

**CARDIFF UNIVERSITY**

**Annual Report and Financial Statements  
Year Ended 31 July 2015**

**REPORT AND FINANCIAL STATEMENTS 2015**

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### **Reference and administrative information**

Charity Name: Cardiff University

Charity Registration Number: 1136855

Registered Office: Main Building  
Cathays Park  
Cardiff  
CF10 3AT

### **Members of Council**

Chair: Mr D John Jeans

Vice Chair: Dr G Treharne

Vice-Chancellor: Professor C Riordan

Deputy Vice-Chancellor: Professor E Treasure

Mr R Aggarwal

Mrs M Battle

Mr R Jenkins [resigned 30 June 2015, replaced by Ms S Timbers]

Mr G Clarke

Mr R Calil

Professor R Evans [resigned 31 July 2015, replaced by Mr M Leighfield]

Ms R Williams

Professor K Holford [resigned 31 July 2015, replaced by Professor G Boyne]

Dr C Bell

Mr A Gibbons

Mrs S Gwyer-Roberts

Mr E Howells [resigned 30 June 2015, replaced by Ms C Blakeway]

Professor S Palmer

Ms L Phillips

The Reverend G Powell

Mr R Preece

Professor P Price

Mr D Simpson

Professor HR Thomas [resigned 31 July 2015, replaced by Professor N De Leeuw]

Mrs G Williams [resigned 31 July 2015, replaced by Dr S Luke]

Professor AJ Whitley [resigned 31 July 2015, replaced by Mr R Leach]

Professor E Wilding [resigned 31 July 2015, replaced by Professor A Coffey]

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

### Introduction

The past year has seen plans to transform the University starting to bear fruit.

The new £44m Cardiff University Brain Imaging Centre (CUBRIC) on the £300m Innovation Campus on Maindy Road is taking shape ahead of its grand opening in 2016 and will offer a range of equipment not found anywhere else in Europe. Proposals are being formulated for other landmark buildings on the Innovation Campus and elsewhere in the University, such as the Centre for Student Life and a new library on the Cathays Park campus. A £38m five-year refurbishment of learning and teaching spaces has also started in earnest this year.

The University's stated goal is to be a top 100 world university and it is envisaged that these developments will help achieve that. More importantly, the investment should support the University's goals of providing excellent research and teaching in facilities that are comparable to the best in the country.

The plans can also be seen as good news for the city of Cardiff, Wales and beyond, a fact reinforced by a recent independent report that estimated that the University generated £6 for every £1 that it spent.

While the University is enacting its plans before an external backdrop of public spending cuts and a looming referendum on Europe, it is doing so from a position of financial strength. The Financial Statements suggest that it is well placed to make the necessary investment to ensure it is attuned to the needs of a modern, global university. Year-on-year surpluses have been secured and the University is working hard to increase its income from research grants and students.

Much hard work lies ahead but these are exciting times for students, staff and the city of Cardiff itself.

### Scope of the Financial Statements

The financial statements for the year ended 31 July 2015 consolidate the results of the University and its subsidiary company University College Cardiff Consultants Limited.

### Results for the Year

The University has made a surplus of £22 million in line with budget expectations. The results are shown in the table below.

	2014/15	% of	2013/14	% of
	£m	Income	£m	Income
Income	483		456	
Expenditure	(459)		(431)	
Operating Surplus	24		25	
Transfers (to)/ from Endowments	0		1	
Taxation	(2)		0	
<b>Surplus Retained Within General Reserves</b>	<b>22</b>		<b>26</b>	
<b>Historical Cost Surplus After Tax</b>	<b>25</b>		<b>29</b>	
<b>Cash Surplus (Cash Inflow from Operating Activities)</b>	<b>29</b>	6.0%	<b>33</b>	7.2%

TRUSTEES REPORT - OPERATING AND FINANCIAL REVIEW

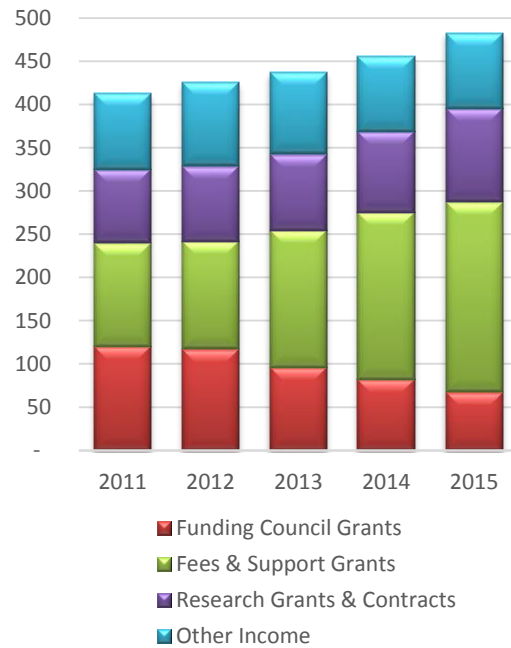
Income Growth 6%

Income has continued to grow with increases of £27m in tuition fees and £14m in research income more than offsetting the decrease of £15m in grants received from the Higher Education Funding Council for Wales.

The increased student fee income is mainly due to Home undergraduate fees. This has resulted from a combination of a small increase in total student numbers and the final transitional year for student fees to the new rate.

