2019



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Images

1. Medical training brought to north Wales
2. City centre location for JOMEC
3. Students help quash wrongful conviction
4. Female professor helped shape British history
5. Cyber win for Cardiff students



5.

Education

Medical training brought to north Wales

Medical students can complete their medical training in north Wales for the first time thanks to a new initiative between Cardiff University and Bangor University.

The collaboration enables Cardiff University's MBBCh Medicine programme (C21) to be delivered through the School of Medical Sciences at Bangor.

The initiative seeks to improve recruitment and retention of doctors in north Wales while improving community health and well-being.

Students will undertake as much of their studies as possible in community-based settings.

Students help quash wrongful conviction

Cardiff University law students and academics helped to quash the wrongful conviction of a man who served three-and-a-half years in prison.

Gareth Jones was convicted of a serious sexual assault at the age of 22 in July 2008.

But his conviction was overturned by the Court of Appeal in December 2018 after investigative work over six years as part of the Cardiff University Innocence Project.

This is the second conviction that the project – which investigates alleged miscarriages of justice – has helped to overturn.

City centre location for JOMECC

The new city centre home for the School of Journalism, Media and Culture (JOMECC) opened its doors to students and staff.

The central location enables the School to forge links with media institutions and boost placement opportunities and student employability.

The facility is located alongside the new headquarters of BBC Cymru Wales and close to the offices of Reach, where WalesOnline, the Western Mail and South Wales Echo are produced.

The new building includes four lecture theatres, six newsrooms, four editing suites, two TV studios and two radio studios.

Female professor helped shape British history

The first female professor and female parliamentary candidate in Wales was added to the national record of figures who shaped British history – the Oxford Dictionary of National Biography.

Millicent Mackenzie was appointed as Professor of Education (Women) at what was then the University College of South Wales and Monmouthshire from 1910 - now Cardiff University.

She also stood for the Labour Party in the newly created University of Wales constituency at the 1918 General Election.

During her time in Cardiff, she was a prominent figure in tackling poverty and held a leading role in the city's women's movement.

Training data experts of the future

The University launched a new Data Science Academy to meet industry's demand for highly skilled graduates.

The Academy will ensure that Wales produces skilled and employable graduates in some of the fastest growing areas, from data science and artificial intelligence to cybersecurity.

Data scientists are extremely sought after in several sectors and industries due to their ability to identify better ways of tackling complex tasks.

The postgraduate programmes are based on the successful model of the University's National Software Academy in which students are given real world experience throughout their degree.

Cyber win for Cardiff students

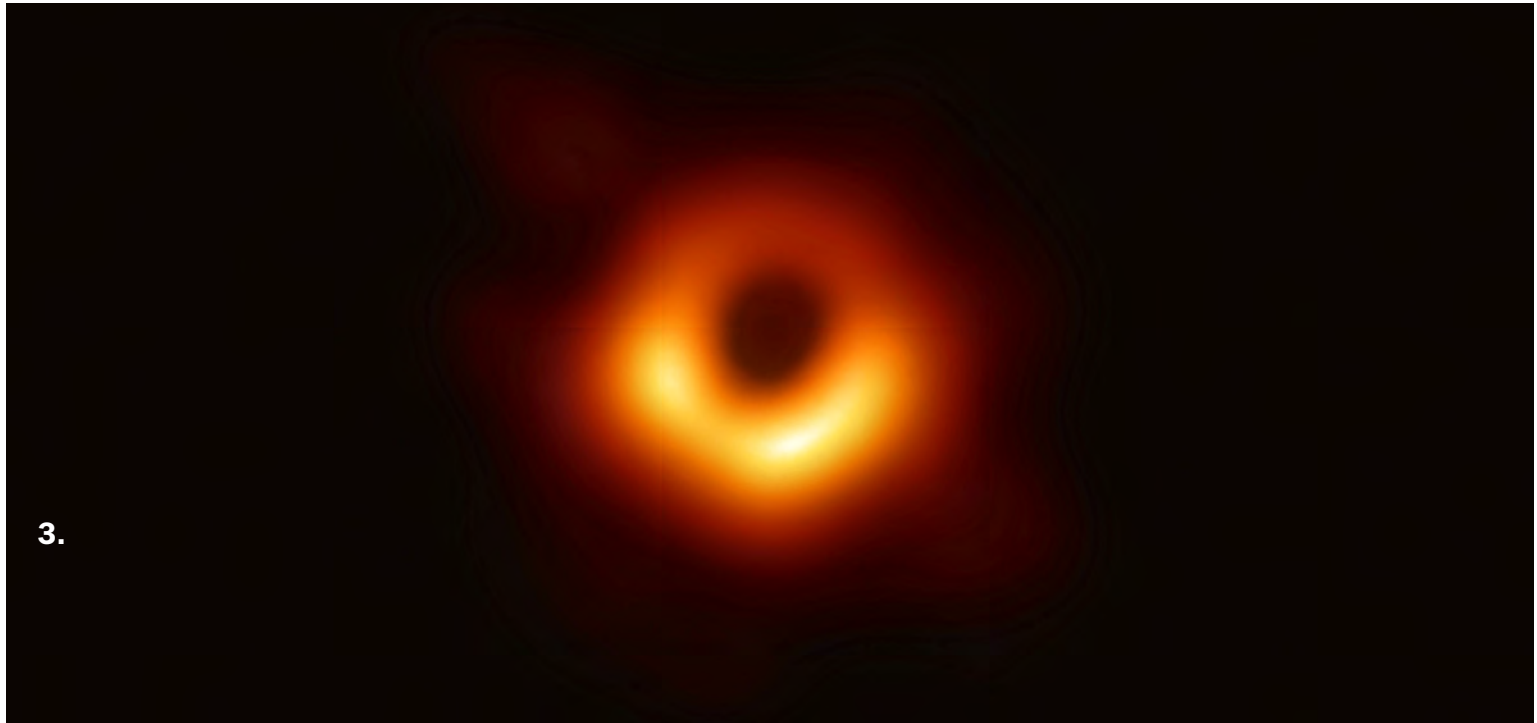
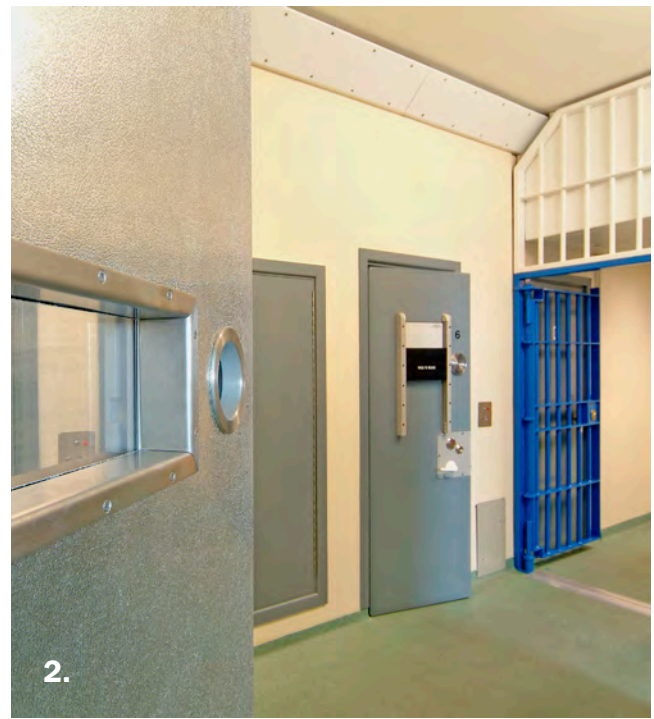
Students from the University claimed first prize in a national cyber security competition.

Undergraduates from the School of Computer Science and Informatics beat teams from the University of Cambridge and Imperial College London to win first place.

The Higher Education Cyber Challenge, which featured 26 teams, was open to all UK Academic Centres of Excellence in Cyber Security Research.

The centre of excellence status is awarded to UK universities by the National Cyber Security Centre and is a recognition of internationally excellent research.





Images

1. £20m dementia research centre opens
2. Imprisonment rate highest in Western Europe
3. First image of black hole
4. Developing new drugs for patients



Research

£20m dementia research centre opens

A new £20m research centre aimed at finding effective treatments for dementia was officially opened at the University.

More than 70 scientists from around the world were recruited with the aim of expanding the group in the near future.

The Cardiff centre was one of six that together made up the UK Dementia Research Institute (UK DRI) which was established across Britain with a total £290m investment.

UK DRI is funded by the Medical Research Council, Alzheimer's Research UK and Alzheimer's Society, with Welsh Government giving significant support to the Cardiff centre.

Imprisonment rate highest in western Europe

Wales has the highest imprisonment rate in western Europe, research by the University's Wales Governance Centre revealed.

The research provided a detailed statistical comparison of sentencing and immediate custody figures in Wales and England.

It is widely accepted that Wales and England jointly has the highest imprisonment rate in western Europe but this was the first time the figures had been analysed separately.

Our research showed that in 2017 there were 154 Welsh prisoners per 100,000 of the Welsh population, compared to a rate of 141 English prisoners per 100,000 of the population of England.

First image of black hole

Scientists have provided the first ever image of a black hole.

The landmark discovery was announced by an international team, including academics from Cardiff University.

They revealed how a collection of telescopes from around the globe - together known as the Event Horizon Telescope - had made it possible to "see the unseeable".

The image revealed a black hole at the centre of Messier 87, a massive galaxy in the nearby Virgo galaxy cluster.

Developing new drugs for patients

The University was unveiled as the home of the new £14m Medicines Discovery Institute.

The Institute seeks to develop new drugs for mental health and central nervous system conditions.

It will focus on areas of unmet clinical need and develop novel medications to improve the lives of people across the world.

The Institute has been part funded by Welsh Government, the Higher Education Funding Council for Wales and the European Regional Development Fund.

Hub for £5m research centre

The University was selected as the main hub for a £5m research centre to explore how people can live differently to achieve the emissions cuts required to address climate change.

The Centre for Climate Change and Social Transformations will focus on areas of everyday life such as travel, food, consumption of goods and heating/cooling in buildings.

The research seeks to place the role of people at the heart of the transformations required to bring about a low-carbon, sustainable society.

The centre - a collaboration between Cardiff, Manchester, York and East Anglia universities, and the charity Climate Outreach - will also work closely with local and national governments, industry and charities.

Crater 'bigger than Paris'

A giant crater left over from the catastrophic impact of a meteorite crashing into Earth has been uncovered deep below the ice sheets in Greenland.

The 31 km-wide crater, which is bigger than Paris, has been discovered by an international team of scientists.

It is believed to have been caused by a meteorite impact on Earth between 3m and 12,000 years ago.

As a result of detailed chemical analysis performed at Cardiff University, the researchers were able to paint a picture of the type of object capable of causing such monumental destruction.

Evidence published in the journal Science Advances suggests the crater was formed when a kilometre-wide iron meteorite smashed into northern Greenland.





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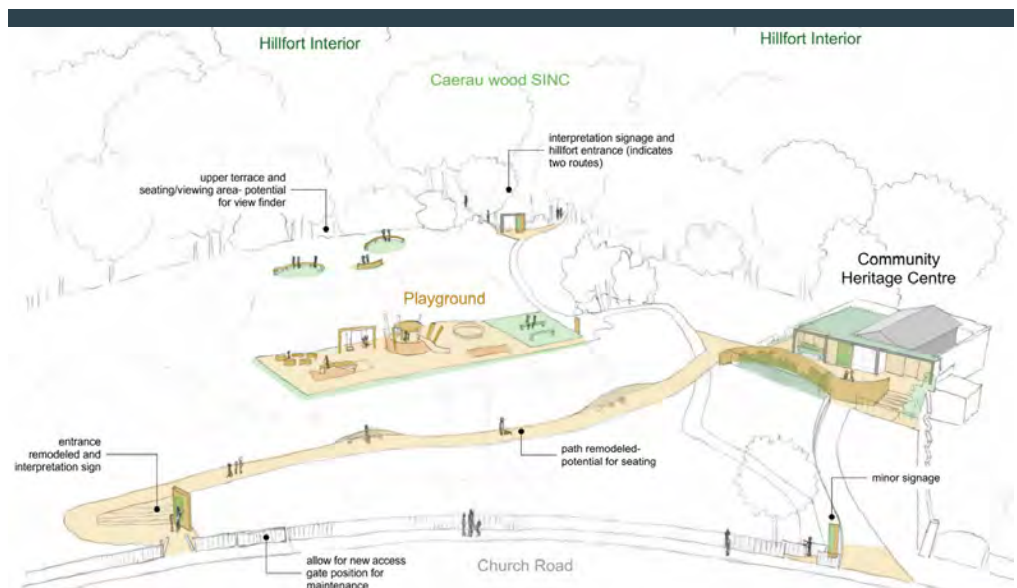
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Images

1. University supports cultural festivals
2. Adult learners' path to success
3. STEM boost for Valleys pupils
4. Heritage site secures Lottery funding



4.

Civic Mission

STEM boost for Valleys pupils

Cardiff University is working with pupils across the south Wales valleys as part of a Welsh Government initiative to boost take-up of STEM subjects.

Trio Sci Cymru is led by Welsh Government's National Science Academy, in collaboration with the Institute of Physics, and Cardiff, Swansea, Aberystwyth and Bangor universities.

The project will see the University engaging with 2,790 key stage three pupils over a three-year period.

Trio Sci Cymru will offer a unique opportunity to participate in three different innovative STEM enrichment outreach programmes.

