

CARDIFF UNIVERSITY

Annual Report and Financial Statements

Year Ended 31 July 2013

REPORT AND FINANCIAL STATEMENTS 2013

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CARDIFF UNIVERSITY

REFERENCE AND ADMINISTRATIVE INFORMATION

Reference and administrative information

Charity Name: Cardiff University

Charity Registration Number: 1136855

Registered Office: Main Building
Cathays Park
Cardiff
CF10 3AT

Members of Council

Chair: Mr D John Jeans

Vice Chair: Dr G Treharne

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

Deputy Vice-Chancellor: Professor E Treasure

Mr R Aggarwal

Mrs M Battle (wef 5 November 2012)

Miss E Button (resigned 31 July 2013 replaced by Mr O Wannell)

Mr G Clarke

Mr R Calil

Professor R Evans

Mrs P Herbert

Mr D Hodgson

Professor K Holford

Mr S Gibson

Dr G Guilford

Mrs S Gwyer-Roberts

Professor W Gear

Mr H Newman (resigned 31 July 2013 replaced by Ms C Davies)

Mrs F Peel (resigned 31 July 2013)

The Reverend G Powell

Mr R Preece (wef 5 November 2012)

Professor P Price

Professor HR Thomas

Mrs G Williams

Professor AJ Whitley

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

CARDIFF UNIVERSITY

TRUSTEES REPORT - OPERATING AND FINANCIAL REVIEW

Scope of the Financial Statements

The financial statements for the year ended 31 July 2013 consolidate the results of the University and its subsidiary company University College Cardiff Consultants Limited.

Results for the Year

The University's consolidated income and expenditure results for the year to 31 July 2013 are summarised as follows:

	<u>2012/13</u> £000	<u>2011/12</u> £000
Income	436,685	425,539
Expenditure	<u>(426,817)</u>	<u>(417,088)</u>
Surplus for the Year after Depreciation of Assets at Valuation and before exceptional item	9,868	8,451
Exceptional item – Voluntary Severance payments	<u>(7,885)</u>	=
Surplus for the Year after Depreciation of Assets at Valuation and after exceptional item	1,983	8,451
Transfer from Accumulated Income within Endowments	<u>517</u>	<u>404</u>
Surplus for the Year Retained within General Reserves	<u>2,500</u>	<u>8,855</u>
Surplus for the Year on an Historical Cost Basis	5,332	<u>11,820</u>

Income increased by M£11.1 (2.6%) compared to the previous year mainly due to an increase in income from tuition fees (M£35.0) and research grants (M£0.6) being offset by a reduction in income from HEFCW (M£21.7).

Expenditure before the exceptional item increased by M£9.7 (2.3%) compared to the previous year mainly reflecting an increase in Academic School overall spend of M£5.8.

Key Financial Performance Indicators

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

Financial Ratios	Cardiff			Russell Group Universities 11/12
	10/11	11/12	12/13	Median
Total Income - M£	413	426	437	440
Operating Surplus – M£	11	8	10	15
Staff Costs – M£	241	250	249	235
% of Income	58	59	57	53
Research Income – M£	85	88	88	106
% of Income	20	21	20	24

TRUSTEES REPORT - OPERATING AND FINANCIAL REVIEW

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

Investment Performance & Cash Flow

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

The University's endowment assets are invested for the longer term and there was an increase of M£2.4 in their value in the financial year resulting in a total value of M£27.5.

Fusion IP Plc

A ten-year deal signed with Fusion IP Plc gives the company the right to commercially develop current and future research-generated intellectual property (IP) at Cardiff University. The value of shares in Fusion IP Plc as at 31 July 2013 increased to M£6.5 (M£5.1 as at 31 July 2012).

Pension Schemes

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

Non-academic and non-clinical staff participate in the Cardiff University Pension Fund (CUPF) and the Local Government Scheme. The combined liability as calculated for the purposes of FRS 17 on both of these schemes was M£45.9 as at 31 July 2013 (M£52.1 at 31 July 2012). The major reason for this reduction comes from CUPF where the net liability has decreased by M£4.4 due to investment returns out-performing expectations which more than compensated for the actuarial loss on liabilities arising from a change in assumptions on inflation.

Voluntary Severance Scheme

During 2012/13, the University launched a voluntary severance scheme. The number of staff that agreed severance terms exceeded two hundred with a total severance cost recognised in the accounts of M£7.9.

Future Developments

During 2012/13, the University continued to invest in the construction of new buildings, major refurbishments and support infrastructure. A review of the future infrastructure requirements is in progress in order to revise the plan for future development.

During the year, the construction of the Hadyn Ellis Building was completed. Building work also commenced on a new Graduate Building for the Business School and a new student residence building at Talybont. In addition, the introduction of a new HR and Payroll system completed its first stage of implementation.

Conclusion

The financial out-turn confirms the current financial strength of the University.

G Treharne – Vice-Chair of Council
Date 2nd December, 2013

CORPORATE GOVERNANCE STATEMENT

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

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

During session 2012-13, the University developed a new framework for risk management, and a new risk management policy was adopted by the Governance Committee and the Policy and Resources Committee in May 2013. The new policy incorporates recommended best practice and accords with the internal control guidance for directors on the UK Corporate Governance Code (2010) as deemed appropriate for higher education. A revised strategic risk register is being developed, based upon the University's strategic priorities and identified risks cascaded upwards from Colleges. Council, through the Audit Committee, receives regular reports on internal control and compliance across the University; the internal audit programme is based on an assessment of areas of priority and risk using the new framework and the strategic priorities identified in *The Way Forward*.