The research income includes £9.8m of Research and Development Expenditure Credits (RDEC) from HM Revenue and Customs in relation to the three financial years ending 31 July 2015. The taxation figure relates entirely to tax paid on these credits giving a net one-off source of income of £7.6m for the year. The other significant movement is in income from Research Councils which has grown from £22m to £26m in line with the University’s strategy ‘The Way Forward 2012-2017’.

Income By Category 2011 to 2015



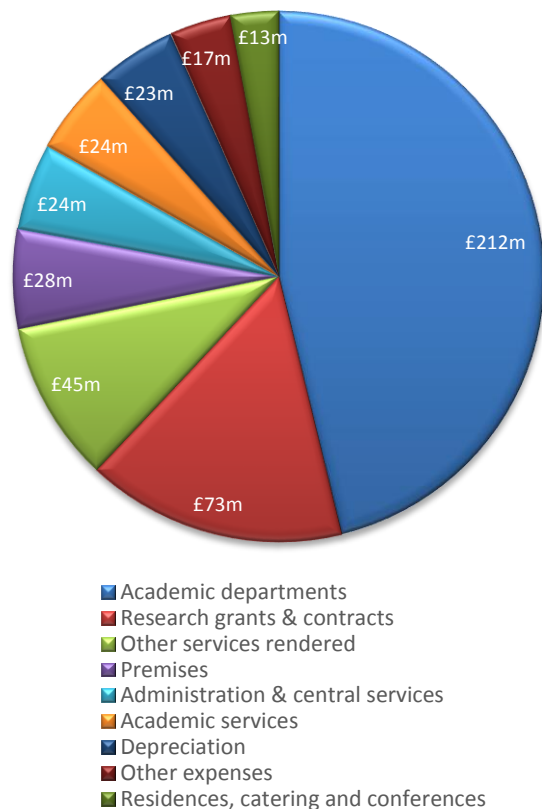
Expenditure Growth 6%

The focus of spend on resources remains in the areas of Teaching and Research which together have increased by £22m and represent 62% of total expenditure.

The depreciation charge has increased by £5m in the year to reflect the increase in capital investment.

The FRS17 pension fund adjustments in the Income and Expenditure account were favourable this year due to improvements in assumptions. There was a gain of £1.8m included within staff costs and a £2.7m gain on interest within other costs. These gains were offset by an £8m actuarial loss in the Consolidated Statement of Realised Gains and Losses, giving an overall increase of £3.5m to the pension liability in the Balance Sheet. These costs relate to the Cardiff University Pension Fund and Local Government Scheme. There is no FRS17 adjustment for the Universities Superannuation Scheme, further information is provided on this in the accounting policies note on page 17.

Analysis of 2014/15 Spend by Category



# CARDIFF UNIVERSITY

## TRUSTEES REPORT - OPERATING AND FINANCIAL REVIEW

### Key Financial Performance Indicators in line with Russell Group

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.

KPI's	Cardiff			Russell Group Universities Median
	2014/15 £m	2013/14 £m	2012/13 £m	2013/14 £m
Total Income	483	456	437	498
Operating Surplus	24	25	10	19
Staff Costs	263	253	249	267
% of Income	54%	55%	57%	53%
Research Income	108	94	88	111
% of Income	22%	21%	20%	23%

### Cashflow Surplus 6%

In addition to the KPIs above, *the Way Forward* strategy aims for the cashflow surplus to exceed 5% each year to fund its' ambitious investment programme. This 6% represents £29m in 2014/15.

### Capital Investment

During the year £57m was spent on investment in infrastructure and equipment. This was funded from the cash surplus generated in the year, £6m of capital grants plus the use of existing reserves within the University

£40m of this was invested in capital building projects. The Cardiff Business School Post Graduate Centre and the Talybont Gate residences were completed in the year and many existing buildings were refurbished in line with the Estates Masterplan, which aims to provide new state-of-the-art research, teaching and student facilities. Work also commenced on the exciting CUBRIC 2 building on the Maindy Road campus with completion due in 2016. Cardiff University is one of the UK's top three for Neuroimaging, Psychology and Psychiatry.

### Compound Semiconductor Centre Limited

A further £5.6 million was invested in this new joint venture with IQE Plc which is integral to the establishment of the Institute for Compound Semiconductors to be based in the Translational Research Facility (TRF) on the Innovation Campus. The Institute will provide facilities to help researchers and industry work together, positioning Cardiff as the UK and European leader in compound semiconductors.

### Future Developments

Capital developments that are due to start in 2015/16 include two new buildings, TRF and Innovation Central, sited on the Innovation Campus. TRF will house the Institute for Compound Semiconductors and the Cardiff Catalysis Institute (CCI). CCI is already established as one of the world's top five catalysis research centres, and the leading UK facility in this area, but moving to a new home will enable growth across many scientific disciplines. Innovation Central will be home to the world's first Social Science Research Park, which aims to provide solutions to pressing global problems, and the Innovation Centre, which plans to provide start-up companies with resources and support to help them thrive.

The Centre for Student Life building will provide new state-of-the art teaching and student facilities on Park Place opposite the University's Main Building. The design contract was awarded in October 2015 and further tenders are taking place to enable commencement of this building during the 2016/17 academic year.