Heritage site secures Lottery funding

A Cardiff community will host a major heritage regeneration project after securing substantial funding from the National Lottery.

The Caerau And Ely Rediscovering (CAER) Heritage Project is a partnership between community development organisation Action in Caerau and Ely, Cardiff University, and local schools and residents.

The £1.6m project is based around one of Cardiff's most important, but little-known, archaeological sites, Caerau Iron Age hillfort in Cardiff.

ACE will receive £829,000 from the National Lottery Heritage Fund to transform the area into a community-generated heritage attraction, with the support of partners including the University.

University supports cultural festivals

Staff and students showcased the University's research and teaching at several Welsh cultural festivals during the summer.

The University had a major presence at the Urdd Eisteddfod in Cardiff Bay for the first time, hosting talks, discussions and activities as well as supporting high-profile events such as the Crowning ceremony.

The University also attends the National Eisteddfod each year with a range of activities for all age groups. This work is part of our commitment to support Welsh language and culture.

Adult learners' path to success

A record number of adult learners have started undergraduate degrees at Cardiff University via part-time courses that are an alternative to A-levels.

Some 41 learners completed a 'pathway' programme with the University's Continuing and Professional Education team and have now progressed to a degree.

Pathway courses, which take place at evenings and weekends, often do not require prior qualifications.

Students gain credits which allow them to apply for degree studies within Cardiff University and other Higher Education providers.

Namibian Government backs project

The University's Phoenix Project was recognised by the Namibian Government after creating more than 38 joint projects in the country.

Vice-Chancellor Professor Colin Riordan met the Vice-President of Namibia and other senior members of the Namibian Government on a visit to consolidate the growing partnership.

The Phoenix Project, which began in 2014, is a collaboration between Cardiff University and the University of Namibia (UNAM).

The two universities work closely together on a wide range of activities in areas including education, health, communication and science.

Community centre building work starts

Building work started on a new £1.6m community centre for the residents of a Cardiff district.

The former bowls pavilion in Grangetown is being rebuilt to create new facilities that will provide opportunities for education, training, health promotion and enterprise development.

The plans are the result of a successful partnership between residents' groups Grange Pavilion Project and Grangetown Community Action, and Cardiff University's Community Gateway project.

The National Lottery Community Fund provided £1m towards the project.





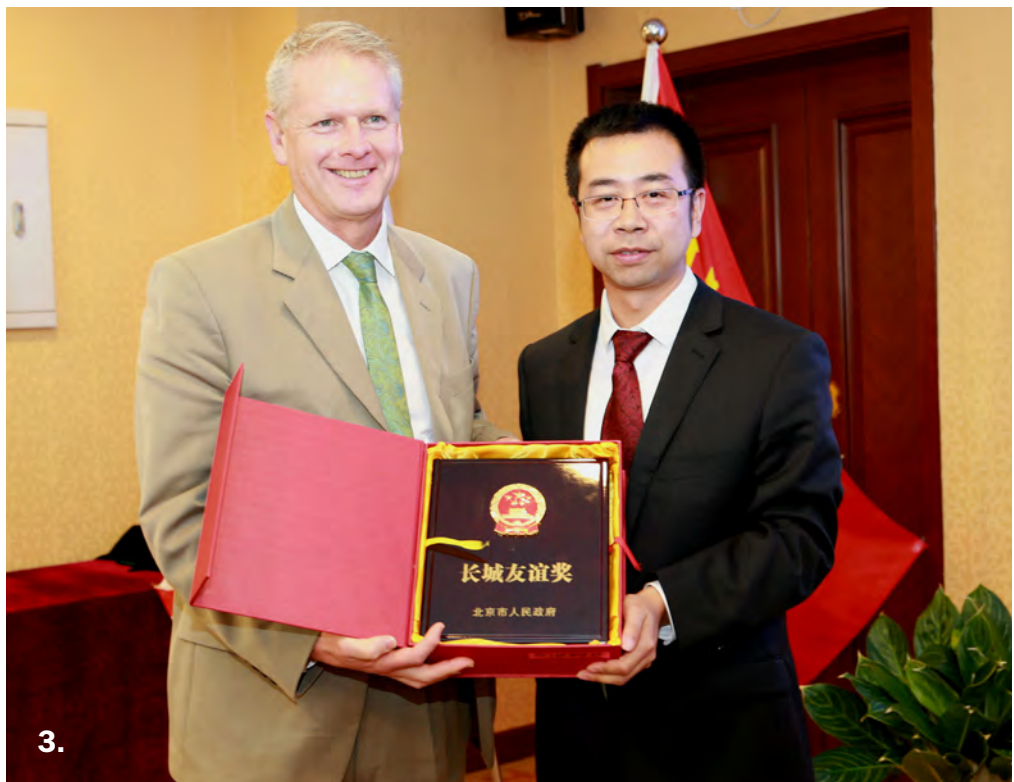
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Images

1. University partnerships in Brazil and Germany
2. University hosts future scientific leaders
3. Vice-Chancellor's China friendship award



3.

International

University partnerships in Brazil and Germany

Cardiff University signed strategic partnerships with a further two universities to boost research and educational opportunities.

Partnerships were signed with one of Brazil's leading universities, The Universidade Estadual de Campinas (Unicamp), and the University of Bremen in Germany.

Unicamp, based in São Paulo state region, is one of Brazil's primary medical and scientific research centres.

The Bremen-Cardiff Alliance is aimed at increasing the movement of staff and students between institutions and providing better access to research funding.

Cardiff University already has a strategic partnership with KU Leuven, the largest university in Belgium.

Vice-Chancellor's China friendship award

China presented one of its most prestigious awards to the Vice-Chancellor in recognition of the University's longstanding contribution to research collaboration.

Professor Colin Riordan received the Great Wall Friendship Award following successful collaborations spanning 30 years, particularly with Beijing and Capital Medical University.

Cardiff University's links with Beijing can be traced back to 1999 when it partnered with Peking University to research the causes of cancer and work on improving diagnoses and treatment of the disease.

Previous winners of the award include former NBA basketball star Stephon Marbury, former Siemens China President Ernst Behrens and President of digital technologies firm ABB China, Claudio Facchin.

Dame Judi Dench's Borneo adventure

Dame Judi Dench visited a University research and training facility in the heart of the Bornean rainforest as part of a new ITV documentary series.

Danau Girang Field Centre, managed by Sabah Wildlife Department and Cardiff University, is dedicated to the conservation of tropical ecosystems and the management of wildlife.

Dame Judi experienced animals including orangutans, sun bears, elephants and crocodiles during her visit to Borneo and the field centre.

Dame Judi said: "I've learnt how vulnerable this wonderful place is and what we need to do to save it."

Cardiff joins neuroscience partnership

Cardiff University became the latest global partner in a \$66m neuroscience research initiative backed by the Government of Canada.

Researchers from Western University's BrainsCAN and Cardiff University will forge collaborations based on their joint expertise and knowledge following the signing of a memorandum of understanding.

They will seek to create neuroscience research projects to develop and deliver evidence-based assessments for the diagnosis and treatment of brain disorders.

Postdoctoral fellows and students from both institutions will also benefit from access to world-renowned principal investigators from Western and Cardiff.

University hosts future scientific leaders

The University is bolstering its strategic partnerships with leading institutions around the world by hosting a series of prestigious fellowships aimed at creating the scientific leaders of the future.

A total of eight researchers from Australia and Brazil met up to begin an Ernest Rutherford Fellowship thanks to funding from Universities UK International.

The fellowships will help the researchers to establish a strong, independent research programme with the support of leading Cardiff academics in their field.

A grant of £150,000 was allocated to the University to support the fellowships, and was one of only 17 distributed across UK universities.

US student explores heritage

A US student has been exploring her Welsh heritage through her research of Welsh medieval tales in The Mabinogion.

Emma Watkins, a Masters student in Welsh and Celtic Studies at Cardiff University, developed a Mabinogion-inspired play as an undergraduate at Princeton University.

She has now developed her play with funding from the University's School of Welsh and in collaboration with Chapter Arts Centre in Cardiff.

A four-day workshop involving creatives from the Welsh stage culminated in a new performance.

Emma is hoping her play can now be shown to new audiences – both in Wales and further afield.





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Images

1. Innovation for screen industries
2. Data science innovation hub launched
3. People's award for autism system
4. New facility will help Welsh industry



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Innovation

Trial for innovative airport scanner

A super-sensitive passenger scanner that reveals hidden security threats was trialled at Cardiff Airport.

The walk-through scanner, which uses space technology to image human body heat, is the result of a collaboration between Sequestim Ltd and Cardiff University scientists.

Computer learning allows the scanner to distinguish between threats and non-threats but without the need for passengers to keep still or remove outer clothing.

The technology has the potential to cut queues at airport terminals as it screens people on the move.

Innovation for screen industries

A multi-million pound programme to drive innovation in the screen industries in south Wales is up and running.

Clwstwr is a five-year research and development programme led by Cardiff University in partnership with the University of South Wales and Cardiff Metropolitan University.

Funding has been made available to develop new products, services and experiences in the screen sector.

Clwstwr will create a platform for independent companies, SMEs, micro-businesses and freelancers to compete with global media companies.

Data science innovation hub launched

Welsh businesses will benefit from the launch of a new data science innovation hub to drive cutting edge methods into new products and services.

The Data Innovation Accelerator (DIA) responds to demand from SMEs who have ambitions to integrate artificial intelligence into the heart of their business but lack data science expertise to help them grow.

The DIA offers knowledge exchange and expertise from leading international researchers that will underpin the rapid development of new ideas on how best to utilise data within companies' day-to-day operations.

It has been funded by £1.8m from the European Regional Development Fund through Welsh Government.

People's award for autism system

A system that helps professionals spot the signs of autism in children won the People's Choice prize at the University's Innovation and Impact Awards.

Researchers from the School of Psychology developed an acronym, SIGNS, to help frontline specialists recognise autistic behaviours in children.

The team, working with Welsh Government, the Welsh Local Government Association and Public Health Wales, developed resources for clinical and educational professionals.

People voted via social media, with the autism partnership polling 45% of the votes.

New facility will help Welsh industry

An £8.6m Electron Microscope Facility to help Welsh industry develop new products will be built at the University.

Welsh Government announced European Regional Development Fund co-funding for the project to drive discoveries in catalysis – the science of speeding up chemical change.

A suite of next-generation, ultra-sensitive microscopes will allow researchers to study materials and processes on the atomic scale, helping collaborating industries to make cleaner, greener and cheaper products.

The facility will be at the heart of Cardiff Catalysis Institute's future home – the Translational Research Facility on Cardiff Innovation Campus.

Adopt-a-hive scheme for pupils

A leading Wales learning technology company, A2B, is teaming up with Cardiff University to encourage school pupils to learn about the importance of bees and beekeeping.

Working with the School of Pharmacy and Pharmaceutical Sciences and Bridgend College, the Swansea-based firm has formed a sister company, Aspire2Bee, to help schools in Wales to adopt and care for honeybee hives.

The company aims to engage schools, businesses and individuals to adopt their very own hive (and beekeeper) as they grow and learn to build a natural, sustainable future.

Professor Les Baillie and his Pharmabees team have a long-standing track record for innovation and have developed a range of private sector ventures with companies including Conwy's Celtic Wellbeing, Swansea-based Welsh Brew Tea, and Bridgend's Bang-On Brewery.





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Images

1. Over £4m raised by over 1,000 donors and fundraisers
2. 393 #TeamCardiff runners in the Cardiff University/Cardiff Half Marathon
3. 270 alumni supported Cardiff with their time
4. 100+ researchers supported in 2018-19
5. Thank you to our 87 **Cylch Caerdydd** donors



5.

Supporting Cardiff

All of these initiatives, and many more, were supported in 2018-19 by Cardiff donors, fundraisers and volunteers who believe in Cardiff University's mission to create and share knowledge, and to educate for the benefit of all:

Over £4m

raised by over 1,000 donors and fundraisers

A £1.1m donation to Cardiff University from eminent Welsh businessman and philanthropist Sir Stanley Thomas OBE (Hon 2011) will fund life changing opportunities for students within the University's flagship new Centre for Student Life.

393

#TeamCardiff runners in the 2018 Cardiff University/ Cardiff Half Marathon raised over £83,000

Young academics at Cardiff are developing new, more effective diagnoses and treatments that can improve survival rates and quality of life for people with cancer, and those with mental health disorders, now and in the future.

270

alumni supported Cardiff with their time

Alumni and friends are supporting prospective and current Cardiff students by attending open days and offer holder events on campus and abroad, delivering employability talks and providing internships. These opportunities provide Cardiff students with invaluable insight and experience.

100+

researchers supported in 2018-19

Our philanthropic income comes from a wide range of supporters and enables hundreds of Cardiff researchers to carry out pioneering research. In 2018-19, a £1.2m gift from two foundations supported more than 50 PhD scholarships in neuroscience and mental health research and teaching about the lives of Muslims in Britain.

Cardiff is grateful to all its supporters. Your gifts, your time, and your energy are helping to save, change and enrich lives in Wales and beyond.

Keen to support Cardiff?

Visit:
cardiff.ac.uk/alumni/get-involved
or cardiff.ac.uk/donate

- Attend open days and other events to share your post-University experience with prospective Cardiff students
- Employ talented Cardiff students on work placements and internships
- Join #TeamCardiff at the Cardiff University/Cardiff Half Marathon
- Make a gift to support Cardiff students and Cardiff research.