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

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

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

The Policy and Resources Committee manages, monitors and regulates the finances, accounts and investments of the University within the overall policy laid down by the Council.

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

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

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

PUBLIC BENEFIT STATEMENT

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

The University's success is founded on the talent and dedication of staff and students. Staff have high levels of overall satisfaction with their work, according to a comprehensive staff survey. This is supported by many University initiatives to support a positive working environment. The student experience is also a high priority. The University's students are drawn from a variety of backgrounds, with students attracted from throughout Wales, the rest of the UK and world-wide and supported by a range of targeted scholarships and bursaries. Many of the University's degree schemes provide partial or complete exemption from relevant professional examinations with more than 50 schemes of study benefitting from accreditation and input from professional bodies. Cardiff is amongst the UK's leading universities for securing graduate employment, with 94 per cent of 2012 graduates having found a job, or entered further study, within six months of graduation. Some twenty three per cent of Cardiff University students pursue postgraduate study.

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

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

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

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

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

The University's international activities range from our collaborations with business and education partners all over the world; to the enormous contribution that international students make to the social and cultural life of the University. Cardiff also attracts the highest calibre of researchers from around the world. International students are welcomed from 100 different countries and account for some 16% of the total student population and come from all continents.

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

www.cardiff.ac.uk

Cardiff University is registered charity number 1136855.

RESPONSIBILITIES OF THE COUNCIL OF CARDIFF UNIVERSITY

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiaries and to enable it to ensure that the Financial Statements are prepared in accordance with the University's Charter of Incorporation, the Accounts Direction issued by HEFCW, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCW and the Council of the University, the Council, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries and of the surplus or deficit, total recognised gains and losses and cash flows for that year.

In preparing these Financial Statements, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Financial Statements are prepared on the going concern basis. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Council has taken reasonable steps to:

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

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

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

CARDIFF UNIVERSITY

RESPONSIBILITIES OF THE COUNCIL OF CARDIFF UNIVERSITY

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

On behalf of the Council

Professor Colin Riordan
Accounting Officer

Date 2nd December, 2013

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

We have audited the group and parent institution financial statements (the “financial statements”) of Cardiff University for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Council and auditors

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

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Consolidated and the University’s affairs as at 31 July 2013, and of the Consolidated and University’s income and expenditure, recognised gains and losses and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

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

Opinion on other matters prescribed in the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them;
- income has been applied in accordance with the institution's statutes and
- funds provided by HEFCW have been applied in accordance with the financial memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

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

CARDIFF UNIVERSITY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2013

	Note	2013 £'000	2012 £'000
INCOME			
Funding Body Grants	2	95,639	117,368
Tuition fees and support grants	3	158,828	123,847
Research grants and contracts	4	88,211	87,654
Other income	5	90,963	93,492
Endowment and investment income	6	3,044	3,178
		<hr/>	<hr/>
Total Income		436,685	425,539
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	249,121	249,868
Other operating expenses	9	160,179	150,993
Depreciation	11	16,212	14,858
Interest and other finance costs	8	1,305	1,369
		<hr/>	<hr/>
Total Expenditure	9	426,817	417,088
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation and before exceptional item		9,868	8,451
Exceptional item – Voluntary Severance payments	18	(7,885)	-
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item		1,983	8,451
Transfer from accumulated income in endowment funds		517	404
		<hr/>	<hr/>
Surplus for the year retained within General Reserves	23	2,500	8,855
		<hr/> <hr/>	<hr/> <hr/>

All of the above results arise from continuing operations.

CARDIFF UNIVERSITY

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES Year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item		1,983	8,451
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	3,349	3,369
Historical cost surplus retained for the year		<u>5,332</u>	<u>11,820</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item		1,983	8,451
New endowments	21	172	585
Appreciation/(Depreciation) of endowment asset investments	21	2,734	(675)
Actuarial gain/(loss) on pension scheme	26	4,100	(19,810)
Gains on valuation of shares	12	1,320	2,255
TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE YEAR		<u>10,309</u>	<u>(9,194)</u>
Reconciliation			
Opening Reserves and Endowments		286,541	295,735
Total recognised gains/(losses) for the year		10,309	(9,194)
Closing Reserves and Endowments		296,850	286,541
Opening Deferred Capital Grants		116,326	96,157
Net increase in the year		4,118	20,169
Closing Deferred Capital Grants		120,444	116,326
Net Assets as at 31 July		<u>417,294</u>	<u>402,867</u>