### Outlook

The University has been working hard to secure its financial position and has again created a significant surplus in 2014/15. In order to meet its ambitious investment programme, it will need to continue to generate substantial surpluses at a time when the pressure on income streams is increasing. The outstanding results in the 2014 Research Excellence Framework (REF), in which Cardiff was ranked fifth in the UK for the quality of its research should help the University to increase its' research income streams and continue to attract increasing numbers of students.

G Treharne  
Vice-Chair of Council  
21 January 2016

## CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

The Audit Committee met five times in 2014-15, 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.

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

## PUBLIC BENEFIT STATEMENT

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

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

### Research and Innovation

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

### Education

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

The University's students are drawn from a variety of backgrounds, with students attracted from throughout Wales, the rest of the UK and worldwide and supported by a range of targeted scholarships and bursaries to ensure fair access for all. In 2014/15 we invested £6 million in scholarships and bursaries.

### International

The University's international activities range from our collaborations with business and education partners all over the world to the enormous contribution that international students make to the social and cultural life of the University. Cardiff also attracts the highest calibre of researchers from around the world. International students are welcomed from 100 different countries and account for some 18% of the total student population.

### Engagement

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

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

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



## RESPONSIBILITIES OF THE COUNCIL OF CARDIFF UNIVERSITY

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

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

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

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

The Council has taken reasonable steps to:

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

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

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

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  
21 January 2016

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Our opinion**

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

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2015, and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation 14 of The Charities (Accounts and Reports) Regulations 2008.

#### **What we have audited**

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

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in its preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Governing Body has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

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

In our opinion, in all material respects:

- 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.

#### **OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

##### **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 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.

We have no exceptions to report arising from this responsibility.

##### **Other information in the Annual Report**

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. We have no exceptions to report arising from this responsibility.

##### **Internal Control**

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 is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report arising from this responsibility.

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

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

#### **Our responsibilities and those of the Council**

As explained more fully in the statement of Responsibilities of the Council of Cardiff University set out on page 9 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 ISAs (UK & 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 Article 18 of the institution'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 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.

#### **What an audit of the financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff  
21 January 2016

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

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

**CARDIFF UNIVERSITY**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 July 2015**

	Note	2015 £'000	2014 £'000
<b>INCOME</b>			
Funding Body Grants	2	67,497	82,318
Tuition fees and support grants	3	219,780	192,784
Research grants and contracts	4	98,009	93,550
Research grants and contracts - RDEC	4	9,773	-
Other income	5	83,662	83,617
Endowment and investment income	6	3,871	3,462
		<hr/>	<hr/>
Total Income		482,592	455,731
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff costs	7	262,830	253,376
Other operating expenses	9	171,917	157,728
Depreciation	12	22,741	18,060
Interest and other finance costs	8	1,169	1,240
		<hr/>	<hr/>
Total Expenditure	9	458,657	430,404
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation		23,935	25,327
Transfer (to)/from accumulated income in endowment funds	21	(72)	1,055
		<hr/>	<hr/>
Surplus for the year before taxation		23,863	26,382
Corporation Tax	10	(2,143)	-
		<hr/>	<hr/>
Surplus for the year after taxation retained within General Reserves	23	21,720	26,382
		<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 2015**

	Note	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation		23,935	25,327
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	3,405	3,381
Historical cost surplus for the year before taxation		<u>27,340</u>	<u>28,708</u>
Historical cost surplus for the year after taxation		<u>25,197</u>	<u>28,708</u>

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 31 July 2015**

	Note	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation		23,935	25,327
Corporation Tax		(2,143)	-
New endowments	21	816	461
Appreciation of endowment asset investments	21	244	670
Actuarial (loss)/gain on pension scheme	27	(7,990)	8,700
Appreciation of fixed asset investment	13	941	3,739
<b>TOTAL RECOGNISED GAINS RELATING TO THE YEAR</b>		<u>15,803</u>	<u>38,887</u>
<b>Reconciliation</b>			
Opening Reserves and Endowments		335,737	296,850
Total recognised gains for the year		<u>15,803</u>	<u>38,887</u>
Closing Reserves and Endowments		351,540	335,737
Opening Deferred Capital Grants		118,674	120,444
Net decrease in the year		<u>(1,413)</u>	<u>(1,770)</u>
Closing Deferred Capital Grants		117,261	118,674
Net Assets as at 31 July		<u>468,801</u>	<u>454,411</u>