Thank you

to 87 **Cylch Caerdydd** donors who supported us with their generous gifts. This year, we were delighted to welcome new **Cylch Caerdydd** donors from around the world, including the United States of America.

Cylch Caerdydd, now in its fourth year, was founded to recognise donors who support Cardiff with gifts of £1,000 or more in an academic year.

Find out more:
cardiff.ac.uk/donate/join-cylch-caerdydd





Sustainability

Sustainability forum: climate emergency debate

A climate emergency debate was held on World Environment Day in June as part of the University's sustainability forum series.

Estates considered carbon emissions ahead of an open discussion on the University's carbon management work and the wider question of climate emergency declaration. Delegates considered issues such as carbon neutrality, staff travel, sustainability in academic programmes and a meaningful climate emergency declaration.

Carbon management

The University is developing a business case to develop a pilot to reduce carbon emissions on the Colum Drive site as part of the Modern Energy Partners (MEP) project.

The Carbon Trust was the consultant selected to undertake the review of the site, and its work was completed by April 2019. The Site Evolution Plan identified the potential to reduce carbon emissions by approximately 80% by 2032 from today's emission levels.

Single-use plastics action plan update

The University is committed to phasing out the use of single-use plastic, such as plastic water bottles, to the fullest extent possible by 2023.

The University's Schools have been asked to undertake a local review of single-use plastic usage and identify which plastic can be reduced or eliminated. We also have a single-use plastic action plan overseen by Procurement Services.

Waste

The waste key performance indicator has been amended to 'Reduction of waste and improvement of recycling rates'.

Our aims are to reduce the total amount of waste* generated by the University and to increase the proportion of total waste that is sent for recycling. We will achieve this through increased efficiencies, adoption of the principles of the circular economy and behavioural change.

- i) By 2023, we will reduce our waste sent to ERF/RDF** to no more than 30% in line with Welsh Government targets***
- ii) By following the waste hierarchy we will work towards achieving the Welsh Government recycling target of 70% by 2024/25

* does not include hazardous and construction waste

** Energy Recovery Facility/Refuse Derived Fuel

*** Welsh Government target for municipal waste by 2025

Sustainable travel

Staff and students are contributing to a discussion document that outlines potential policy options to the University and guidance to staff when planning a business trip.

It will help staff to choose the most appropriate travel mode, whilst also promoting alternative non-travel arrangements for staff wanting to make time, cost and carbon savings.

Staff and student travel survey

A staff and student travel survey was completed in January 2019. A total of 1,119 staff and 502 students responded.

Students from the School of Geography and Planning have analysed the responses and the results will be reported. The results of the survey will be used to review and update the travel plan, and it is anticipated this will be completed by the end of the academic year 2019/2020.

Interest-free travel season ticket loans

The scheme now has 150 members within the University across Transport for Wales, Cardiff Bus and Stagecoach.

On-street bicycle hire scheme

The on-street bicycle hire scheme Nextbike now has 6,013 free Cardiff University annual memberships registered.

This is approximately 76% of the total number registered. It is estimated that this has resulted in £360,780 of savings for University staff and students.

The scheme continues to be highly successful and the best performing Nextbike scheme in the UK. Seven of the 11 University hire stations are in the top 20 in terms of usage. The scheme's expansion was approved by Welsh Government and included 65 additional hire stations and 500 additional bikes. One of the additional stations is University Hall, taking the number of University hire stations to 13.





Financial Review

2018-2019

Reduction in operating deficit to £6.9m

Our financial results have been complicated this year due to the magnitude of in-year accounting treatment of pension provisions.

The underlying result for the year was an operating deficit of £6.9m which was a significant improvement on the previous year's £22.8m operating deficit.

The total deficit of £117.4m includes a provision of £92.9m for the 2017 deficit on the Universities Superannuation Scheme (USS).

The underlying operating deficit of £6.9m reconciles to the total deficit of £117.4m as table opposite:

Summary of group results

	2018/19 £m	2017/18 £m
Total comprehensive deficit for the year	(117.4)	(13.5)
Less USS pension provision	92.9	0.7
Less actuarial loss on pensions	9.1	(4.6)
Deficit before pension adjustments	(15.4)	(17.4)
Other gains and losses	8.5	(5.4)
Underlying operating deficit	(6.9)	(22.8)

The financial statements for the year ended 31 July 2019 consolidate the results of the University, its subsidiary company University College Cardiff Consultants Limited and the joint ventures Compound Semiconductor Centre Limited and Cardiff Medicentre.

Pension provisions

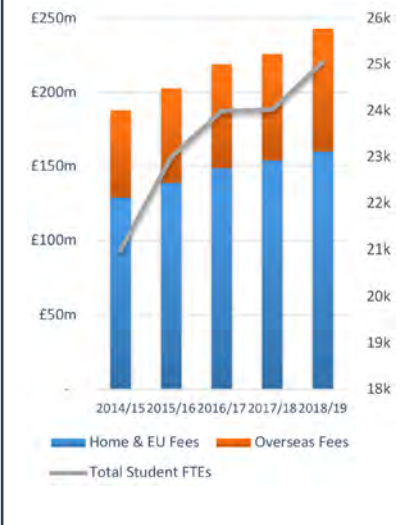
The University Superannuation Scheme (USS) of which Cardiff University is an employer member provides pensions for academic and professional staff. As at 31st March 2017 the scheme had a deficit of £7.5bn. The USS Trustees are required to put in place a recovery plan of which Cardiff University's share is £140.8m. This additional cost of employment will be paid over the next 14 years as additional employer contributions. As this is a contractual obligation at the balance sheet date, accounting rules require the University to create a provision for the whole liability which reduces our reserves.

Since the year-end the USS Trustees have agreed a revised valuation as at 31st March 2018 which indicated a deficit of £3.6bn. This will result in a reduction of £58.9m in the University's provision from £140.8m to £81.9m which will be reflected in the University's 2019/20 financial statements.

To add to the complexity and volatility, a further valuation as at 31st March 2020 is planned by USS.

In addition to an increase in the USS pension scheme provision the University has also had to increase its provision for the CUPF and LGPS schemes by £10.9m, of which £9.1m relates to actuarial loss.

Student Fees (£m) and FTEs (000's)



Income has grown by 4.02%, mainly from tuition fees

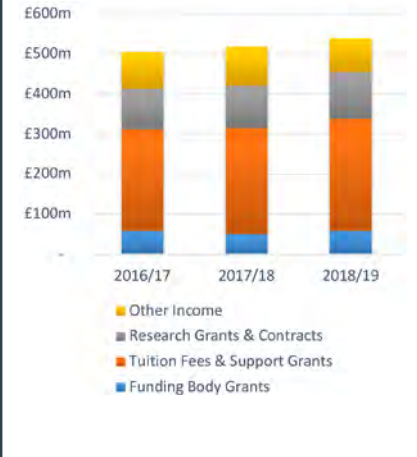
Despite a very competitive student recruitment market caused by a declining demographic for 18 to 20-year-olds we were able to grow tuition fee income by 5.4% to £279.5m.

The number of undergraduate students has remained fairly static but increases in home postgraduate taught and all overseas fees have contributed to the £14.3m increase in tuition fees.

Our student body of 25,054 students is made up as follows:

	2018/19	2017/18
Student numbers	£m	£m
Undergraduates	18,960	18,611
Postgraduate Taught	4,555	3,946
Postgraduate Research	1,539	1,475
Total	25,054	24,032
Home & EU	20,359	19,767
Overseas	4,695	4,265
Total	25,054	24,032

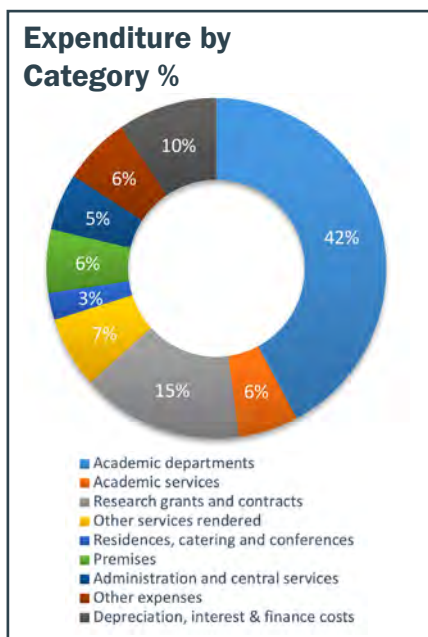
Income by Category £m



Although funding body grants from HEFCW increased from £49.8m to £58.0m this reflected a planned £6m reduction in the teaching grant which we have absorbed in our reserves in order to maintain our spending commitment on teaching.

We have seen a 9.6% increase in research income to a record level of £116.0m. The growth is mainly from increased funding from UK charities.

Other income has reduced by £11.3m to £76.1m following the transfer of Post-Graduate Medical and Dental Education activity to Health Education and Improvement Wales.



Expenditure has increased to support the growth in teaching and research

Total expenditure, excluding the pension provision, has increased by 2.3% to £551.9m.

Staff costs remain the University's major area of expenditure. Underlying staff costs have increased by 2.3% reflecting support for increased student numbers and growth in research grants.

During the year the University offered a Voluntary Severance Scheme for all staff. This resulted in 161 applications being agreed at a cost of £6.5m. Consequential savings in staff costs will occur from 2019/20.

We benefited from growth in our investments and endowment

The strength of world stock markets has seen the University's investment and endowment assets grow by £12.2m.

In March 2018 the University agreed to divest its portfolio of investments in fossil fuel companies by 2021. With the support of our investment managers the divestment will be achieved before the end of 2019.

We retained an operating cash surplus to support future investment

The University achieved an operating cash flow surplus of £63.7m (11.9% of income) due to increased income and improved working capital, of which £62.2m was invested in buildings and equipment during the year.

Borrowings at the year-end totalled £306.6m of which the public bond totalled £294.5m. This incurs interest of 3.1% p.a. and is repayable in 2055. Moody's has assessed the bond as Aa3 with a negative outlook due to the University's current financial position.

The University has a strong balance sheet

At 31st July 2019 the University had net cash and investments of £396.0m although a significant part of this is committed to investment in new buildings and refurbishment of existing properties.

The University has made an accounting adjustment (impairment) to recognise changes in both UK and European grant funding and the impact of the current economic and political landscape on its investment in Compound Semiconductor Centre Ltd. Whilst the University has confidence in its investment in compound semiconductors it recognises that the original income growth assumptions are unlikely to be met in the timescale originally envisaged.

As a consequence, the consolidated results include an impairment charge of £9.5m.

The University has consolidated total net assets of £586.7m represented by its reserves.

Significant risks still ahead

Higher education is facing significant challenges over the next few years.

All UK universities are exposed to changes in their relationship with the EU and it remains unclear how things such as EU student numbers, research data flows and partnerships arrangements will be affected.

In addition to the EU challenge, the University, alongside all other UK universities, is exposed to any adverse or positive changes to student recruitment from overseas countries. The University manages these risks and continually monitors the market to ensure it is well placed to respond to any eventuality.

Following the General Election on 12th December 2019 Government policy on tuition fees may change and we will have to respond to the new arrangements.

The University's Executive Board has reviewed our key risks. The principal risks to the University and how they have been mitigated, encompassing the aforementioned Brexit risk, are shown in the table on the following page:

Risk area	Risk description	Risk management
Financial Sustainability	The University's operational costs and capital plans outweigh the income the University can generate or receives in grants, making it financially unsustainable.	<p>The University deploys detailed budget control and monitoring procedures are in place. A Financial Performance Group (FRG) has been set-up to undertake monthly review of the actual financial position vs budget.</p> <p>The Brexit Contingency Group is highlighting potential areas where expenditure could increase.</p> <p>Research and Change projects are assessed for return on investment to ensure delivery on expected benefits.</p>
Capital Programme	The Capital Programme is not delivered to time, budget or specification.	<p>All capital programmes are subject to detailed business case budgets and cost monitoring through individual steering board and the Portfolio Scrutiny Group (PSG).</p> <p>Capital project progress reports with detailed action plans to address slippages and consolidated portfolio risk registers (with mitigating actions) are presented regularly to PSG for review and discussion.</p>
Student Recruitment	The University fails to recruit and retain a strategically desirable number, quality and diversity of students, including high-quality EU and international students.	<p>The University's Recruitment and Admissions Strategy Group has delegated authority to take strategic actions in relation to recruitment, to ensure target entrants are met. The University has invested in Recruitment and Admissions through the First Choice programme and will partner with Study Group, to provide feeder programmes for overseas students to Cardiff University.</p>
Industrial Relations	Disruption to University services as a result of Industrial Action and negative impact on employee relations, staff morale and student satisfaction.	<p>The University has established a Contingency Planning Group to identify and support schools with contingency plans to mitigate impact, where possible, and manage communications.</p>
Student experience	The University does not provide a service that meets with student expectations.	<p>As part of a Service Transformation, the University is establishing a single Education and Data Services to deliver education, consistency of practice, including student enquiry points; a new CPD framework for learning and teaching, and further support activities for HE fellowships; embedding new principles of curriculum design; and commencing a new student voice campaign.</p>
Research	The University fails to grow research income aligned to The Way Forward Strategy KPI.	<p>Implementation of Funding Oversight Group to take a strategic approach to funder relationship management, intelligence gathering, bid development and institutional peer review, with the aim of enhancing engagement with funders.</p>

Risk area

Staff Wellbeing

Risk description

The University experiences increasing low staff morale and increased levels of stress and absence and fails to provide adequate support for staff and look after their wellbeing.