CARDIFF UNIVERSITY

BALANCE SHEETS

As at 31 July 2013

		<u>Consolidated</u>		<u>University</u>	
	Note	2013 £'000	2012 £'000	2013 £'000	2012 £'000
FIXED ASSETS					
Tangible assets	11	332,089	327,461	332,089	327,461
Investments	12	6,461	5,141	6,455	5,135
		<u>338,550</u>	<u>332,602</u>	<u>338,544</u>	<u>332,596</u>
ENDOWMENT ASSETS	13	27,470	25,081	27,470	25,081
CURRENT ASSETS					
Stocks	14	222	141	222	141
Debtors	15	42,005	44,394	42,454	44,781
Short-term deposits		173,792	172,177	173,436	172,177
Cash at bank and in hand		4,333	6,476	4,333	6,287
		<u>220,352</u>	<u>223,188</u>	<u>220,445</u>	<u>223,386</u>
CREDITORS: amounts falling due within one year	16	(80,482)	(76,555)	(79,893)	(76,071)
NET CURRENT ASSETS		<u>139,870</u>	<u>146,633</u>	<u>140,552</u>	<u>147,315</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		505,890	504,316	506,566	504,992
CREDITORS: amounts falling due after more than one year	17	(20,941)	(22,326)	(20,941)	(22,326)
PROVISIONS	18	(6,593)	-	(6,593)	-
OTHER DEFERRED INCOME	19	(15,162)	(27,023)	(15,162)	(27,023)
NET ASSETS: excluding net pension liability		463,194	454,967	463,870	455,643
NET PENSION LIABILITY	26	(45,900)	(52,100)	(45,900)	(52,100)
NET ASSETS: including net pension liability		<u>417,294</u>	<u>402,867</u>	<u>417,970</u>	<u>403,543</u>

CARDIFF UNIVERSITY

BALANCE SHEETS As at 31 July 2013 (Continued)

	Note	<u>Consolidated</u>		<u>University</u>	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
DEFERRED CAPITAL GRANTS	20	120,444	116,326	120,444	116,326
ENDOWMENTS					
Permanent	21	25,240	22,807	25,240	22,807
Expendable	21	2,230	2,274	2,230	2,274
		27,470	25,081	27,470	25,081
RESERVES					
Revaluation reserve	22	87,145	89,174	87,145	89,174
General reserves	23	228,135	224,386	228,811	225,062
Pension reserve	23	(45,900)	(52,100)	(45,900)	(52,100)
		269,380	261,460	270,056	262,136
TOTAL FUNDS		417,294	402,867	417,970	403,543

These financial statements on pages 12 to 40 were approved by the Council on 2nd December, 2013.

Signed on behalf of the Council

Professor Colin Riordan - Vice Chancellor

G Treharne - Vice-Chair of Council

D M Davies - Director of Finance

CARDIFF UNIVERSITY

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Net Cash inflow from operating activities	24	18,510	16,393
Returns on investments and servicing of finance			
Income from endowments	21	710	685
Interest received		1,974	1,653
Interest paid		(1,305)	(1,369)
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		1,379	969
		<hr/> <hr/>	<hr/> <hr/>
Capital expenditure and financial investment			
Payments to acquire tangible assets	11	(20,880)	(22,554)
Payments to acquire endowment asset investments	13	(455)	(669)
Receipts from sales of tangible assets		281	-
Receipts from sales of endowment asset investments	13	800	488
Deferred capital grants received	20	983	7,856
New endowments	21	172	585
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment		(19,099)	(14,294)
		<hr/> <hr/>	<hr/> <hr/>
Cash inflow before management of liquid resources		790	3,068
Management of liquid resources			
Cash transferred to short term deposits		(1,615)	(5,155)
Financing			
Loan repayments in the year		(1,291)	(1,720)
		<hr/>	<hr/>
Decrease in cash in the year	25	(2,116)	(3,807)
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

The Financial Statements have been prepared on a going concern basis, consistently applied and in accordance with Accounting Standards applicable in the United Kingdom and, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (2007) ("SORP") and Charities Act 2011. Where relevant the Financial Statements adhere to the Accounting directives of HEFCW.

Basis of Accounting

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

Basis of Consolidation

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

Recognition of Income

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; payments received in advance of such performance are recognised in the Balance Sheet as liabilities.

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

Provision for Doubtful Debts

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

Pension Schemes

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

Foreign Currencies

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

Leases

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

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

Land and Buildings

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

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

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

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

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

Equipment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

Capital grants and contributions

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

Investments

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

Stocks

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

Maintenance of Premises

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

Taxation Status

The University is a registered charity within the meaning of Chapter 1 Section 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes for public benefit.

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

Cash and Liquid Resources

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

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

2. FUNDING BODY GRANTS

	Note	2013 £'000	2012 £'000
Recurrent grant		76,183	101,912
Specific grants:			
- Academic Infrastructure		1,932	1,679
- Learning & Teaching Support		516	10
- Science Research Investment Fund		129	(60)
- Innovation & Engagement		1,935	1732
- Supplementary Funds		3,694	2,413
- Clinical Pay Award		1,400	-
- North Wales Clinical Schools		-	161
- Widening Access		895	118
- Graduate Entry Scheme		2,051	1,839
- Welsh for Adults		1,661	3,671
Release of deferred capital grants:			
Buildings	20	3,776	3,326
Equipment	20	1,467	567
		95,639	117,368
		95,639	117,368

3. TUITION FEES AND SUPPORT GRANTS

	2013 £'000	2012 £'000
UK and European Union Undergraduate	68,656	44,495
UK and European Union Postgraduate	9,622	9,118
Overseas (inc. part-time)	48,060	39,805
Part Time (UK and European Union)	4,740	4,759
	131,078	98,177
Education contracts	12,917	13,323
Research training support grants	6,899	6,518
Non-Credit bearing fees	7,934	5,829
	158,828	123,847
	158,828	123,847