**CARDIFF UNIVERSITY**

**BALANCE SHEETS**

**As at 31 July 2015**

	Note	<u>Consolidated</u>		<u>University</u>	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>					
Tangible assets	12	387,789	353,925	387,789	353,925
Investments	13	15,569	8,975	15,563	8,969
		<u>403,358</u>	<u>362,900</u>	<u>403,352</u>	<u>362,894</u>
<b>ENDOWMENT ASSETS</b>	14	28,668	27,536	28,668	27,536
<b>CURRENT ASSETS</b>					
Stocks	15	231	188	231	188
Debtors	16	63,673	43,431	64,059	43,851
Short-term deposits		144,134	172,323	144,113	172,262
Cash at bank and in hand		1,413	1,280	1,413	1,280
		<u>209,451</u>	<u>217,222</u>	<u>209,816</u>	<u>217,581</u>
<b>CREDITORS: amounts falling due within one year</b>	17	(106,711)	(87,699)	(106,394)	(87,376)
<b>NET CURRENT ASSETS</b>		<u>102,740</u>	<u>129,523</u>	<u>103,422</u>	<u>130,205</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		534,766	519,959	535,442	520,635
<b>CREDITORS: amounts falling due after more than one year</b>	18	(17,893)	(19,464)	(17,893)	(19,464)
<b>OTHER DEFERRED INCOME</b>	19	(9,102)	(10,584)	(9,102)	(10,584)
<b>NET ASSETS: excluding net pension liability</b>		<u>507,771</u>	<u>489,911</u>	<u>508,447</u>	<u>490,587</u>
<b>NET PENSION LIABILITY</b>	27	(38,970)	(35,500)	(38,970)	(35,500)
<b>NET ASSETS: including net pension liability</b>		<u><u>468,801</u></u>	<u><u>454,411</u></u>	<u><u>469,477</u></u>	<u><u>455,087</u></u>

# CARDIFF UNIVERSITY

## BALANCE SHEETS As at 31 July 2015 (Continued)

	Note	<u>Consolidated</u>		<u>University</u>	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>DEFERRED CAPITAL GRANTS</b>	20	117,261	118,674	117,261	118,674
<b>ENDOWMENTS</b>					
Permanent	21	26,020	25,401	26,020	25,401
Expendable	21	2,648	2,135	2,648	2,135
		28,668	27,536	28,668	27,536
<b>RESERVES</b>					
Revaluation reserve	22	77,655	80,190	77,655	80,190
General reserve	23	284,187	263,511	284,863	264,187
Pension reserve	24	(38,970)	(35,500)	(38,970)	(35,500)
		322,872	308,201	323,548	308,877
<b>TOTAL FUNDS</b>		468,801	454,411	469,477	455,087

These financial statements on pages 12 to 41 were approved by the Council on 21 January 2016.

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 2015**

	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Net Cash inflow from operating activities</b>	25	29,265	32,772
<b>Returns on investments and servicing of finance</b>			
Income from endowments	21	690	729
Interest received		399	1,333
Interest paid		(1,169)	(1,240)
		<u>          </u>	<u>          </u>
Net cash (outflow)/inflow from returns on investments and servicing of finance		(80)	822
		<u>          </u>	<u>          </u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible assets	12	(56,605)	(39,896)
Payments to acquire fixed assets investments	13	(5,653)	-
Payments to acquire endowment asset investments	14	(2,364)	(797)
Receipts from sales of endowment asset investments	14	1,476	1,401
Deferred capital grants received	20	6,566	2,504
New endowments	21	816	451
		<u>          </u>	<u>          </u>
Net cash outflow from capital expenditure and financial investment		(55,764)	(36,337)
		<u>          </u>	<u>          </u>
Cash outflow before management of liquid resources		(26,579)	(2,743)
<b>Management of liquid resources</b>			
Cash transferred from short term deposits		28,189	1,469
<b>Financing</b>			
Loan repayments in the year		(1,477)	(1,385)
		<u>          </u>	<u>          </u>
<b>Increase/(Decrease) in cash in the year</b>	26	133	(2,659)
		<u>          </u>	<u>          </u>



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2015

### 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

#### **Basis of Preparation**

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

#### **Basis of Accounting**

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

#### **Basis of Consolidation**

The consolidated Financial Statements consolidate the Financial Statements of the University and all its subsidiary undertakings for the financial year to 31 July but do not include those of the University Union, 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.

#### **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 IP Group plc shares is released from deferred income on a straight line basis over the 10 year life of the agreement.

#### **Research and Development Expenditure Credits (RDEC)**

Income is recognised under the RDEC legislation at the point at which the claim methodology in relation to expenditure incurred has been approved by HM Revenue and Customs.

#### **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.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2015

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

#### 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.

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. 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

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

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

The University adheres to the HEFCW Financial Memorandum whereby approval of HEFCW must be obtained before a transaction is entered into affecting property built or developed with grants funded from Treasury Sources.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2015

### Equipment

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

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

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

### Capital grants and contributions

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

### Investments

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

### Stocks

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

### Maintenance of Premises

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

### Taxation Status

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

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

### Short-Term Deposits

Short-term cash deposits and investments with recognised banks, building societies and investment houses, which can be called on demand or with short term notice and without any material penalty, are included within short-term deposits 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 2015**

**2. FUNDING BODY GRANTS**

	Note	2015 £000	2014 £000
Recurrent grant		56,773	68,937
Specific grants:			
Academic Infrastructure		85	400
Learning & Teaching Support		51	216
Innovation & Engagement		-	625
Supplementary Funds		1,138	2,264
Clinical Pay Award		500	800
Widening Access		-	198
Graduate Entry Scheme		2,300	2,100
Welsh for Adults		1,373	1,653
Release of deferred capital grants:			
Buildings	20	3,750	3,764
Equipment	20	1,527	1,361
		<u>67,497</u>	<u>82,318</u>

**3. TUITION FEES AND SUPPORT GRANTS**

	2015 £000	2014 £000
UK and European Union Undergraduate	112,644	92,177
UK and European Union Postgraduate	10,945	10,385
Overseas (including part-time)	58,783	56,691
Part Time (UK and European Union)	5,161	5,045
	<u>187,533</u>	<u>164,298</u>
Education contracts	15,649	14,036
Research training support grants	6,178	6,442
Non-Credit bearing fees	10,420	8,008
	<u>219,780</u>	<u>192,784</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2015**