Risk management

The University undertakes an annual staff satisfaction survey to help identify areas of concern, operating alongside the University's Staff Wellbeing Strategy and Framework which includes initiatives such as the Positive Health, Environment and Wellbeing events, resilience workshops and an employee counselling service.

The financial outlook remains uncertain

We believe that the last two years of financial deficits are now behind us and we look to the future with cautious optimism. The University is planning to return to an operating surplus in 2019/20.

Major improvements to the University's campus are bearing fruit with new facilities opening to benefit teaching, research and innovation. This work will

continue during the next few years as the Innovation Campus is further developed, the Centre for Student Life is completed and work commences on refurbishing the School of Architecture and construction of a new Mathematics and Computer Science centre.

With a focus on sustainable investment to reinforce core activities, the University is in a strong position to weather the

uncertain external climate and further build on its status as an ambitious and innovative institution.

Professor Stuart Palmer

Chair of Council
25 November 2019



Corporate Governance Statement

The University's legal status derives from a Royal Charter first granted by Queen Victoria in 1884 to found the University College of South Wales and Monmouthshire. The current charter (known as a Supplemental Charter) was approved in 2004 and sets out the purpose and powers of the University. Embodied within it are fundamental principles such as the University's power to teach, examine, carry out research and award degrees. Its objects, powers and framework of governance are set out in its Charter and its supporting Statutes, the latest amendments to which were approved by the Privy Council in 2015. The University registered as a charity in 2010 (1136855).

The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities:

Council

The Council is the governing body and thus the supreme authority of the University, which means that it is ultimately accountable for the conduct and activity of the University and its representatives. The Council is responsible for the administration and management of the affairs of the University and for agreeing the general strategic direction of the institution.

The Council is committed to conducting its business in accordance with the Nolan principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities from the Committee of University Chairs in its Higher Education Code of Governance published in December 2014 and revised in June 2018.

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

In respect of the year ended 31 July 2019, the Council can report:

- (i) that there was no element of the Governance Code of Practice with which the University's practice was not consistent; and
- (ii) that the University's fundraising policies and practices are fully

aligned with the changes in requirements as a result of the amendments to the Code of Fundraising Practice.

The University undertakes regular Council effectiveness reviews and underwent an external review in 2017, conducted by the Good Governance Institute. This External Review concluded that the University is fully compliant with the CUC Code of Higher Education Governance in respect of its governance framework.

A number of recommendations were made following the review to ensure a continued fit-for-purpose Council which meets the test of being business-like and responsive to key stakeholders, whilst preserving the long-term traditions and values of the institution. Work has continued throughout 2018/19 to implement these recommendations.

In addition, the University conducted a review of the effectiveness of its governance framework, whose recommendations are expected to be reported to the Council during the 2019/20 academic year.

The University is committed to the highest standards of openness, probity and accountability, and seeks to conduct its affairs in a responsible manner and has in place a Public Interest Disclosure policy to enable staff, students and other members of the University to raise concerns which are in the public interest.

The Council has a majority of members from outside the University (described as lay members), from whom its Chair must be drawn. Council membership also includes staff and students. Council lay members are recruited in an open, fair and transparent manner and due regard is given to equality and diversity, the need to balance skills and expertise as well as geographical location. The Governance Committee is responsible for overseeing the recruitment process and recommending new lay members to Council for approval.

None of the lay members receives any payment, apart from the reimbursement of expenses, for the work they do for the University. On appointment, Council members are required to complete a register of Interests entry.

The current register of interests is publicly available on our website:

<https://www.cardiff.ac.uk/about/organisation/governance/council>

Throughout the 2018/19 academic year, the Council met six times, including two Special meetings of Council to discuss the Transforming Cardiff agenda.

During this period, the Council approved a number of business cases, considered progress against commissioned reviews of governance arrangements and prepared for the Higher Education Funding Council for Wales' developing Quality Enhancement Review.

Senate

The Senate is established by the University's Charter, which gives it responsibility for: 'The ordering of the academic affairs of the University, both in teaching and in research', and draws its membership from the academic staff and students of the institution. Its role is to direct and regulate the teaching and research work of the University to ensure the University achieves its academic objectives.

The Senate met three times during the 2018/19 academic year.

Court

The Court is a large, mainly formal body, whose members have predominantly an ambassadorial role. Most members of the Court are from outside the University, representing the local community and other designated bodies with an interest in the work of the University. The membership also includes representatives of the staff of the University (both academic and non-academic) and the student body.

The Court ordinarily meets annually to receive the University's annual report and audited financial statements. The Court is chaired by the University's Chancellor. The Court met in January 2019, at which meeting a new University Chancellor was invested.

Accounting Officer

The chief executive and principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

Under the terms of the formal financial memorandum between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the accounting officer of the University and in that capacity can be summoned to appear before the Audit Committee of the Welsh Government.

Committees

The University Council has established four major committees whose members it appoints to oversee various aspects of the University's business; the Policy and Resources Committee, the Governance Committee, the Remuneration Committee and the Audit Committee.

All of these committees are formally constituted, each with terms of reference and a membership which includes lay members of Council and a Council lay member as Chair.

Policy and Resources Committee

The Policy & Resources Committee comprises independent members of Council, members of University management and elected officers from the Students' Union.

The broad remit of the Policy & Resources Committee is to act as the finance committee for the University and ensure the alignment of resources with the University's Strategic Plan.

The committee oversees the business of two sub-committees that scrutinise the estates and infrastructure development activity of the University, and oversee the management of the University's investment and banking activity, respectively.

The Policy and Resources Committee met six times during the 2018/19 academic year, including two extraordinary meetings to review the 2019/20 budget and five-year financial plan, and to scrutinise a business case respectively.

Over the course of the year, the Committee reviewed the University's financial statements, budgets and financial plans alongside the Strategic Plan. The committee also considered and recommended to Council for approval a number of capital investment business cases.

Governance Committee

The Governance Committee comprises representatives from independent members of Council, members of the University Executive Board, members of Senate, and an Elected Officer of the Students' Union.

The Governance Committee met four times in 2018/19 and considered in detail the University's compliance with the Welsh Language Standards, GDPR, PREVENT, CMA, Bribery Act, Human Tissue Act, The Modern Slavery Act 2015 and the Equality Act.

Remuneration Committee

The Remuneration Committee has a wholly independent membership which includes four lay members of the Council (who include the Chair and Vice-Chair). The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor. Throughout 2018/19, the Remuneration Committee met twice.

Audit Committee

All members of the Audit Committee are independent of University management, and includes lay members of Council.

The Audit Committee met four times in 2018/19. The external auditors were present for consideration of the annual Financial Statements and management representation letter as well as the annual audit plan.

The Committee considered detailed reports, including those from internal audit, together with recommendations for the improvement of the University's systems of internal control as well as management responses and implementation plans. The Vice-Chancellor and other senior executives are not members of the Committee but may attend meetings by invitation.

Management

As chief executive of the University, the Vice-Chancellor has responsibility for the development of institutional strategy, the identification and planning of new developments, and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors and the senior professional officers all contribute in various ways to these aspects of the work, but ultimate authority rests with the Council.

Principal risk and system of internal control

Council has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible.

The system of internal control is designed to manage rather than eliminate the risk of non-achievement of policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively.

Council confirms that this process has been in place and operating effectively for the year ended 31 July 2019 and up to the date of approval of the financial statements, and accords with HEFCW guidance.

As the governing body, Council has responsibility for reviewing the effectiveness of the system of internal control. It meets at regular intervals to consider the plans and strategic direction of the institution and receives assurance reports from the Chair of Audit Committee concerning internal control.

The Audit Committee receives regular reports from Internal Audit. An independent opinion is provided on each report relating to the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.

The University Executive Board has responsibility for risk management, agreeing the University's risk appetite, updating the University Executive Board strategic risk register and reporting on risk to Governance Committee, Policy and Resources Committee and Council throughout the year.

The University operates a hierarchical system for risk management. Risks within individual teams and projects are reported to the relevant school or department on a quarterly basis. The schools and departments then escalate any key risks to the Colleges and Professional Services Board for

consideration and inclusion in their risk registers. Colleges and Professional Services Board then report their risk registers to the University Executive Board on a quarterly basis. This ensures that governance, management, reputational, quality and financial risks

from across the University are considered for incorporation into the University's strategic risk register. Risks identified in the strategic register are also cascaded down the hierarchy to ensure that the mitigating actions required are put in place.

All staff have some part to play in protecting the University from undue exposure to risk, whether reputational, financial, or in terms of its core activities of teaching and research, and are encouraged to be aware of the implications and potential consequences of their actions for the University.

Public Benefit Statement

Cardiff University is a registered charity (no. 1136855). It exists to create and share knowledge and to educate for the benefit of all. Its Royal Charter, first granted in 1884, sets out its constitutional arrangements and objects. Embodied within the objects is the fundamental principle of the advancement of education, empowering the University to research, teach, examine and award degrees. The objects also contain obligations to develop the character of students, promote health and welfare—especially in Wales—and contribute to social, cultural and economic development.

A member of the Russell Group of research intensive universities, Cardiff University sees fundamental research as essential to human aspiration and critical to the development of cultural artefacts, technologies and services that improve the quality of life for all.

In setting and reviewing the University's objectives and activities, the University's Council has had due regard to the Charity Commission's guidance on the reporting of public benefit, particularly its supplementary guidance on the advancement of education.

The Way Forward 2018–2023 sets out the University's strategic aims, which are summarised below.

Education and Students

The University provides an educationally outstanding and consistently high-quality student experience, driven by creativity and curiosity, which seeks to enhance learning and support student life. Students benefit from and contribute to an excellent research culture that equips them to succeed in a global employment arena and make a real difference in the world. The University has a strong

track record in widening participation to ensure that students from a variety of backgrounds have access to the benefits of higher education. It takes students on an inspiring educational journey that enriches their lives, prepares them for leadership and the world of work, and enables them to participate fully in society.

Research and Innovation

Through its research, which is enhanced by a number of dedicated institutes, the University is tackling critical global issues that require cross disciplinary co-operation. Researchers are tackling major challenges facing society, the economy and the environment in Wales, in the UK and globally. With breakthroughs in areas such as Alzheimer's disease and mental health, compound semiconductors, gravitational waves, climate change and creative industries, we continue to make a positive and lasting impact to society.

The University is also establishing itself as the Home of Innovation – acting as a magnet for private, public and third sector partners – to ensure the benefits of its work are shared as widely as possible. It is equipping graduates with entrepreneurial capacity so that they can contribute to the growth of the knowledge economy. It is also investing in bespoke facilities for innovative collaborations with industry, government and wider society.

International

The University is a global institution with almost 8,000 international students (including non-UK EU) from more than 130 countries, being more than 22% of the total student body, and formal links with more than 300 institutions worldwide.

It collaborates with business and education partners all over the world, including formal strategic partnerships with Xiamen University in China, KU Leuven in Belgium and University of Campinas in Brazil. The University's strong links with institutions worldwide mean that many of its students have the opportunity to study, work or volunteer abroad. It attracts the highest calibre of academics and researchers from around the world, enhancing the learning experience for students and bringing a global perspective to its research. Its researchers collaborate with partners worldwide to tackle global issues such as habitat loss and conservation strategies in the world's biodiversity hotspots and the role of rivers and estuaries in the burden of plastic pollution.

Civic Mission

The University is committed to improving social cohesion and the health, wealth and wellbeing of communities in Cardiff, Wales and beyond. It uses its expertise, knowledge and resources to support self-help community projects across Wales and further afield. The University works closely with primary and secondary schools and further education colleges to support young people's learning so that they can achieve their potential. It also benefits local communities through its Living Wage commitment and cohort of student volunteers. The University has a strong sense of place in the Cardiff and south Wales region and is committed to promoting and celebrating the Welsh language. The University is also committed to creating high-value jobs in a number of sectors across the region.

Responsibilities of the Council of Cardiff University

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

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, in accordance with applicable law.

Under that law and other regulations, the Council has prepared the University and Group Financial Statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the University's Charter of Incorporation, the Accounts Direction issued by HEFCW, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, the Charities Act 2011 and other relevant accounting standards, which give a true and fair view of the state of affairs of the University and the consolidated Group and of the incoming resources and expenditure of the University and the consolidated Group for that period.

In preparing these Financial Statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting for Further and Higher Education;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

The Council is responsible for safeguarding the assets of the University and Group and for taking reasonable steps for the preventions and detection of fraud and other irregularities.

The Council is also responsible for keeping adequate accounting records that are sufficient to show and explain the University's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the University and Group and to enable it to ensure that the Financial Statements comply with applicable law and regulations.

In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCW and the Council of the University, the Council, through its Accountable Officer, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries and of the surplus or deficit, statement of movements on reserves and cash flows for that year.

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 Memorandum of Assurance and Accountability with HEFCW and any other conditions which HEFCW or any other 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; and
- 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; and
- an Internal Audit team whose annual programme is recommended by the Audit Committee and approved by the Council.