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

4. RESEARCH GRANTS AND CONTRACTS

	2013	2012
	£'000	£'000
Research Councils	22,866	26,465
UK-based charities	18,382	18,158
UK Government bodies	26,810	25,231
UK Industry	4,955	4,667
European Commission	9,809	8,542
Overseas	5,163	4,037
Other grants and contracts	226	554
	88,211	87,654
	88,211	87,654

5. OTHER INCOME

	Note	2013	2012
		£'000	£'000
Residences, catering and conferences		20,571	19,870
Other services rendered:			
UK Central Government		36,551	40,026
UK Health Authorities		11,157	9,633
UK Industry		1,291	1,673
European Union		2,582	3,281
Overseas		681	525
UK Universities		390	289
Other Sources		7,260	5,659
Profit on disposal of fixed assets		241	-
Rents Receivable		101	52
Exempt VAT recoverable		843	818
Donations and Subventions		1,081	604
Other income		6,184	8,873
Fusion IP Plc Investment Release		1,594	1,594
Released from Deferred Capital Grants	20	436	595
		90,963	93,492
		90,963	93,492

6. ENDOWMENT AND INVESTMENT INCOME

	Note	2013	2012
		£'000	£'000
Income from permanent endowments	21	654	615
Income from expendable endowments	21	56	70
Interest receivable		1,534	2,093
Interest element of pension cost		800	400
		3,044	3,178
		3,044	3,178

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

7. STAFF COSTS

	Note	2013 £'000	2012 £'000
Staff costs			
Wages and salaries		200,661	199,884
Social security costs		16,362	17,293
Other pension costs	26	32,098	32,691
		249,121	249,868
		249,121	249,868

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

Emoluments of the Vice Chancellor - Salary		216	264
Pension		34	16
Benefits in kind		2	-
		252	280
		252	280

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

No Trustee receives payments for serving.

		2013 Number (FTE's)	2012 Number (FTE's)
Average staff numbers by major category			
Clinical and non-clinical academic and academic related		3,676	3,742
Technical services		222	231
Administrative support		939	939
Operational services		325	290
		5,162	5,202
		5,162	5,202

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

7. STAFF COSTS (continued)

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

	2013	2012
	Number	Number
£100,000 - £109,999	76	90
£110,000 - £119,999	64	55
£120,000 - £129,999	32	37
£130,000 - £139,999	24	29
£140,000 - £149,999	18	15
£150,000 - £159,999	7	6
£160,000 - £169,999	3	4
£170,000 - £179,999	5	1
£180,000 - £189,999	1	1
£190,000 - £199,999	2	1
£200,000 - £209,999	-	1
£210,000 - £219,999	1	-
£240,000 - £249,999	-	1
£250,000 - £259,999	1	-
£280,000 - £289,999	-	1
	234	242
	234	242

	2013	2012
	£'000	£'000

Compensation for loss of office payable to higher paid employees

Compensation payable – 4 employees (2012 - 3 employees)	415	394
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The compensation pay was approved by the University's Remuneration Committee.

8. INTEREST AND OTHER FINANCE COSTS

	2013	2012
	£'000	£'000
Bank Loans	1,305	1,369
	1,305	1,369
	1,305	1,369

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2013 £'000	Total 2012 £'000
Academic departments	143,270	47,927	-	191,197	185,408
Academic services	14,651	8,090	-	22,741	21,494
Research grants and contracts	34,845	31,397	-	66,242	64,305
Other services rendered	21,096	29,942	-	51,038	51,695
Residences, catering and conferences	5,198	9,032	1,305	15,535	16,380
Premises	7,307	18,550	-	25,857	26,367
Administration and central services	17,722	4,004	-	21,726	23,766
Other expenses	6,332	11,237	-	17,569	14,725
FRS 17 pension fund adjustments	(1,300)	-	-	(1,300)	(1,910)
Total per income and expenditure account	<u>249,121</u>	<u>160,179</u>	<u>1,305</u>	410,605	402,230
Depreciation (note 11)				<u>16,212</u>	<u>14,858</u>
Total per Income and Expenditure Account				<u>426,817</u>	<u>417,088</u>

	2013	2012
Other expenses include:		
Auditors' remuneration – external audit	52	52
– audit related services	38	25
– other tax services	1	4
	<u>91</u>	<u>81</u>

10. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

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

	2013 £'000	2012 £'000
University surplus for the year	1,983	8,116
Surplus incurred by subsidiary undertakings	-	335
	<u>1,983</u>	<u>8,451</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