**4. RESEARCH GRANTS AND CONTRACTS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Research Councils	25,524	22,301
UK-based charities	19,429	19,517
UK Government bodies	31,524	29,123
UK Industry	4,323	5,370
European Commission	10,964	12,007
Overseas	4,154	4,782
Other grants and contracts	11,864	450
	<b>107,782</b>	<b>93,550</b>
	<b>107,782</b>	<b>93,550</b>

Included within other grants and contracts is £9.8m (2014 £nil) in relation to Research and Development Expenditure Credits (RDEC) receivable for the three financial years ending 31 July 2015. This is a one-off source of income and will not occur in future years.

	<b>TOTAL</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income receivable under RDEC	9,773	3,676	4,536	1,561
Tax payable	(2,143)	(760)	(1,013)	(370)
<b>Net receipt due included in debtors</b>	<b>7,630</b>	<b>2,916</b>	<b>3,523</b>	<b>1,191</b>
	<b>7,630</b>	<b>2,916</b>	<b>3,523</b>	<b>1,191</b>

**5. OTHER INCOME**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
Residences, catering and conferences		25,189	22,513
Other services rendered:			
UK Central Government		33,497	31,548
UK Health Authorities		9,325	9,195
UK Industry		1,835	1,471
European Union		1,865	989
Overseas		188	950
UK Universities		761	389
Other Sources		4,613	9,525
		52,084	54,067
Rents Receivable		136	127
Exempt VAT recoverable		623	519
Donations and Subventions		161	252
Other income		3,440	4,110
IP Group plc Investment Release		1,594	1,594
Released from Deferred Capital Grants	20	435	435
		<b>83,662</b>	<b>83,617</b>
		<b>83,662</b>	<b>83,617</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**6. ENDOWMENT AND INVESTMENT INCOME**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
Income from permanent endowments	21	644	680
Income from expendable endowments	21	46	49
Interest receivable		451	1,333
Interest element of pension cost		2,730	1,400
		3,871	3,462
		3,871	3,462

**7. STAFF COSTS**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
<b>Staff costs</b>			
Wages and salaries		211,859	203,535
Social security costs		16,979	16,263
Other pension costs	27	33,992	33,578
		262,830	253,376
		262,830	253,376

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

Emoluments of the Vice Chancellor – Salary		248	238
Pension		39	31
Benefits in kind		1	2
		288	271
		288	271
Remuneration paid to Trustees in total for expenses		6	7
		6	7

No Trustee receives payments for serving.

	<b>2015</b>	<b>2014</b>
<b>Average staff numbers by major category</b>	<b>Number</b>	<b>Number</b>
	<b>FTE</b>	<b>FTE</b>
Clinical and non-clinical academic and academic related	3,799	3,685
Technical services	216	213
Administrative support	971	939
Operational services	282	285
	5,268	5,122
	5,268	5,122

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2015**

**7. STAFF COSTS (continued)**

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

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
£100,000 - £109,999	57	56
£110,000 - £119,999	36	30
£120,000 - £129,999	14	16
£130,000 - £139,999	8	11
£140,000 - £149,999	6	7
£150,000 - £159,999	3	3
£160,000 - £169,999	5	2
£170,000 - £179,999	2	1
£180,000 - £189,999	3	2
£190,000 - £199,999	1	-
£230,000 - £239,999	-	1
£240,000 - £249,999	1	-
	136	129
	136	129

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Compensation for loss of office payable to higher paid employees</b>		
Compensation payable – 1 employee (2014 - 5 employees)	58	385
The compensation pay was approved by the University's Remuneration Committee.		

**8. INTEREST AND OTHER FINANCE COSTS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Bank Loans	1,169	1,240
	1,169	1,240
	1,169	1,240

**CARDIFF UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

	Staff costs £000	Other operating expenses £000	Interest Payable £000	Total 2015 £000	Total 2014 £000
Academic departments	155,332	56,732	-	212,064	194,466
Academic services	15,039	8,453	-	23,492	21,839
Research grants and contracts	36,073	36,688	-	72,761	69,346
Other services rendered	21,570	23,582	-	45,152	46,467
Residences, catering and conferences	5,727	6,375	1,169	13,271	13,456
Premises	6,574	21,051	-	27,625	26,285
Administration and central services	18,837	5,410	-	24,247	23,219
Other expenses	5,468	13,626	-	19,094	17,566
FRS 17 pension fund adjustments	(1,790)	-	-	(1,790)	(300)
	<u>262,830</u>	<u>171,917</u>	<u>1,169</u>	435,916	412,344
Depreciation (note 12)				<u>22,741</u>	<u>18,060</u>
Total per Income and Expenditure Account				<u>458,657</u>	<u>430,404</u>
				<b>2015</b>	<b>2014</b>
				<b>£000</b>	<b>£000</b>
Other expenses include:					
Auditors' remuneration – external audit				66	54
– audit-related services				28	28
– other tax services				-	-
				<u>-</u>	<u>-</u>

**10. TAXATION**

The tax charge for the year arises from the claim for Research and Development Expenditure Credits (RDEC)