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
25 November 2019

Independent Auditors' Report to the Council of Cardiff University

Report on the audit of the financial statements

Opinion

In our opinion, Cardiff University's consolidated financial statements and University financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2019 and of the Group's and the University's deficit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and University balance sheets as at 31 July 2019; the consolidated and University statements of comprehensive income, the consolidated statement of cash flows, and the consolidated and University statements of changes in reserves for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach Overview



- Overall Group materiality: £5.4m (2018: £5.1m), based on 1% of income.
- Overall University materiality: £5.4m (2018: £5.1m), based on 1% of income.
- The entities where we performed audit work accounted for 99% of the consolidated income and expenditure and net assets.
- Risk of fraud in income and expenditure recognition (Group and University).
- Pension liabilities (Group and University).
- Recoverability of investment in Compound Semiconductor Centre Limited (Group and University).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the University, we identified that the principal risks of non-compliance with laws and regulations related to the Memorandum of Assurance and Accountability and Financial Management Code issued by the Higher Education Funding Council for Wales (HEFCW), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and Memorandum of Assurance and Accountability issued by HEFCW. We evaluated management's incentives and opportunities for fraudulent manipulation of the Group and University financial statements (including the risk of management override of controls) and determined that the principal risks related to overstatement of income and understatement of expenditure. Audit procedures performed by the engagement team included:

- Discussions with management and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of investments (see related key audit matter below); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by

the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed

in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Risk of fraud in income and in expenditure recognition

We identified that the risk of fraud in relation to income and expenditure were significant audit risks, in particular whether the Group and University were entitled to recognise income and whether expenditure was complete.

The majority of income recognised in the Group and University is not complex, with clear recognition points.

Research grant and contract income (note 4) of £116.0m (2018: £105.9m) is included in the financial statements and was considered to be more susceptible to manipulation because performance related recognition conditions are specific to individual grants. Consequently there is a risk that management could manipulate income by overstating accruals or understating deferrals of income.

Our work on expenditure was focussed on the area most susceptible to manipulation to decrease the Group's and University's deficit. This was unrecorded liabilities.

Group and University.

How our audit addressed the key audit matter

Income

To ensure that research grant and contract income was recognised in accordance with performance related conditions we obtained the project funding agreements for a sample of projects to determine the conditions under which income could be recognised. By reference to the performance conditions identified, we determined whether the income had been recognised in accordance with these conditions and performed tests to check whether that performance had taken place, for example by checking whether underlying expenditure had been incurred and whether that expenditure was eligible by reference to the funding agreements.

Our work did not identify any instances where performance criteria had not been achieved.

Expenditure

We performed testing over post year end payments to identify whether there were any liabilities that should be recorded in the financial statements but that had been omitted.

No such items were identified.

Pension liabilities

Refer to notes 19 (Pension Provision) and 21 (Pension schemes)

The Group and the University participate in two defined benefit pension plans with aggregate net liabilities of £59.4m (2018: £48.5m). There is also a further provision of £140.8m (2018: £49.4m) for future deficit repayments in relation to a further multi-employer defined benefits scheme, the Universities Superannuation Scheme (USS). This scheme is treated as a defined contribution scheme because it is not possible to separately identify the assets and liabilities of each member organisation of the scheme. However a liability is required to be recognised in respect of the future deficit repayments that the Group and University have agreed to make. The liability is determined by discounting the future cash flows under the deficit repayment plan at an appropriate discount rate.

Subsequent to the year-end an updated schedule of deficit repayment contributions was agreed. This has been treated as a non-adjusting post balance sheet event and the revised liability has been disclosed in the accounts.

Each of these liabilities is significant in the context of the Group's and the University's balance sheets.

The valuation of the pension liability requires significant levels of judgement and technical expertise in choosing appropriate assumptions. Changes in a number of key assumptions (including salary increases, inflation, discount rates, and mortality rates) can have a material impact on the calculation of the liability.

Group and University.

Defined benefit schemes

We obtained the pension valuation reports for each of the two defined benefit schemes from the external actuary. With the assistance of our internal actuarial specialists we compared the principal assumptions used in the valuation of the pension liability by the external actuary to our internally developed benchmarks.

The assumptions used were consistent with our benchmarks.

USS liability

We obtained the models used by the Group and University to determine the USS liability included in the accounts and that disclosed in respect of the updated schedule of deficit repayment contributions treated as a non-adjusting post balance sheet event. We used our internal actuarial specialists to establish that the discount rate used to quantify the liability fell within an acceptable range.

We agreed that other principal assumptions used in the model were consistent with the Group's and University's internal planning and forecasting models.

We agreed that the treatment of the updated schedule of deficit repayment contributions as a non-adjusting post balance sheet event is appropriate and in accordance with accounting standards as the liability at the year-end is based on the agreement that was in place at that time.

Recoverability of investment in Compound Semiconductor Centre Limited

The University has a joint venture, the Compound Semiconductor Centre ("CSC"). CSC is a start-up entity which was forecast to be loss making in the first years of its life. The venture has been trading for more than three years at the University's year end date. The University's gross investment in CSC at 31 July 2019 (including loans of £2m) was £24.2m and the Group's share of net assets was £14.2m before any impairments.

The recoverability of management's investment in CSC is highly dependent on the availability of capacity and ability to generate third party revenues to utilise that capacity. The growth in this area has fallen significantly short of the original forecasts.

The University determined the recoverable amount of its investment using a discounted cash flow methodology. The methodology requires the use of estimates, including projected future cash flows and other future events and the determination of an appropriate discount rate.

The University has booked an impairment against this investment of £19m this year. In the Group accounts an impairment of £9.5m has been booked.

Given the size of the balance and the estimation involved this is an area of focus.

Group and University.

Deploying our valuation specialists, we obtained management's impairment assessment and tested the reasonableness of key assumptions underpinning management's value in use valuation of the University's investment in CSC.

In order to assess the appropriateness of the interest rate used to discount the future cash flows we used expert valuers to compare the rate to a comparable company set.

We also used experts to determine the appropriateness of the terminal value used in the projections.

We assessed whether the forecast cash flows were reasonable by comparing them to historical trends and by considering the accuracy of management's forecasting in the past. We considered whether there had been any changes to the business or to the market environment, which could increase the level of uncertainty in the forecast.

We challenged management to substantiate its assumptions, including comparing relevant assumptions to third party data and economic forecasts.

We evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes to key assumptions.

We have found the judgements and estimates made by management to be materially reasonable and the related disclosures to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the University, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Council made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve

deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and University financial statements, including, but not limited to the Memorandum of Assurance and Accountability issued by the Higher Education Funding Council for Wales (HEFCW). Our tests included, but were not limited to, agreeing that specific grants were used in accordance with the conditions of the grant. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We found the risk of fraud in income and expenditure recognition to be a key audit matter, and this is discussed further below. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality

Consolidated: £5.4m (2018: £5.1m),
University: £5.4m (2018: £5.1m).

How we determined it

1% of income.

Rationale for benchmark applied

We consider that income is an appropriate benchmark, recognising that the University is a not-for-profit organisation, and because income is an important driver in funding relevant expenditures.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.26m (Group audit) (2018: £0.26m) and £0.26m (University audit) (2018: £0.26m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and University's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Annual Report

Under the Charities Act 2011 we are required to report to you if, in our opinion, the information given in the Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Responsibilities of the Council of Cardiff University set out on page 27, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group's and the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with Article 18 of the University's Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, Higher Education (Wales) Act 2015, and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Higher Education Funding Council for Wales (HEFCW) Audit Code of Practice issued under the Further and Higher Education Act 1992 and the Financial Management Code issued under the Higher Education (Wales) Act 2015

In our opinion, in all material respects:

- the requirements of HEFCW's Accounts Direction have been met;
- 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;
- income has been applied in accordance with the University's articles of government; and

- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability, the Financial Management Code and any other terms and conditions attached to them; and

- funds provided by HEFCW have been used for the purposes for which they were received.

Sufficiency of accounting records and information and explanations received

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

- sufficient accounting records have not been kept by the University; or
- the University financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
Cardiff
28 November 2019

Consolidated and University Statements of Comprehensive Income

Year ended 31 July 2019

	Note	Consolidated		University	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income					
Funding body grants	2	57,985	49,751	57,985	49,751
Tuition fees and support grants	3	279,521	265,215	279,521	265,215
Research grants and contracts	4	116,048	105,907	116,048	105,907
Other income	5	76,117	87,421	74,682	85,806
Investment income	6	6,259	7,829	6,255	7,829
Donations and endowments	7	2,570	1,566	2,613	1,566
Total Income		538,500	517,689	537,104	516,074
Expenditure					
Staff costs	8	312,313	305,393	312,313	305,393
Staff costs – increase in USS pension scheme provision	10,19	92,908	715	92,908	715
Staff costs – Voluntary Severance Scheme		6,537	3,005	6,537	3,005
Other operating expenses	10	180,177	181,101	178,981	179,551
Depreciation	11	40,547	37,975	40,547	37,975
Interest and other finance costs	9	12,351	12,299	12,343	12,290
Total Expenditure	10	644,833	540,488	643,629	538,929
Operating deficit before other gains and losses		(106,333)	(22,799)	(106,525)	(22,855)
Loss on disposal of tangible assets		(2,719)	-	(2,719)	-
Impairment of non-current investment	12	(9,504)	-	(19,000)	-
Gain on valuation of investments	15	12,244	6,853	12,244	6,853
Share of operating deficit in joint ventures	12	(2,803)	(1,513)	-	-
Deficit for the year		(109,115)	(17,459)	(116,000)	(16,002)
Actuarial loss in respect of pension schemes	21	(9,103)	3,980	(9,103)	3,980
Realised gain on the revaluation of disposed assets		821	-	821	-
Total comprehensive deficit for the year		(117,397)	(13,479)	(124,282)	(12,022)
Represented by:					
Endowment comprehensive income for the year		3,745	1,354	3,745	1,354
Restricted comprehensive income/(expenditure) for the year		(65)	202	(65)	202
Unrestricted comprehensive expenditure for the year		(121,077)	(15,035)	(127,962)	(13,578)
		(117,397)	(13,479)	(124,282)	(12,022)

All items of income and expenditure relate to continuing activities.

Statements of Changes in Reserves

Year ended 31 July 2019

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2017	33,138	485	339,184	345,586	718,393
Surplus/(deficit) from the income and expenditure statement	1,354	202	(19,015)	-	(17,459)
Other comprehensive income	-	-	3,980	-	3,980
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2018	34,492	687	330,445	339,290	704,914
Surplus/(deficit) from the income and expenditure statement	3,745	(65)	(112,795)	-	(109,115)
Other comprehensive expenditure	-	-	(8,282)	-	(8,282)
Total comprehensive deficit for the year	3,745	(65)	(121,077)	-	(117,397)
Transfer to comprehensive deficit	-	-	-	(821)	(821)
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2019	38,237	622	215,664	332,173	586,696

University	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2017	33,138	485	343,705	345,586	722,914
Surplus/(deficit) from the income and expenditure statement	1,354	202	(17,558)	-	(16,002)
Other comprehensive income	-	-	3,980	-	3,980
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2018	34,492	687	336,423	339,290	710,892
Surplus/(deficit) from the income and expenditure statement	3,745	(65)	(119,680)	-	(116,000)
Other comprehensive expenditure	-	-	(8,282)	-	(8,282)
Total comprehensive deficit for the year	3,745	(65)	(127,962)	-	(124,282)
Transfer to comprehensive deficit	-	-	-	(821)	(821)
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2019	38,237	622	214,757	332,173	585,789

Balance Sheets

As at 31 July 2019

	Note	Consolidated		University	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current assets					
Tangible fixed assets	11	782,833	763,935	782,833	763,935
Investments	12	11,832	32,317	10,490	37,668
		794,665	796,252	793,323	801,603
Current assets					
Stocks	13	240	233	240	233
Debtors	14	55,159	63,448	55,825	63,726
Investments	15	277,537	320,877	277,537	320,877
Cash and cash equivalents		118,509	58,701	117,678	58,303
		451,445	443,259	451,280	443,139
Creditors: amounts falling due within one year	16	(148,871)	(130,198)	(148,271)	(129,451)
Net current assets		302,574	313,061	303,009	313,688
Total assets less current liabilities		1,097,239	1,109,313	1,096,332	1,115,291
Creditors: amounts falling due after more than one year	17	(310,295)	(306,466)	(310,295)	(306,466)
Pension provisions	19	(200,248)	(97,933)	(200,248)	(97,933)
Total net assets		586,696	704,914	585,789	710,892
Restricted Reserves					
Income and expenditure reserve – endowment reserve	20	38,237	34,492	38,237	34,492
Income and expenditure reserve – restricted reserve		622	687	622	687
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		215,664	330,445	214,757	336,423
Revaluation reserve		332,173	339,290	332,173	339,290
Total Reserves		586,696	704,914	585,789	710,892

The financial statements on pages 33 to 60 were approved by Council on 25 November 2019 and were signed on its behalf on that date by:

Professor Stuart Palmer
Chair of Council

Professor Colin Riordan
Vice Chancellor

Robert Williams
Chief Financial Officer

Consolidated Statement of Cash Flows

Year ended 31 July 2019

	Note	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Cash flow from operating activities			
Deficit for the year		(109,115)	(17,459)
Adjustment for non-cash items			
Depreciation	11	40,547	37,975
Gain on investments	15	(12,244)	(6,853)
(Increase)/decrease in stock	13	(7)	2
Decrease/(increase) in debtors	14	8,289	(5,074)
Increase in creditors		24,673	17,280
Non-cash pension charges	10	93,212	(1,372)
Share of operating deficit in joint ventures	12	2,803	1,513
Impairment of non-current investments	12	9,504	-
Other disposal of tangible fixed assets	11	2,719	-
Adjustment for investing or financing activities			
Investment income	6	(6,259)	(7,829)
Interest payable	9	9,969	10,058
Endowment income	20	(403)	(30)
Net cash inflow generated from operating activities		63,688	28,211
Cash flows from investing activities			
Investment income	6	6,259	7,829
Withdrawal of deposits		54,993	14,851
Payments made to acquire fixed assets	11	(62,164)	(71,518)
New non-current asset investments	12	(1,231)	(13,789)
Transfers from term deposits with more than 3 months maturity	12	10,000	15,000
Net cash inflow/(outflow) used in investing activities		7,857	(47,627)
Cash flows from financing activities			
Interest paid	9	(9,969)	(10,058)
Endowment cash received	20	403	30
Repayments of amounts borrowed		(2,171)	(2,067)
Net cash outflow used in financing activities		(11,737)	(12,095)
Increase/(decrease) in cash and cash equivalents in the year		59,808	(31,511)
Cash and cash equivalents at beginning of the year		58,701	90,212
Cash and cash equivalents at end of the year		118,509	58,701

Notes to the Financial Statements

Year ended 31 July 2019

1. Statement of Principal Accounting Policies

Basis of preparation

This consolidated financial information has been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, the Financial Reporting Standard (FRS 102) and the Charities Act 2011. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial information is prepared in accordance with the historical cost convention (modified by the revaluation of land and buildings and the measurement of certain financial instruments at fair value).