11. TANGIBLE FIXED ASSETS

	<u>Consolidated and University</u>				
	Land and Buildings				
	Freehold	Long	Assets in the	Equipment	Total
	£'000	leasehold	course of	£'000	£'000
		£'000	construction		
			£'000		
Cost or valuation					
At 1 August 2012	209,114	214,015	12,490	67,829	503,448
Additions at cost	-	164	14,875	5,841	20,880
Disposals (i)	(60)	-	-	(1,924)	(1,984)
Projects Completed	21,176	509	(21,685)	-	-
	<u>230,230</u>	<u>214,688</u>	<u>5,680</u>	<u>71,746</u>	<u>522,344</u>
At 31 July 2013	230,230	214,688	5,680	71,746	522,344
Valuation	122,181	115,730	-	-	237,911
Cost	108,049	98,958	5,680	71,746	284,433
	<u>230,230</u>	<u>214,688</u>	<u>5,680</u>	<u>71,746</u>	<u>522,344</u>
Accumulated Depreciation					
At 1 August 2012	54,224	60,282	-	61,481	175,987
Charge for year	5,078	6,428	-	4,706	16,212
Eliminated on Disposal	(20)	-	-	(1,924)	(1,944)
	<u>59,282</u>	<u>66,710</u>	<u>-</u>	<u>64,263</u>	<u>190,255</u>
At 31 July 2013	59,282	66,710	-	64,263	190,255
Net book value					
At 31 July 2013	<u>170,948</u>	<u>147,978</u>	<u>5,680</u>	<u>7,483</u>	<u>332,089</u>
At 31 July 2012	<u>154,890</u>	<u>153,733</u>	<u>12,490</u>	<u>6,348</u>	<u>327,461</u>
Financed By:					
Funding Council	55,339	37,247	-	573	93,159
Endowments/Donations	765	1,709	-	-	2,474
Loans	23,634	17,709	-	-	41,343
Revaluation	22,756	53,152	-	-	75,908
Other Capital	68,454	38,161	5,680	6,910	119,205
	<u>170,948</u>	<u>147,978</u>	<u>5,680</u>	<u>7,483</u>	<u>332,089</u>
Net book value at 31 July 2013	<u>170,948</u>	<u>147,978</u>	<u>5,680</u>	<u>7,483</u>	<u>332,089</u>

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£128,859 (2012 K£111,023). Should these particular buildings be sold, the University would use the proceeds in accordance with the Financial Memorandum with HEFCW.
- (iii) Note 1 outlines details of the land and buildings valuations.
- (iv) Freehold land and buildings includes non-depreciated land of K£20,881 (2012 K£20,881).

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

12. FIXED ASSET INVESTMENTS

	<u>Consolidated</u>		<u>University</u>	
	Other Invest- ments	Total	Other Invest- ments	Total
	£000's	£000's	£000's	£000's
Balance at 1 August 2012	5,141	5,141	5,135	5,135
Appreciation recognised in year	1,320	1,320	1,320	1,320
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 July 2013	6,461	6,461	6,455	6,455
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

The University has an interest in the following companies:

University College Cardiff Consultants Limited (UC3)

UC3, a company limited by guarantee, has been included in the consolidated Financial Statements. The company's principal activity is the commercialisation of the intellectual property and other outputs of research generated by the academic schools of the University. The company is also responsible for the University's interests through shareholdings in a number of spin-off companies arising from the University's research and other operations.

Welsh Networking Limited

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

Cardiff Partnership Fund Limited

The University owns a 100% interest in the Cardiff Partnership Fund Limited, the holding company of the unincorporated Cardiff Partnership Fund Limited Partnership. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board. The company has no trading activities and net assets of £20,125 at 31 July 2013.

Fusion IP Plc

A ten-year deal signed with Fusion IP Plc during 2006/07 gives the company the right to commercially develop current and future research-generated intellectual property (IP) at Cardiff University. In return, the University received AIM-listed shares which are held at market value within Investments. The University has 10.05% of the share-holding.

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

13. ENDOWMENT ASSETS

	<u>Consolidated and University</u>	
	2013	2012
	£'000	£'000
Balance at 1 August	25,081	25,575
Additions	455	669
Disposals	(302)	(696)
(Decrease)/Increase in cash held as short-term deposits	(498)	208
Appreciation/(Depreciation) on revaluation/disposal	2,734	(675)
	<hr/>	<hr/>
Balance at 31 July	27,470	25,081
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest stock	3,986	4,406
Equities	16,935	14,073
Bank balances and short-term deposits	3,728	4,226
Other assets	2,821	2,376
	<hr/>	<hr/>
Total endowment asset investments	27,470	25,081
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest and equities at cost	19,238	18,940
	<hr/> <hr/>	<hr/> <hr/>

14. STOCKS

	<u>Consolidated and University</u>	
	2013	2012
	£'000	£'000
Residences and Catering	112	108
Maintenance	110	33
	<hr/>	<hr/>
	222	141
	<hr/> <hr/>	<hr/> <hr/>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

15. DEBTORS

	<u>Consolidated</u>		<u>University</u>	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Debtors:				
Fees	1,991	2,397	1,991	2,397
Research	26,416	31,583	26,416	31,583
NHS Distinction Awards	311	793	311	793
Accommodation	130	351	130	351
Miscellaneous	14,931	11,725	14,780	11,162
Less; provision for impairment	(1,956)	(2,557)	(1,956)	(2,557)
	<u>41,823</u>	<u>44,292</u>	<u>41,672</u>	<u>43,729</u>
Prepayments	182	102	182	102
Amounts owed by subsidiary undertakings	-	-	-	350
	<u>42,005</u>	<u>44,394</u>	<u>41,854</u>	<u>44,181</u>
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings (i)	-	-	600	600
	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
Total Debtors	<u>42,005</u>	<u>44,394</u>	<u>42,454</u>	<u>44,781</u>

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

As at 31 July 2013, the provision for impairment of debtors was aged as follows:

	2013	2012
	£'000	£'000
Less than 3 months past due	71	349
3 to 6 months past due	213	260
Over 6 months past due	1,672	1,948
	<u>1,956</u>	<u>2,557</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

15. DEBTORS (continued)

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

	2013 £'000	2012 £'000
At 1 August	2,557	3,116
Debtors written off during the year	(260)	(283)
Provision adjustments	(341)	(276)
	<hr/>	<hr/>
At 31 July	<u>1,956</u>	<u>2,557</u>