	<u>Consolidated</u>	
	2015	2014
	£000	£000
<b>Current Tax</b>		
UK Corporation tax of 20.67% (2014: 22.33%) on surplus/(deficit) for the year	760	-
Adjustments in respect of previous periods	1,383	-
	<u>2,143</u>	<u>-</u>
<b>Total tax charge</b>	<u>2,143</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 July 2015**

**10. TAXATION (continued)**

**Factors Affecting the tax charge:**

The tax assessed for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Surplus before taxation	23,863	26,382
Surplus multiplied by the standard rate of corporation tax in the UK of 20.67% (2014: 22.33%)	4,932	5,891
Surplus falling within charitable exemption	(4,172)	(5,891)
Adjustments in respect of previous periods	1,383	-
<b>Current tax charge</b>	<b>2,143</b>	<b>-</b>

**11. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR**

The surplus on continuing operations after depreciation of assets at Valuation and taxation is made up as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
University surplus for the year	21,792	25,327
Surplus incurred by subsidiary undertakings	-	-
	<b>21,792</b>	<b>25,327</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**12. TANGIBLE FIXED ASSETS**

	<u>Consolidated and University</u>				
	Land and Buildings			Equipment	
	Freehold £000	Long leasehold £000	Assets in the Course of Construction £000	£000	Total £000
<b>Cost or valuation</b>					
At 1 August 2014	235,903	217,059	26,713	80,204	559,879
Additions at cost	9,777	5,311	25,232	16,285	56,605
Disposals (i)	-	-	-	(2,394)	(2,394)
Projects Completed	23,487	1,503	(24,990)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	269,167	223,873	26,955	94,095	614,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Valuation	122,211	115,700	-	-	237,911
Cost	146,956	108,173	26,955	94,095	376,179
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	269,167	223,873	26,955	94,095	614,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated Depreciation</b>					
At 1 August 2014	64,733	73,238	-	67,983	205,954
Charge for year	6,530	7,004	-	9,207	22,741
Eliminated on Disposal	-	-	-	(2,394)	(2,394)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	71,263	80,242	-	74,796	226,301
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 July 2015	197,904	143,631	26,955	19,299	387,789
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	171,170	143,281	26,713	12,221	353,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financed By:					
Funding Council	53,890	33,128	-	766	87,784
Endowments/Donations	707	1,605	1,000	-	3,312
Loans and Grants	16,635	16,731	6,000	-	39,366
Revaluation	21,035	49,194	-	-	70,229
Other Capital	105,637	42,973	19,955	18,533	187,098
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 July 2015	197,904	143,631	26,955	19,299	387,789
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of £132,157k (2014 £132,157k). 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 £20,881k (2014 £20,881k).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**13. FIXED ASSET INVESTMENTS**

	<u>Consolidated</u>		<u>University</u>	
	<u>Other</u>	<u>Total</u>	<u>Other</u>	<u>Total</u>
	<u>Investments</u>		<u>Investments</u>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 August 2014	8,975	8,975	8,969	8,969
Appreciation recognised in year	941	941	941	941
Additions	5,653	5,653	5,653	5,653
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 July 2015	<u>15,569</u>	<u>15,569</u>	<u>15,563</u>	<u>15,563</u>

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

The University has an interest in the following companies:

University College Cardiff Consultants Limited (UC3)

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

Cardiff Partnership Fund Limited

The University owns a 100% interest in the Cardiff Partnership Fund Limited, the holding company of the unincorporated Cardiff Partnership Fund Limited Partnership. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board. The company has no trading activities and net assets of £75,617 at 31 July 2015 (£20,277 at July 2014).

IP Group Plc

In March 2014, the University acquired shares in IP Group plc giving the company the right to commercially develop current and future research-generated intellectual property (IP) at the University. The value of shares in IP Group plc as at 31 July 2015 was £9.8 million (£8.9 million as at 31 July 2014). Further information is given in note 30.

Compound Semiconductor Centre Limited

The University made a prepayment of £5.7 million towards a 50% share in Compound Semiconductors Centre Limited prior to the year end. This became a joint venture with IQE Plc on 1 August 2015 when the share capital was issued. The arrangement has been treated as an investment in the 2014/15 Financial Statements but will be treated as a joint venture in the 2015/16 Financial Statements. Further information is given in note 30.

WWII Limited

The University has a 100% holding in WWII limited, a company limited by guarantee and registered in England and Wales, whose vision is to improve wound prevention and treatment. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**14. ENDOWMENT ASSETS**

	<u>Consolidated and University</u>	
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 August	27,536	27,470
Additions	2,364	797
Disposals	(2,547)	(970)
Increase/(Decrease) in cash held as short-term deposits	1,071	(431)
Appreciation on revaluation/disposal	244	670
	<hr/>	<hr/>
Balance at 31 July	28,668	27,536
	<hr/>	<hr/>
Fixed interest stock	3,311	3,844
Equities	18,044	17,274
Bank balances and short-term deposits	4,367	3,297
Other assets	2,946	3,121
	<hr/>	<hr/>
Total endowment asset investments	28,668	27,536
	<hr/>	<hr/>
Fixed interest and equities at cost	19,846	19,507
	<hr/>	<hr/>

**15. STOCKS**

	<u>Consolidated and University</u>	
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Residences and Catering	110	104
Maintenance	82	75
Schools	39	9
	<hr/>	<hr/>
	231	188
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**16. DEBTORS**