The financial statements have been prepared on a going concern basis. The Council considers that the University has adequate financial resources and its current forecasts and projections show it to be well placed to manage its activities successfully for the foreseeable future.

Basis of consolidation

The consolidated financial information consolidates the financial statements of the University and its subsidiary undertaking University College Cardiff Consultants Limited for the financial year to 31 July but does not include those of the University Union, WWII Limited 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. Joint ventures are accounted for using the equity method.

Recognition of income

Fee income is stated gross of any expenditure which is not a discount or overseas agent payment and credited to the Consolidated Statement of Comprehensive Income. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Investment income is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

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

Grant funding

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

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and movements in fair value of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms of the restrictions applied to the individual endowment funds.

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

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

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

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 Pension Scheme (LGPS). The schemes are funded defined benefit schemes. 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.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Comprehensive Income in the periods during which services are rendered by employees.

Defined benefit plan:

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

In addition, the National Health Service (NHS) Superannuation Scheme is in operation for certain staff. The NHS scheme is an unfunded defined benefit scheme, with pension benefits being paid out of contributions received in the year and contribution rates determined by HM Treasury. This is accounted for as a defined contribution scheme. To comply with The Pensions Act 2008, the University also uses the NEST defined contributions pension scheme for eligible non-contractual workers.

Employment benefits

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

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 GB Sterling, the functional currency of the University, at year-end rates and the resulting exchange differences are included in the determination of the deficit or surplus for the year.

Operating leases

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

Fixed assets

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

The difference between the revalued amount and historical cost is credited to a revaluation reserve. An amount equal to the depreciation in excess of that on the historical cost basis is transferred from the revaluation reserve to retained earnings.

Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Academic buildings and listed buildings	50 years
Pre 1990 residence sites	25 years
Post 1990 and Talybont North residence sites	50 years
Residential Houses	50 years
Semi-permanent and Maths/ Education buildings	25 years
New UHW site buildings	50 years
Old UHW site buildings	25 years
Refurbishments	15 years

Leasehold buildings are depreciated over the shorter of the lease term or the expected useful lives shown above.

No depreciation is charged on assets in the course of construction.

Equipment

Equipment costing less than £10,000 per individual item or Group of related items is written off in the year of acquisition unless purchased as part of a refurbishment. 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.

Fully depreciated equipment is written off 10 years after acquisition.

Capitalised equipment is stated at cost and depreciated over its expected useful life of between four and fifteen years as appropriate. Assets under construction are not depreciated until brought into use.

Investments

Non-current asset investments are held on the Balance Sheet at cost less impairment unless fair value can be determined reliably. Joint ventures are carried at cost less impairment in the University's financial statements.

Current asset investments are held at fair value with movements recognised in the total comprehensive income for the year.

Stocks

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

Cash and cash equivalents

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

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

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.

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.

Financial instruments

The University has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments for its consolidated and University financial statements.

(i) Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the total comprehensive income for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the total comprehensive income for the year.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value which is normally transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant

risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Reserves

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

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

Significant estimates and judgements

Significant estimates and judgements used in the preparation of this financial information were as follows:

(i) Carrying value of Compound Semiconductor Centre Limited

Estimate

In July 2015 the University invested in the joint venture Compound Semiconductor Centre Limited, with further payments made during 2015/16, 2016/17 and 2017/18.

As a result of a shortfall against commercial revenue forecasts, along with prospective changes in UK and European grant funding and the impact of the current economic and political landscape, we undertook an impairment review to estimate the recoverable value of the University's investment. This requires the estimation of the future cash flows from the joint venture and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Details of the impact of the impairment are disclosed in Note 12 – Non-Current Investments.

(ii) Recoverability of debtors

Estimate

The policy for provision for bad and doubtful debts is specific for each debt based upon known circumstances and post year end recovery of debts. Any un-provided debts are deemed as recoverable.

(iii) Retirement benefit obligations

Estimate

The University operates its own scheme, Cardiff University Pension Fund (CUPF) and participates in a Local Government Pension Scheme (LGPS); both are defined benefit schemes. Actuarial valuations of the schemes are carried out as determined by the trustees at intervals of not more than three years.

Pension costs under FRS 102 are assessed in accordance with the advice of independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries.

The assumptions are based upon information supplied to the actuaries by the University, supplemented by discussions between the actuary and management. The assumptions are documented in Note 21.

FRS102 makes a distinction between Group defined benefit plan and multi-employer scheme. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for such a multi-employer scheme where the employer entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in income and expenditure

statement in accordance with section 28 of FRS102. The trustees are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the scheme's recovery plan in existence at the 31 July 2019.

The deficit recovery plan put in place by the USS sets out the proportion of annual contributions that relate to past deficit recovery, and the period for which these are committed. These committed deficit contributions are re-assessed with each triennial valuation of the scheme, and form the basis of the provision, together with assumptions on appropriate inflation and discount factors.

Judgement

The latest complete triennial actuarial valuation of the defined benefit element of the USS scheme (Retirement Income Builder) at the balance sheet date was at 31 March 2017 (valuation date) and was carried out using the projected unit method. A valuation as at 31 March 2018 was approved in September 2019. In the judgement of the Trustees, the results of this valuation represent a non-adjusting post-balance sheet event. Details of the impact of the 2018 valuation are disclosed in Note 19 – Provisions.

2. Funding Body Grants

Consolidated and University

	2019 £000	2018 £000
Recurrent grant	50,930	43,860
Specific grants	1,282	2,046
Capital grants	5,773	3,845
	57,985	49,751

3. Tuition Fees and Support Grants

Consolidated and University

	2019 £000	2018 £000
UK and European Union Undergraduate	139,674	135,508
UK and European Union Postgraduate	14,332	12,929
Overseas (including part-time)	83,236	71,792
Part Time (UK and European Union)	5,938	5,335
	243,180	225,564
Education contracts	17,182	18,288
Research training support grants	7,686	8,898
Non-credit bearing fees	11,473	12,465
	279,521	265,215

4. Research Grants and Contracts

Consolidated and University

	2019 £000	2018 £000
Research Councils	32,869	32,780
UK-based charities	24,805	21,345
UK Government bodies	33,931	29,121
UK Industry	6,371	4,368
European Commission	10,502	11,782
Overseas	5,984	5,630
Other grants and contracts	1,586	881
	116,048	105,907

5. Other Income

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Other services rendered:				
UK Central Government	20,490	35,156	20,490	35,156
UK Health Authorities	8,748	8,119	8,748	8,119
UK Industry	1,069	1,225	1,069	1,225
European Union	1,560	2,074	1,560	2,074
Overseas	307	398	307	398
UK Universities	339	759	339	759
Other Sources	6,513	6,390	6,513	6,390
Total other services rendered	39,026	54,121	39,026	54,121
Residences, catering and conferences	29,155	27,509	29,155	27,509
Rents Receivable	1,252	361	1,252	361
Exempt VAT recoverable	875	975	875	975
Other income	5,809	4,455	4,374	2,840
	76,117	87,421	74,682	85,806

Other income has reduced by £11.3m to £76.1m due primarily to the transfer of Post-graduate Medical & Dental Education activity to Health Education in Wales in September 2018.

6. Investment Income

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Income from investments	5,017	6,987	5,013	6,987
Income from endowment investments	1,242	842	1,242	842
	6,259	7,829	6,255	7,829

7. Donations and Endowments

		Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
New endowments	(Note 20)	403	30	403	30
Donations with restriction		319	217	319	217
Unrestricted donations		1,848	1,319	1,891	1,319
		2,570	1,566	2,613	1,566

8. Staff Costs

Consolidated and University

	Note	2019 £000	2018 £000
Staff costs:			
Wages and salaries		242,298	240,214
Social security costs		25,170	24,710
Other pension costs	21	44,845	40,469
		312,313	305,393

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

	2019 FTE	2018 FTE
Average staff numbers by major category:		
Clinical and non-clinical academic and academic related	4,281	4,195
Technical services	233	226
Administrative support	966	985
Operational services	259	273
	5,739	5,679

	2019 £000	2018 £000
Emoluments of the Vice Chancellor - Salary	257	252
- Bonus	-	46
- Benefits-in-kind	9	1
	266	299
- Pension	48	45
	314	344

The emoluments of the Vice-Chancellor are set by the Remuneration Committee, which comprises independent external members of Council who possess commercial and public sector pay knowledge and expertise. The Vice-Chancellor is not in attendance for, or plays any part in, the discussions over his own emoluments.

The Remuneration Committee determines the emoluments according to a number of factors including, but not limited to:

- the depth of the Vice-Chancellor's leadership, management and academic experience within the higher education sector
- the breadth of leadership and financial responsibilities for the institution.
- the accountability for sustaining a TEF Silver-ranked educational experience for the institution's students and a research portfolio worth in excess of £100m, and
- the benchmarking of the base salary against annual average salary of Russell Group Vice-Chancellors as surveyed and published by The Times Higher Education journal.

The Vice-Chancellor's base salary rises in line with national pay awards for the Higher Education sector.

The benefits-in-kind received by the Vice Chancellor are as follows:

- Private medical insurance £1k (2018 £1K)
- Permanent accommodation (from 6th April 2019) £8k (2018 Nil)

The benefit derived for the Vice-Chancellor's personal occupation of a University-owned property is as the result of an HMRC Regulation change on 6th April 2019. There is no equivalent benefit for 2018.

8. Staff Costs (continued)

Emoluments of the Vice Chancellor (continued)

The Vice-Chancellor's basic salary is 7.1 times (2017-18: 6.9 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The Vice-Chancellor's total remuneration is 7.3 times (2017-18: 8.2 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University of its staff. As per HEFCW Accounts Direction, atypical staff have been excluded from the above calculations.

Key management personnel compensation

The University considers that key management personnel are the 13 individuals (2018 – 12) who serve as members of the University Executive Board having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	2019 £000	2018 £000
Key management personnel compensation	2,019	2,017
Compensation for loss of office to higher paid employees	2019 £000	2018 £000
No compensation payments were made in year (2018 – 1 employee)	-	116

8. Staff Costs (continued)

Other higher paid staff

The remuneration of higher paid staff (excluding the Vice Chancellor) reflected in the ranges below exclude employer pension contributions and compensation for loss of office but include payments made on behalf of the NHS in respect of its contractual obligation to University staff under separate NHS contracts of employment. These payments are excluded from the University's Income and Expenditure account. Of the 163 staff earning in excess of £100,000 in 2019 (2018: 165), 56 (2018: 49) include such payments on behalf of the NHS.

Salary Band	2019 NHS No.	2019 Other No.	2019 Total No.	2018 NHS No.	2018 Other No.	2018 Total No.
£100,000 - £104,999	-	31	31	-	20	20
£105,000 - £109,999	4	18	22	1	22	23
£110,000 - £114,999	3	14	17	3	19	22
£115,000 - £119,999	6	8	14	2	7	9
£120,000 - £124,999	4	4	8	2	8	10
£125,000 - £129,999	3	8	11	5	7	12
£130,000 - £134,999	5	3	8	6	2	8
£135,000 - £139,999	10	3	13	5	3	8
£140,000 - £144,999	2	2	4	8	6	14
£145,000 - £149,999	5	8	13	3	3	6
£150,000 - £154,999	2	-	2	3	2	5
£155,000 - £159,999	2	3	5	5	3	8
£160,000 - £164,999	5	-	5	1	1	2
£165,000 - £169,999	3	1	4	1	4	5
£170,000 - £174,999	-	1	1	1	2	3
£175,000 - £179,999	2	-	2	-	2	2
£180,000 - £184,999	-	1	1	1	1	2
£185,000 - £189,999	-	1	1	1	1	2
£200,000 - £204,999	-	-	-	1	-	1
£210,000 - £214,999	-	-	-	-	1	1
£225,000 - £229,999	-	1	1	-	-	-
£230,000 - £234,999	-	-	-	-	1	1
£260,000 - £264,999	-	-	-	-	1	1
	56	107	163	49	116	165

Trustee remuneration and expenses

No trustee received any remuneration or waived payment from the University during the year (2018: none).

The amounts in the table below represent payments made to trustees for travel and subsistence costs incurred in attending Council, committee meetings and charity events in their official capacity. Not all trustees have claimed expenses in the year or prior year. Where trustees are also employees of the University, expenses claimed in their capacity as an employee are not included.