As at 31 July 2013, debtors past their due date but not impaired were aged as follows:

	2013 £'000	2012 £'000
Less than 3 months past due	3,528	3,842
Over 3 months past due	791	1,094
	<hr/>	<hr/>
	<u>4,319</u>	<u>4,936</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank overdraft (i)	394	421	394	421
Trade creditors	6,450	12,326	5,979	11,899
Sundry creditors	6,141	3,646	6,141	3,646
Social security and other taxation	5,882	6,060	5,771	6,005
Accruals and deferred income	9,306	5,052	9,299	5,050
Research grants and contracts in advance	40,707	38,312	40,707	38,312
Other services rendered	10,217	9,447	10,217	9,447
Lloyds Bank loan (Note 17(i))	685	591	685	591
Royal Bank Scotland loan (Note 17(ii))	700	700	700	700
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>80,482</u>	<u>76,555</u>	<u>79,893</u>	<u>76,071</u>

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

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

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

	<u>Consolidated</u>		<u>University</u>	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Lloyds Bank Loan (i)	13,066	13,751	13,066	13,751
Royal Bank of Scotland Loan (ii)	7,875	8,575	7,875	8,575
	<u>20,941</u>	<u>22,326</u>	<u>20,941</u>	<u>22,326</u>

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

Within one year	K£685
Between two and five years	K£3,735
Over five years	K£9,331

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

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

Within one year	K£700
Between two and five years	K£2,800
Over five years	K£5,075

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

18. PROVISIONS

	<u>Consolidated and University</u>	
	2013	2012
	£'000	£'000
Voluntary Severance Scheme	<u>6,593</u>	<u>-</u>

As part of the University's cost reduction programme, a voluntary severance and early retirement programme has been implemented. The charge of £7,885 include payments made during the year together with a provision for future commitments. The number of employees who were affected totalled 204 and all these employees will have left University employment by 31 December 2013.

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

19. OTHER DEFERRED INCOME

	<u>Consolidated and University</u>	
	2013	2012
	£'000	£'000
Academic Infrastructure Grants	1,119	1,920
Science Research Investment Fund	-	130
Learning and Teaching Support Grants	406	561
Supplementary Funds	7,572	16,633
Other Deferred Grants	197	197
Fusion IP Plc Deferred Income	4,788	6,382
Student Fees received in advance	1,080	1,200
	<u>15,162</u>	<u>27,023</u>

20. DEFERRED CAPITAL GRANTS

	<u>Consolidated and University</u>		
	Funding Council	Other grants/ beneficiaries	Total
	£'000	£'000	£'000
As at 1 August 2012			
Buildings	87,891	24,475	112,366
Equipment	2,719	1,241	3,960
Total	<u>90,610</u>	<u>25,716</u>	<u>116,326</u>
Transferred from deferred income			
Buildings	8,971	-	8,971
Equipment	801	-	801
Total	<u>9,772</u>	<u>-</u>	<u>9,772</u>
Cash received			
Buildings	-	-	-
Equipment	85	898	983
Total	<u>85</u>	<u>898</u>	<u>983</u>
Released to income and expenditure			
Buildings (Note 2/Note 5)	(3,776)	(436)	(4,212)
Equipment (Note 2)	(1,467)	(958)	(2,425)
Total	<u>(5,243)</u>	<u>(1,394)</u>	<u>(6,637)</u>
At 31 July 2013			
Buildings	93,086	24,039	117,125
Equipment	2,138	1,181	3,319
Total	<u>95,224</u>	<u>25,220</u>	<u>120,444</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

21. ENDOWMENTS

	Consolidated and University					
	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2013 Total £'000	2012 Total £'000
Opening Balance						
Capital	1,513	12,511	14,024	2,168	16,192	16,424
Accumulated Income	1,063	7,720	8,783	106	8,889	9,151
	2,576	20,231	22,807	2,274	25,081	25,575
New endowments	-	56	56	116	172	585
Income for year	74	580	654	56	710	685
Expenditure	(69)	(786)	(855)	(372)	(1,227)	(1,089)
	5	(206)	(201)	(316)	(517)	(404)
Increase/(Decrease) in market value	295	2,283	2,578	156	2,734	(675)
	2,876	22,364	25,240	2,230	27,470	25,081
	2,876	22,364	25,240	2,230	27,470	25,081
Represented by:						
Capital	1,712	14,209	15,921	2,265	18,186	16,192
Accumulated Income	1,164	8,155	9,319	(35)	9,284	8,889
	2,876	22,364	25,240	2,230	27,470	25,081
	2,876	22,364	25,240	2,230	27,470	25,081

22. REVALUATION RESERVE

	Consolidated and University	
	2013 £'000	2012 £'000
Revaluations		
At 1 August	142,834	140,579
Gains on valuation of shares	1,320	2,255
	144,154	142,834
	144,154	142,834
Contributions to depreciation		
At 1 August	(53,660)	(50,291)
Released in year (Note 23)	(3,349)	(3,369)
	(57,009)	(53,660)
	(57,009)	(53,660)
Net revaluation amount		
At 31 July	87,145	89,174
	87,145	89,174
	87,145	89,174