	<u>Consolidated</u>		<u>University</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:				
Debtors:				
Fees	2,784	2,635	2,784	2,635
Research	28,519	25,693	28,519	25,693
NHS Distinction Awards	344	407	344	407
Accommodation	96	518	96	518
Miscellaneous	31,232	14,515	31,018	14,335
Less: provision for impairment	(621)	(650)	(621)	(650)
	<u>62,354</u>	<u>43,118</u>	<u>62,140</u>	<u>42,938</u>
Prepayments	319	313	319	313
	<u>62,673</u>	<u>43,431</u>	<u>62,459</u>	<u>43,251</u>
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings (i)	-	-	600	600
Compound Semiconductor Centre Limited (ii)	1,000	-	1,000	-
	<u>1,000</u>	<u>-</u>	<u>1,600</u>	<u>600</u>
Total Debtors	<u>63,673</u>	<u>43,431</u>	<u>64,059</u>	<u>43,851</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 with a minimum of one year and one month's notice given. No notice for repayment had been made at 31 July 2015.
- (ii) The amount due from the Compound Semiconductor Centre Limited relates to an interest bearing loan agreement for a £1.6 million facility of which £1.0 million had been 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. The repayment is based upon future profitability targets.

As at 31 July 2015, the provision for impairment of debtors was aged as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Less than 3 months past due	-	-
3 to 6 months past due	96	104
Over 6 months past due	525	546
	<u>621</u>	<u>650</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**16. DEBTORS (continued)**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
At 1 August	650	1,956
Debtors written off during the year	(74)	(39)
Provision adjustments (i)	45	(1,267)
	<hr/>	<hr/>
At 31 July	<u>621</u>	<u>650</u>

As at 31 July 2015, debtors past their due date but not impaired were aged as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Less than 3 months past due	3,943	4,505
Over 3 months past due	3,387	1,038
	<hr/>	<hr/>
	<u>7,330</u>	<u>5,543</u>

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

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>Consolidated</u>		<u>University</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	6,781	6,887	6,413	6,487
Sundry creditors	6,653	5,558	6,653	5,558
Social security and other taxation	5,202	5,802	5,208	5,783
Accruals and deferred income	30,331	18,539	30,327	18,503
Research grants and contracts in advance	38,453	36,094	38,453	36,094
Other services rendered	17,720	13,342	17,720	13,342
Lloyds Bank loan (Note 18(i))	871	777	871	777
Royal Bank Scotland loan (Note 18(ii))	700	700	700	700
Amounts due to subsidiary undertakings	-	-	49	132
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>106,711</u>	<u>87,699</u>	<u>106,394</u>	<u>87,376</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>Consolidated</u>		<u>University</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Lloyds Bank Loan (i)	11,418	12,289	11,418	12,289
Royal Bank of Scotland Loan (ii)	6,475	7,175	6,475	7,175
	<u>17,893</u>	<u>19,464</u>	<u>17,893</u>	<u>19,464</u>

- (i) Lloyds Bank originally advanced £17 million 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	£871k
Between two and five years	£4,703k
Over five years	£6,715k

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

- (ii) 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 £0.7 million as follows:

Within one year	£700k
Between two and five years	£2,800k
Over five years	£3,675k

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

**19. OTHER DEFERRED INCOME**

	<u>Consolidated and University</u>	
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Academic Infrastructure Grants	640	727
Learning and Teaching Support Grants	278	313
Supplementary Funds	4,958	5,128
Other Deferred Grants	197	197
IP Group plc Deferred Income	1,600	3,194
Student Fees received in advance	1,429	1,025
	<u>9,102</u>	<u>10,584</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**20. DEFERRED CAPITAL GRANTS**

	<u>Consolidated and University</u>				<b>Total £000</b>
	<b>Funding Council</b>		<b>Other</b>		
	<b>Buildings £000</b>	<b>Equipment £000</b>	<b>Buildings £000</b>	<b>Equipment £000</b>	
As at 1 August 2014	90,888	2,391	23,604	1,791	118,674
Cash received	1,956	664	1,000	2,946	6,566
Released to income and expenditure (Note 2/Note 5)	(3,750)	(1,527)	(435)	(2,267)	(7,979)
At 31 July 2015	<u>89,094</u>	<u>1,528</u>	<u>24,169</u>	<u>2,470</u>	<u>117,261</u>

**21. ENDOWMENTS**

	<u>Consolidated and University</u>					
	<b>Unrestricted Permanent £000</b>	<b>Restricted Permanent £000</b>	<b>Total Permanent £000</b>	<b>Restricted Expendable £000</b>	<b>2015 Total £000</b>	<b>2014 Total £000</b>
Opening Balance						
Capital	1,778	15,050	16,828	1,077	17,905	18,186
Accumulated Income	1,161	7,412	8,573	1,058	9,631	9,284
	<u>2,939</u>	<u>22,462</u>	<u>25,401</u>	<u>2,135</u>	<u>27,536</u>	<u>27,470</u>
New endowments	-	293	293	523	816	451
Income for year	73	571	644	46	690	729
Expenditure	(70)	(482)	(552)	(66)	(618)	(1,784)
	3	89	92	(20)	72	(1,055)
Increase in market value	16	218	234	10	244	670
Closing Balance (Note 14)	<u>2,958</u>	<u>23,062</u>	<u>26,020</u>	<u>2,648</u>	<u>28,668</u>	<u>27,536</u>
Represented by:						
Capital	1,807	15,663	17,470	1,098	18,568	17,905
Accumulated Income	1,151	7,399	8,550	1,550	10,100	9,631
	<u>2,958</u>	<u>23,062</u>	<u>26,020</u>	<u>2,648</u>	<u>28,668</u>	<u>27,536</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**22. REVALUATION RESERVE**