	2019 £000	2018 £000
Expenses paid to 11 trustees in the year (2018: 12)	11	10

9. Interest and Other Finance Costs

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Bond interest & finance costs	9,155	9,146	9,155	9,146
Bank loan interest	806	903	806	903
Other bank interest	8	9	-	-
Net charge on pension schemes	1,310	1,270	1,310	1,270
Unwind of discount on USS pension provision (Note 19)	1,072	971	1,072	971
	12,351	12,299	12,343	12,290



10. Analysis of Expenditure by Activity

Consolidated	Staff costs £000	Other operating expenses £000	Interest Payable £000	Total 2019 £000	Total 2018 £000
Academic departments	185,356	49,815	-	235,171	236,569
Academic services	19,041	12,751	-	31,792	30,054
Research grants and contracts	50,903	35,051	-	85,954	76,701
Other services rendered	16,519	21,505	-	38,024	49,949
Residences, catering and conferences	5,282	8,270	806	14,358	13,197
Premises	6,013	27,550	-	33,563	32,748
Administration and central services	23,817	6,395	-	30,212	27,782
Other expenses	7,460	18,840	9,163	35,463	33,880
Pension fund adjustments	(2,078)	-	2,382	304	(2,087)
	312,313	180,177	12,351	504,841	498,793
Depreciation (note 11)				40,547	37,975
Staff costs - Increase in USS pension scheme provision (note 19)				92,908	715
Staff costs – Voluntary Severance Scheme				6,537	3,005
Total per Income and Expenditure Account				644,833	540,488

University	Staff costs £000	Other operating expenses £000	Interest Payable £000	Total 2019 £000	Total 2018 £000
Academic departments	185,356	49,815	-	235,171	236,569
Academic services	19,041	12,751	-	31,792	30,054
Research grants and contracts	50,903	35,051	-	85,954	76,701
Other services rendered	16,519	21,505	-	38,024	49,949
Residences, catering and conferences	5,282	8,270	806	14,358	13,197
Premises	6,013	27,550	-	33,563	32,748
Administration and central services	23,817	6,395	-	30,212	27,782
Other expenses	7,460	17,644	9,155	34,259	32,321
Pension fund adjustments	(2,078)	-	2,382	304	(2,087)
	312,313	178,981	12,343	503,637	497,234
Depreciation (note 11)				40,547	37,975
Staff costs - Increase in USS pension scheme provision (note 19)				92,908	715
Staff costs – Voluntary Severance Scheme				6,537	3,005
Total per Income and Expenditure Account				643,629	538,929

Other operating expenses include:

External auditors remuneration in respect of audit services	81	78
External auditors remuneration in respect of non-audit services	2	10

Operating lease rentals

Land and buildings	1,616	1,367
Other	151	96

Atypical staff cost (i)	8,242	7,291
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(i) Atypical staff are defined as being agency staff, self-employed staff and casual staff.

11. Tangible Fixed Assets

Consolidated and University

	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 2018	472,524	256,028	46,129	154,946	929,627
Additions at cost	3,615	4,547	37,487	16,515	62,164
Disposals	(3,021)	-	-	(5,347)	(8,368)
Projects completed	6,948	7,968	(14,916)	-	-
At 31 July 2019	480,066	268,543	68,700	166,114	983,423
Valuation (i)					
Valuation (i)	378,284	229,472	-	-	607,756
Cost	101,782	39,071	68,700	166,114	375,667
At 31 July 2019	480,066	268,543	68,700	166,114	983,423
Accumulated depreciation					
At 1 August 2018	35,083	23,809	-	106,800	165,692
Charge for year	10,954	7,421	-	22,172	40,547
Eliminated on disposal	(302)	-	-	(5,347)	(5,649)
At 31 July 2019	45,735	31,230	-	123,625	200,590
Net book value					
At 31 July 2019	434,331	237,313	68,700	42,489	782,833
At 31 July 2018	437,441	232,219	46,129	48,146	763,935

- (i) A full valuation of the University's Estate was carried out on 31 July 2014 by Cooke and Arkwright Chartered Surveyors in accordance with the RICS Valuation – Professional Standards January 2014 (the Red Book) to establish deemed cost. Of the total valuation of £609m, £557m was at fair value by depreciated replacement cost and £52m was at fair value.
- (ii) Certain buildings have been funded from U.K. Treasury sources at a cost of £132m. Should these particular buildings be sold, the University would use the proceeds in accordance with the Financial Memorandum with HEFCW.
- (iii) Land and buildings includes non-depreciated land of £118m (2018: £118m).

12. Non-Current Investments

	Consolidated			University		
	Investment in joint ventures	Other Investments	Total	Equity investment in joint ventures	Other Investments	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2018	8,646	23,671	32,317	14,003	23,665	37,668
Additions	-	1,231	1,231	-	1,231	1,231
Gain on Valuation of investments	-	591	591	-	591	591
Impairment of investments	(2,504)	(7,000)	(9,504)	(12,000)	(7,000)	(19,000)
Share of operating deficit in joint ventures	(2,803)	-	(2,803)	-	-	-
Transfers to current investments	-	(10,000)	(10,000)	-	(10,000)	(10,000)
Balance at 31 July 2019	3,339	8,493	11,832	2,003	8,487	10,490

The University has investments in the following:

University College Cardiff Consultants Limited (UC3)

The results of UC3, a company limited by guarantee and registered in the UK, have been included by consolidation in the financial information. 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-out companies arising from the University's research and other operations.

Compound Semiconductor Centre (CSC) Limited

The Group's total investment after its share of operating deficits is £3,160k (2018 £10,160k) of preference shares and £Nil (2018 £5,476k) of equity shares. Within the University: £3,160k (2018 £10,160k) preference shares and £nil (2018 £12,000k) equity shares. The preference shares are debt instruments and are included in 'other investments'.

As a result of a shortfall against commercial revenue forecasts, along with prospective changes in UK and European grant funding and the impact of the current economic and political landscape, we undertook an impairment review to estimate the recoverable value of the University's investment. This requires the estimation of the future cash flows from the joint venture and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Cardiff Medicentre

The University holds an investment of £2,000k (2018: £2,000k) representing an 89% shareholding in Cardiff Medicentre with Cardiff and Vale UHB holding the remaining 11%. This Group's total investment after its share of operating surpluses is £3,339k (2018 £3,171k). This interest is treated as a joint venture as the University has joint control with Cardiff and Vale UHB.

Mobeus

The University has made a commitment to invest £10m in the Mobeus Equity Partners IV fund of which £1,231k was invested in the year. This is a private equity investment fund which will contribute to a bond repayment fund for the repayment of the £300m bond capital in 2055. After a gain on valuation of £591k, the investment fund is valued at £5,251k (2018: £3,429k).

Cardiff Partnership Fund Limited

The University owns a 100% shareholding 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 continues to have no trading activity and net assets of £76,761 at 31 July 2019 (£76,761 at 31 July 2018).

13. Stocks

Consolidated and University	2019 £000	2018 £000
Residences and Catering	80	85
Maintenance	101	75
Academic Departments	59	73
	240	233

14. Debtors

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts falling due within one year:				
Trade Debtors:				
- Tuition fees	1,818	1,081	1,818	1,081
- Research grants & contracts	6,944	7,513	6,944	7,513
- Other Services	8,329	8,560	7,836	8,281
Less: Trade Debtors impairment provision	(1,033)	(1,417)	(1,000)	(1,417)
Net Trade Debtors	16,058	15,737	15,598	15,458
Other Debtors	1,160	303	1,147	249
Amount due from subsidiary undertaking	-	-	1,139	611
Prepayments	530	593	530	593
Accrued Income				
- Research grants and contracts	26,714	28,509	26,714	28,509
- Other Income	8,697	16,306	8,697	16,306
	53,159	61,448	53,825	61,726
Amounts falling due after more than one year:				
Compound Semiconductor Centre Limited	2,000	2,000	2,000	2,000
Total Debtors	55,159	63,448	55,825	63,726

The debtor due after 1 year from the Compound Semiconductor Centre Limited relates to an interest-bearing loan agreement for a £2.0 million facility which had been fully drawn down by the year end. The interest is accrued daily at the European State Aid Reference Rate and is payable on repayment of the loan.

15. Investments

Consolidated and University

	2019 £000	2018 £000
Short term investment in shares	104,746	95,963
Short term bonds	47,122	53,822
Other short-term investments	55,077	46,092
Short term deposits	70,592	125,000
	277,537	320,877

The increase in fair value of current investments in the year was £12,244k (2018 £6,853k).

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

At 31 July 2019 the weighted average interest rate of these fixed rate deposits was 1.16% (2018: 0.86%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 167 days (2018: 200). The fair value of these deposits was not materially different from the book value.

16. Creditors: amounts falling due within one year

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	16,470	15,006	16,455	14,982
Social security and other taxation	7,448	7,020	7,446	7,015
Sundry creditors	7,008	7,265	6,451	6,549
Employee leave accrual	9,579	9,671	9,579	9,671
Accruals	23,235	17,627	23,209	17,625
Deferred income (see below)	82,786	71,419	82,786	71,419
Unsecured loans	262	258	262	258
Secured loans	2,083	1,932	2,083	1,932
	148,871	130,198	148,271	129,451

Deferred Income

Included in deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

Tuition Fees	3,773	3,303	3,773	3,303
Research grants and contracts	40,043	33,325	40,043	33,325
Other Income	26,156	23,424	26,156	23,424
Capital grant income	12,814	11,367	12,814	11,367
	82,786	71,419	82,786	71,419

17. Creditors: amounts falling due after more than one year

Consolidated and University

	2019 £000	2018 £000
Deferred capital grant income	6,042	-
Unsecured loans	270	513
Secured loan	10,390	12,473
Public Bond (i)	293,593	293,480
Total loans and long-term debt	304,253	306,466
	310,295	306,466

Analysis of secured and unsecured loans

Due within one year or on demand (note 16)	2,345	2,190
Due between two and five years	9,785	9,852
Due in five years or more	294,468	296,614
Due after more than one year	304,253	306,466
	306,598	308,656

Included in loans are the following:

Lender	Term	Secured/ Unsecured	Interest rate %	Borrower	2019 £000	2018 £000
Welsh Government (ii)	2021	Unsecured	-	University	532	771
Lloyds Bank (iii)	2024	Secured	8.868	University	8,098	9,330
Royal Bank of Scotland (iv)	2025	Secured	See below	University	4,375	5,075
					13,005	15,176

- (i) The 39 year public bond of £300 million was issued in February 2016 and is repayable in full on 7th December 2055. Interest is payable semi-annually at a coupon rate of 3.1% on 7th June and 7th December each year.
- (ii) The interest free Welsh Government loan is from their Invest-to-Save scheme for energy efficiency projects and will be repaid in full by March 2021.
- (iii) Lloyds Bank originally advanced £17 million to the University to finance the cost of student residences. The loan is secured on Talybont South property and is repayable by 28 February 2024 on a reducing balance method.
- (iv) Royal Bank of Scotland originally advanced £14 million 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 £0.7m per annum. Interest is payable on the loan at 0.225% above Base Rate.

18. Financial Instruments

The University has the following financial instruments which are all denominated in sterling:

	Note	Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
Financial assets at fair value through surplus or deficit investments in equity and listed bonds	15	206,945	195,877	206,945	195,877
		206,945	195,877	206,945	195,877
Financial assets that are debt instruments measured at amortised cost					
Trade receivables	14	16,058	15,737	15,598	15,458
Other receivables	14	3,160	2,303	4,286	2,860
Investments in short term deposits	15	70,592	125,000	70,592	125,000
		89,810	143,040	90,476	143,318
Financial liabilities measured at amortised cost					
Public bond	17	293,593	293,480	293,593	293,480
Loans	16/17	13,005	15,176	13,005	15,176
Trade creditors	16	16,470	15,006	16,455	14,982
Other creditors	16	7,007	7,265	6,450	6,549
		330,075	330,927	329,503	330,167

19. Pension Provision

Consolidated and University

	Obligation to fund deficit on USS Pension £'000	Defined benefit obligations (Note 21) £'000	2019 Total Pension Provision £'000	2018 Total Pension Provision £'000
At 1 August	49,393	48,540	97,933	103,285
Utilised in year	(2,548)	-	(2,548)	(3,688)
Additions/ (reductions)	92,908	10,883	103,791	(2,635)
Unwind of discount	1,072	-	1,072	971
At 31 July	140,825	59,423	200,248	97,933

USS deficit

The University has entered into an agreement (the Recovery Plan) that determines how each employer within the multi-employer scheme will fund the overall deficit. The University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. For key assumptions taken into account in calculating the liability see note 21.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £81.9m, a decrease of £58.9m from the current year end provision.