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

23. MOVEMENT ON RESERVES

	<u>Consolidated</u>	<u>University</u>	<u>Consolidated</u>
	2013	2013	2012
	£'000	£'000	£'000
Income and Expenditure Account Reserve			
At 1 August	224,386	225,062	214,472
Surplus for the year	2,500	2,500	8,855
Transfer from revaluation reserve (Note 22)	3,349	3,349	3,369
Pension contributions in excess of FRS 17 charge	(2,100)	(2,100)	(2,310)
	<hr/>	<hr/>	<hr/>
At 31 July	228,135	228,811	224,386
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Pension Reserve			
At 1 August	(52,100)	(52,100)	(34,600)
Actuarial gain/(loss) on pension scheme	4,100	4,100	(19,810)
Pension contributions in excess of FRS 17 charge	2,100	2,100	2,310
	<hr/>	<hr/>	<hr/>
At 31 July	(45,900)	(45,900)	(52,100)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	2013	2012
	£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation and after exceptional item	1,983	8,451
Depreciation	16,212	14,858
Profit on disposal of fixed assets	(241)	-
Endowment income and interest receivable	(3,044)	(3,178)
Deferred capital grants released to income	(6,637)	(5,110)
Interest payable	1,305	1,369
(Increase)/Decrease in stocks	(81)	8
Decrease in debtors	1,949	13,456
Increase/(Decrease) in creditors	3,860	(10,184)
Increase in provisions	6,593	-
Decrease in Other Deferred Income	(2,089)	(1,367)
Pension contributions in excess of charge	(1,300)	(1,910)
	<hr/>	<hr/>
Net cash inflow from continuing operating activities	18,510	16,393
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

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

	2013	2012
	£'000	£'000
Decrease in cash in the year	(2,116)	(3,807)
Cash outflow to liquid resources	1,615	5,155
Loan repayments in the year	1,291	1,720
	790	3,068
Change in net funds	790	3,068

	At		At
	1 August	Cash Flows	31 July
	2012	£,000	2013
	£'000		£'000
ANALYSIS OF CHANGES IN NET FUNDS			
Cash at bank and in hand	6,476	(2,143)	4,333
Bank overdraft	(421)	27	(394)
	6,055	(2,116)	3,939
Liquid resources:			
Short-term deposits	172,177	1,615	173,792
Debt:			
Debts falling due within one year	(1,291)	(94)	(1,385)
Debts falling due after one year	(22,326)	1,385	(20,941)
	(23,617)	1,291	(22,326)
Total	154,615	790	155,405

26. PENSION SCHEMES

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

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

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

Notes:

At 31 July 2013, the outstanding pension contributions included in creditors was M£3.617 (M£3.407 31 July 2012).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

26. PENSION SCHEMES (continued)

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

	2013	2012
	£'000	£'000
USS	22,206	23,235
NHS	2,200	2,456
CUPF	7,244	6,600
LGS	448	400
	32,098	32,691
Total pension cost (Note 7)	32,098	32,691

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

The major assumptions used by the scheme actuaries were:

	31 July	31 July	31 July	31 July	
	2013	2013	2012	2012	2011
	CUPF	LGS	CUPF	LGS	CUPF/LGS
Rate of increase in salaries	4.6%	4.5%	4.1%	3.9%	4.7%
Rate of increase in pensions in payment	2.7%	2.6%	2.1%	1.9%	2.8%
Discount rate	4.5%	4.4%	4.1%	4.0%	5.3%
Inflation assumption - RPI	3.6%	3.5%	3.1%	2.9%	3.7%
- CPI	2.7%	2.6%	2.1%	1.9%	2.8%

Commutation of pensions to lump sums:

CUPF

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

LGS

31 July 2013

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

31 July 2012

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

26. PENSION SCHEMES (continued)

The assumed life expectations on retirement at age 65 are:

	31 July 2013	31 July 2012
<u>CUPE</u>		
Retiring Today:		
Males	21.4	21.3
Females	24.3	24.2
Retiring in 20 years:		
Males	22.8	22.7
Females	25.8	25.8
	31 July 2013	31 July 2012
<u>LGS</u>		
Retiring Today:		
Males	24.0	23.9
Females	26.8	26.7
Retiring in 20 years:		
Males	25.7	25.6
Females	28.8	28.7

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

	31 July 2013 M£	31 July 2013 %	31 July 2012 M£	31 July 2012 %	31 July 2011 M£	31 July 2011 %
<u>CUPE</u>						
Equities	100.0	7.8	86.8	7.5	85.9	7.9
Bonds	43.6	3.6	42.6	2.9	37.3	4.3
Other Assets	0.9	0.9	0.4	1.4	0.1	1.5
	144.5		129.8		123.3	
	144.5		129.8		123.3	
	31 July 2013 M£	31 July 2013 %	31 July 2012 M£	31 July 2012 %	31 July 2011 M£	31 July 2011 %
<u>LGS</u>						
Equities	14.7	7.8	11.0	7.5	11.0	7.9
Bonds	3.0	3.6	2.6	2.8	2.3	4.3
Property	1.1	7.3	1.0	7.0	0.6	7.4
Other Assets	0.1	4.3	0.6	4.4	0.8	4.7
	18.9		15.2		14.7	
	18.9		15.2		14.7	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