20. Endowment reserves

Consolidated and University

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2019 Total £000	2018 Total £000
Capital opening balance	2,235	19,789	22,024	1,365	23,389	21,574
Accumulated income	1,195	7,900	9,095	2,008	11,103	11,564
	3,430	27,689	31,119	3,373	34,492	33,138
New endowments	-	182	182	221	403	30
Income for year	127	1,019	1,146	96	1,242	842
Expenditure	(117)	(521)	(638)	(225)	(863)	(567)
	10	498	508	(129)	379	275
Increase in market value	289	2,447	2,736	227	2,963	1,049
Closing balance	3,729	30,816	34,545	3,692	38,237	34,492
Represented by:						
Capital	2,381	20,011	22,392	1,570	23,962	23,389
Accumulated income	1,348	10,805	12,153	2,122	14,275	11,103
	3,729	30,816	34,545	3,692	38,237	34,492

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2019 Total £000	2018 Total £000
Analysis by type of purpose:						
Appeal Fund	-	76	76	-	76	-
Chairs	-	11,543	11,543	-	11,543	10,562
Lectures	-	904	904	-	904	-
Hardship Funds	10	1,864	1,874	472	2,346	1,993
Scholarships	-	8,059	8,059	332	8,391	7,561
Prizes	-	2,671	2,671	38	2,709	2,447
Research	-	1,319	1,319	2,175	3,494	3,142
General	3,744	4,356	8,100	674	8,774	7,911
	3,754	30,792	34,546	3,691	38,237	34,492

Analysis by asset:						
Current asset investments						
- shares					22	52
- other					-	1,119
- investment units					35,415	27,112
Cash & cash equivalents					2,800	6,209
					38,237	34,492

21. Pension Schemes

Different categories of staff were eligible to join one of five different schemes:

- (i) Universities' Superannuation Scheme (USS)
- (ii) Cardiff University Pension Scheme (CUPF)
- (iii) Local Government Pension Scheme (LGPS)
- (iv) National Health Service Pension Scheme (NHSPS)
- (v) NEST

The nature of the first three schemes above are detailed below.

The NHS scheme is an unfunded defined benefit scheme, with pension benefits underwritten by the Government. The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. The notional assets of NHSPS are assessed by the Government Actuary and contribution rates determined by the Secretary of State for Health. The employer contribution rates increased on 1 April 2019 from 14.38% to 20.68%.

To comply with The Pensions Act 2008, the University also uses the NEST defined contributions pension scheme for eligible non-contractual workers.

The total pension cost for the University was:

	2019	2018
	£'000	£'000
USS	31,128	27,922
CUPF	11,415	10,264
LGPS	451	358
NHS	1,843	1,919
NEST	8	6
	44,845	40,469
USS minimum funding guarantee	92,908	715
	137,753	41,184

(i) The Universities Superannuation Scheme

The University participates in Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

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

The latest complete triennial actuarial valuation of the defined benefit element of the USS scheme (Retirement Income Builder) was at 31 March 2017 (valuation date) and was carried out using the projected unit method. A valuation as at 31 March 2018 was approved after the year-end date, the results of which represent a non-adjusting post-balance sheet event. Details of the impact of the 2018 valuation is disclosed in Note 19 – Provisions.

21. Pension Schemes (continued)

Since the University cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for these assets and liabilities as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date of 31 March 2017, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date.

The key financial assumptions used in the 2017 valuation are described below.

Pension increases (CPI); term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Discount rates (Forward rates): Years 1-10, CPI less 0.53% reducing linearly to CPI less 1.32%; Years 11-20, CPI plus 2.56% reducing linearly to CPI plus 1.7% by year 21; Years 21 onwards, CPI plus 1.7%

The main demographic assumption used relates to the **mortality assumptions**. These assumptions are based on the analysis of the scheme's experience carried out as part of the 2017 actuarial valuation and are as shown below.

Mortality base table:

Pre-retirement: Males, 71% of AMCO0 (duration 0); Females, 112% of AFC00 (duration 0).
 Post retirement: Males, 96% of SAPS S1NMA "light"; Females, 101.3% of RFV00.

Future improvements to mortality:

CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% for males and 1.6% for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Male (females) currently aged 65	24.6 (26.1) years	24.5 (26.0) years
Males (females) currently aged 45	26.6 (27.9) years	26.5 (27.8) years

A new **deficit recovery plan** was put in place as part of the 2017 valuation, which requires payment of 5% of the salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan and has been produced using the following assumptions as at 31 March:

	2019	2018
Discount rate	2.44%	2.64%
Pension Increases (CPI)	2.11%	2.02%

The University has recognised a provision for its commitments under the 2017 Recovery plan. In calculating this provision the University has assumed that that changes in staff numbers and staff costs will follow that included in the recently submitted 5 year financial forecasts to HEFCW and that the liability is discounted at 1.64% (interpolated rate from the Mercer guidance to BUFDG). In line with many HE institutions, this has resulted in a the USS provision increasing in 18/19 by more than 200% over that produced in 17/18 when using the 2014 Recovery Plan. As noted above, a further actuarial valuation as at 31 March 2018 was approved after the year-end date, the results of which represent a non-adjusting post-balance sheet event. Details of the impact of the 2018 valuation is disclosed in Note 19 – Provisions.

21. Pension Schemes (continued)

From 1 April 2019, employee contributions to the defined benefit were increased from 8% to 8.8% of salary and from 18% to 19.5% for the employer.

At 31 March 2018, USS had over 190,000 active members and the University had 4,247 active members participating in the scheme.

(ii) Cardiff University Pension Fund and the Local Government Pension Scheme

Both of these defined benefit schemes are externally funded and are contracted out of the State Second Pension (S2P) pension provision.

The last formal triennial actuarial valuation of the schemes which have been concluded were performed by professionally qualified actuaries as at 31 July 2016 for the Cardiff University Pension Fund (CUPF) and 31 March 2016 for the Local Government Pension Scheme (LGPS). Valuations as at 31 July 2019 and 31 March 2019 respectively are underway but not yet complete.

During the accounting period, the University paid contributions to the CUPF of 20% of pensionable salaries (LGPS - 27.7% plus a cash lump sum of £1.2m). The University has also contributed the salary sacrifice amount of 7.5% (final salary members) or 6.5% for Career Average Revalued Earnings members for each Non-Contributory member (i.e. those participating in the Salary Sacrifice arrangement) in the CUPF. Salary sacrifice of pension contributions is not permitted in the LGPS scheme.

An updated estimated valuation of each of the two defined benefit schemes was performed at 31 July 2019 by qualified actuaries. The FRS 102 disclosures set out below are based upon this updated valuation.

A December 2018 High Court ruling relating to Guaranteed Minimum Pension may have implications for the University regarding the CUPF and LGPS schemes. The Court judgement is considered to represent a plan amendment for pension benefits in respect of past service. An estimation of the impact of these amendments has been made by the actuary and the result has been included with the schemes FRS102 disclosures.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	CUPF At 31 July 2019 %pa	LGPS At 31 July 2019 %pa	CUPF At 31 July 2018 %pa	LGPS At 31 July 2018 %pa
Price Inflation (RPI)	3.2	3.3	3.3	3.2
Price Inflation (CPI)	2.1	2.3	2.2	2.1
Rate of increase in salaries	2.6	3.3	2.7	3.1
Rate of increase of pensions in payment	2.1	2.3	2.2	2.1
Increases to deferred pensions before retirement	2.1	2.3	2.2	2.1
Discount rate	2.1	2.1	2.7	2.6

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

	CUPF At 31 July 2019	LGPS At 31 July 2019	CUPF At 31 July 2018	LGPS At 31 July 2018
Pensioner – male	20.7	22.1	21.2	23.1
Pensioner – female	23.4	24.5	23.8	25.8
Non-pensioner (currently aged 45) - male	21.7	22.7	22.3	24.2
Non-pensioner (currently aged 45) - female	24.2	25.6	24.7	27.2

21. Pension Schemes (continued)

	2019 CUPF £m	2019 LGPS £m	2018 CUPF £m	2018 LGPS £m
The assets in the scheme at fair value were:				
Equities	43.5	21.4	131.9	20.4
Bonds	23.2	6.9	65.0	6.5
Other	163.2	4.7	9.0	4.1
Total assets	229.9	33.0	205.9	31.0
Scheme liabilities at present value				
	(283.4)	(39.0)	(249.7)	(35.8)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 19)	(53.5)	(6.0)	(43.8)	(4.8)
Current service cost	10.5	0.3	9.8	0.4
Past service cost	0.3	0.1	-	-
Administrative expenses	0.6	-	0.5	-
Total operating charge:	11.4	0.4	10.3	0.4
Analysis of the amount charged to interest payable/credited to other finance income:				
Interest cost	1.2	0.1	1.1	0.2
Total profit and loss charge before deduction for tax	12.6	0.5	11.4	0.6
Analysis of other comprehensive income:				
(Gain)/loss on liabilities	7.0	2.1	(2.5)	(1.5)
Total charge to other comprehensive income before deduction for tax	19.6	2.6	8.9	(0.9)
Analysis of movement in deficit:				
Deficit at beginning of year	43.8	4.8	44.7	7.2
Contributions or benefits paid by the University	(9.9)	(1.4)	(9.8)	(1.5)
Current service cost incl. administration expenses	11.1	0.3	10.3	0.4
Past service cost	0.3	0.1	-	-
Other finance charge	1.2	0.1	1.1	0.2
(Gain)/loss recognised in other comprehensive income	7.0	2.1	(2.5)	(1.5)
Deficit at end of year	53.5	6.0	43.8	4.8
Analysis of movement in the present value of liabilities:				
Present value of liabilities at the start of the year	249.7	35.8	239.8	36.0
Current service cost (net of member contributions)	10.5	0.3	9.8	0.4
Past service cost	0.3	0.1	-	-
Actual member contributions (including notional contributions)	0.2	0.1	0.2	0.1
Interest cost	6.7	1.0	6.0	0.9
Actuarial (gain)/ loss	22.4	3.1	0.7	(0.3)
Actual benefit payments	(6.4)	(1.4)	(6.8)	(1.3)
Present value of liabilities at the end of the year	283.4	39.0	249.7	35.8

21. Pension Schemes (continued)

	2019 CUPF £m	2019 LGPS £m	2018 CUPF £m	2018 LGPS £m
Analysis of movement in the fair value of scheme assets:				
Fair value of the assets at the start of the year	205.9	31.0	195.1	28.8
Interest Income on assets	5.6	0.9	4.9	0.7
Actuarial gain on assets	15.4	1.0	3.2	1.2
Actual contributions paid by University	9.8	1.4	9.8	1.5
Actual member contributions (including notional contributions)	0.2	0.1	0.2	0.1
Actual benefit payments	(6.4)	(1.4)	(6.8)	(1.3)
Expenses	(0.6)	-	(0.5)	-
Fair value of scheme assets at the end of the year	229.9	33.0	205.9	31.0

CUPF and LGPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

	Year ended 31 July 2019		Year ended 31 July 2018	
	CUPF £m	LGPS £m	CUPF £m	LGPS £m
Actual return on scheme assets:				
Interest income on scheme assets	5.6	0.9	4.9	0.7
Asset gain	15.4	1.0	3.2	1.2
	21.0	1.9	8.1	1.9

22. Capital Commitments

Consolidated and University	2019 £000	2018 £000
Commitments contracted at 31 July	149,611	14,705

The significant increase in commitments is as a result of the commencement of construction works of two significant building developments in 2018/19 on the Cardiff Innovation Campus (commitments £113.3m) and the Centre for Student Life (commitments £31.6m)

23. Operating Lease obligations

Future minimum lease payments due	Land and buildings £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Not later than one year	2,381	145	2,526	1,736
Later than one year and not later than 5 years	8,904	138	9,042	9,774
Later than five years	32,037	-	32,037	33,707
Total lease payments due	43,322	283	43,605	45,217

Land and building leases are held in respect of office premises and car parking facilities. Other leases comprise vehicle and other equipment leases.

24. 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, details of which are listed below:

Organisation	Council member or senior officer	Income £000	Expenditure £000	Debtor £000	Creditor £000
Advance HE	Prof C Riordan	2	88	2	88
Association of Commonwealth Universities	Prof C Riordan	-	7	-	-
Biotechnology and Biological Sciences Research Council (i)	Ms J Juillerat	3,915	-	-	-
Cardiff & Vale University Health Board	Prof G Baxter Mr L Richards	5,616	6,947	2,247	177
Cardiff University Students' Union	Ms F Al-Dhahouri Ms J Yip Mr T Evans	-	2,878	-	-
Cardiff Students Union Services Limited	Ms F Al-Dhahouri Ms J Yip	6	2,092	127	415
Council for Advancement & Support of Education (CASE)	Mrs TJ Rawlinson	3	2	3	-
Department of Business, Energy & Industrial Strategy	Prof C Riordan	156	-	1	-
Engineering and Physical Sciences Research Council	Prof K Holford	11,280	-	-	-
Gower College	Judge R Singh	-	2	-	-
Office of the Police and Crime Commissioner for Gwent	Dr J Wademan	26	-	-	-
National Museum of Wales	Dr C Bell	61	40	7	-
Russell Group	Prof C Riordan	-	80	-	-
Science and Technology Facilities Council	Prof K Holford	2,952	86	165	-
Swansea University	Dr C Bell	88	2,546	-	639
The Conversation UK Limited	Prof C Riordan	-	16	-	-
The Royal Society	Mr R Williams	-	14	-	-
UCAS	Prof C Riordan	-	209	-	8
UCEA	Prof S Palmer	-	18	-	-
Universities UK	Prof C Riordan	-	184	-	70
University of Warwick	Prof S Palmer	-	63	12	-
University of Westminster	Ms L Phillips	-	2	-	-
Velindre University NHS Trust	Judge R Singh	957	276	1,113	26
Welsh (Assembly) Government	Prof C Riordan	17,821	4,732	113	1

(i) Ms J Juillerat was associated with BBSRC up to and including April 2019.

There are no related party transactions with joint venture investments - Compound Semiconductor Centre Limited and Cardiff Medicentre. All other related party transactions were with wholly owned subsidiaries.