26. PENSION SCHEMES (continued)

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

<u>CUPE</u>	31 July 2013 M£	31 July 2012 M£	31 July 2011 M£	31 July 2010 M£	31 July 2009 M£
The assets of the scheme	144.5	129.8	123.3	109.5	94.6
Present value of scheme liabilities	(173.7)	(163.4)	(141.9)	(158.3)	(141.9)
Net pension liability	<u>(29.2)</u>	<u>(33.6)</u>	<u>(18.6)</u>	<u>(48.8)</u>	<u>(47.3)</u>
<u>LGS</u>	31 July 2013 M£	31 July 2012 M£	31 July 2011 M£	31 July 2010 M£	31 July 2009 M£
The share of the assets of the scheme	18.9	15.2	14.7	13.2	11.9
Present value of scheme liabilities	(35.6)	(33.7)	(30.7)	(27.1)	(27.0)
Net pension liability	<u>(16.7)</u>	<u>(18.5)</u>	<u>(16.0)</u>	<u>(13.9)</u>	<u>(15.1)</u>

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

<u>CUPE</u>	2013	2012	2011	2010	2009
Difference between the expected and actual return on assets: Amount (M£)	5.5	(2.8)	4.1	8.9	(10.2)
Experience gains and losses on scheme liabilities: Amount (M£)	2.7	2.0	21.9	4.9	0.2
Total amount recognised in the STRGL: Amount (M£)	3.3	(16.5)	31.6	0.4	(17.5)
<u>LGS</u>	2013	2012	2011	2010	2009
Difference between the expected and actual return on assets: Amount (M£)	2.2	(1.0)	0.6	1.1	(1.3)
Experience gains and losses on scheme liabilities: Amount (M£)	(0.1)	(0.2)	(1.1)	0.3	(0.1)
Total amount recognised in the STRGL: Amount (M£)	0.8	(3.3)	(2.3)	1.7	(3.3)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

26. PENSION SCHEMES (continued)

The following components of the pension charge have been recognised in the income and expenditure account and statement of recognised gains and losses for the years ended 31 July 2013 and 31 July 2012:

	Year ended 31 July 2013		Year ended 31 July 2012	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M£	M£	M£	M£
Analysis of amounts charged to income and expenditure account:				
Current service cost	7.3	0.4	6.6	0.4
Past service cost	0.1	-	0.1	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating charge	<u>7.4</u>	<u>0.4</u>	<u>6.7</u>	<u>0.4</u>
Financing:				
Expected return on assets	(7.8)	(1.0)	(8.4)	(1.1)
Interest on scheme liabilities	6.7	1.3	7.5	1.6
	<hr/>	<hr/>	<hr/>	<hr/>
Net (income)/expense	<u>(1.1)</u>	<u>0.3</u>	<u>(0.9)</u>	<u>0.5</u>
	Year ended 31 July 2013		Year ended 31 July 2012	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M£	M£	M£	M£
Analysis of amounts recognised in statement of total recognised gains and losses:				
Actual return higher/(lower) than expected on scheme assets	5.5	2.2	(2.8)	(1.0)
Change in assumptions underlying the present value of scheme liabilities	(2.2)	(1.4)	(13.7)	(2.3)
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Total actuarial gains/(losses) recognised	<u>3.3</u>	<u>0.8</u>	<u>(16.5)</u>	<u>(3.3)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

26. PENSION SCHEMES (continued)

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

	Year ended 31 July 2013		Year ended 31 July 2012	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M£	M£	M£	M£
Opening fair value of assets	129.8	15.2	123.3	14.7
Movement in year:				
Expected return on assets	7.8	1.0	8.4	1.1
Actuarial gains/(losses) on assets	5.5	2.2	(2.8)	(1.0)
Contributions by the employer	7.4	1.7	7.3	1.7
Contributions by participants	0.2	0.1	0.2	0.1
Net benefits paid out	(6.2)	(1.3)	(6.6)	(1.4)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing fair value of assets	<u>144.5</u>	<u>18.9</u>	<u>129.8</u>	<u>15.2</u>

	Year ended 31 July 2013		Year ended 31 July 2012	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M£	M£	M£	M£
Opening present value of liabilities	163.4	33.7	141.9	30.7
Movement in year:				
Current service cost	7.3	0.4	6.6	0.4
Interest cost on liabilities	6.7	1.3	7.5	1.6
Actuarial losses on liabilities	2.2	1.4	13.7	2.3
Contributions by participants	0.2	0.1	0.2	0.1
Past service cost	0.1	-	0.1	-
Net benefits paid out	(6.2)	(1.3)	(6.6)	(1.4)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing present value of liabilities	<u>173.7</u>	<u>35.6</u>	<u>163.4</u>	<u>33.7</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2013

27. CAPITAL COMMITMENTS

	<u>Consolidated and University</u>	
	2013	2012
	£'000	£'000
Commitments contracted at 31 July	21,986	13,676

28. CONTINGENT LIABILITY

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

29. RELATED PARTY TRANSACTIONS

During the year, Cardiff University made a block grant payment of M£2.389 (2011/12: M£2.331) to the Cardiff University Students' Union. There are no other material related party transactions.

All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The University maintains a Register of Interests of members of Council and senior officers.

30. ACCESS FUNDS

	2013	2012
	£'000	£'000
Funding Council grants	417	430
Interest earned	1	1
	<hr/>	<hr/>
	418	431
Disbursed to students	(406)	(432)
Administration expenses	(11)	(13)
	<hr/>	<hr/>
Balance unspent/(overspent) as at 31 July	1	(14)

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