	<u>Consolidated and University</u>	
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Revaluations</b>		
At 1 August	140,580	144,154
Released on Disposals (Transfer to Income and Expenditure Account) (Note 23)	(194)	-
Gains on valuation of shares (Note 13)	941	3,739
Disposal of Fixed Asset Investment	-	(7,313)
	<u>141,327</u>	<u>140,580</u>
<b>Contributions to depreciation</b>		
At 1 August	(60,390)	(57,009)
Released on Disposals (Transfer to Income and Expenditure Account) (Note 23)	123	-
Released in year (Note 23)	(3,405)	(3,381)
	<u>(63,672)</u>	<u>(60,390)</u>
<b>Net revaluation amount</b>		
At 31 July	<u>77,655</u>	<u>80,190</u>

**23. GENERAL RESERVE**

	<u>Consolidated</u>	<u>University</u>	<u>Consolidated</u>
	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August	263,511	264,187	228,135
Surplus for the year	21,720	21,720	26,382
Transfers from revaluation reserve (Note 22)	3,476	3,476	10,694
Pension contributions in excess of FRS 17 charge	(4,520)	(4,520)	(1,700)
	<u>284,187</u>	<u>284,863</u>	<u>263,511</u>

# CARDIFF UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2015

### 24. PENSION RESERVE

	<u>Consolidated</u> <b>2015</b> <b>£000</b>	<u>University</u> <b>2015</b> <b>£000</b>	<u>Consolidated</u> <b>2014</b> <b>£000</b>
At 1 August	(35,500)	(35,500)	(45,900)
Actuarial (loss)/gain on pension scheme	(7,990)	(7,990)	8,700
Pension contributions in excess of FRS 17 charge	4,520	4,520	1,700
	<hr/>	<hr/>	<hr/>
At 31 July	<u>(38,970)</u>	<u>(38,970)</u>	<u>(35,500)</u>

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

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Surplus on continuing operations after depreciation of assets at valuation and before taxation	23,935	25,327
Depreciation	22,741	18,060
Endowment income and interest receivable	(3,871)	(3,462)
Deferred capital grants released to income	(7,979)	(6,960)
Interest payable	1,169	1,240
(Increase)/Decrease in stocks	(43)	34
(Increase) in debtors	(22,333)	(1,426)
Increase in creditors	18,918	7,519
Decrease in provisions	-	(6,593)
Decrease in Other Deferred Income	(1,482)	(1,892)
Pension contributions in excess of charge	(1,790)	(300)
Profit on disposal of shares	-	(232)
Loss on valuation of shares	-	1,457
	<hr/>	<hr/>
Net cash inflow from continuing operating activities	<u>29,265</u>	<u>32,772</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Increase/(Decrease) in cash in the year	133	(2,659)
Cash inflow to liquid resources	(28,189)	(1,469)
Loan repayments in the year	1,477	1,385
	<hr/>	<hr/>
Change in net funds	<u>(26,579)</u>	<u>(2,743)</u>

	<b>At</b>		<b>At</b>
	<b>1 August</b>	<b>Cash Flows</b>	<b>31 July</b>
	<b>2014</b>	<b>£000</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>ANALYSIS OF CHANGES IN NET FUNDS</b>			
Cash at bank and in hand	1,280	133	1,413
Bank overdraft	-	-	-
	<hr/>	<hr/>	<hr/>
Total cash at bank and in hand	1,280	133	1,413
Liquid resources:			
Short-term deposits	172,323	(28,189)	144,134
Debt:			
Debts falling due within one year	(1,477)	(94)	(1,571)
Debts falling due after one year	(19,464)	1,571	(17,893)
	<hr/>	<hr/>	<hr/>
	(20,941)	1,477	(19,464)
	<hr/>	<hr/>	<hr/>
Total	<u>152,662</u>	<u>(26,579)</u>	<u>126,083</u>

**27. PENSION SCHEMES**

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

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

	<b>USS</b>	<b>CUPF</b>	<b>LGS</b>
Latest actuarial valuations	31 March 2014 (unaudited)	31 July 2013	31 March 2013
Investment returns per annum	5.2% in year 1 decreasing to 4.7% over 20 years	6.2%	5.6%
Salary scale increases per annum	CPI in year 1, CPI + 1% in year 2, then RPI + 1%	3.1%	3.4%
Pension increases per annum	3.25%	3.1%	2.4%
Market value of assets at date of last	£41,604 million	£144.4 million	£1,369 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	89%	89%	82%

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**27. PENSION SCHEMES (continued)**

Notes:

- (i) Employer contribution rates during the year were as follows:  
 (a) USS 16%  
 (b) CUPF 20%  
 (c) The employer contribution rate to the LGS was 27.3% plus a cash contribution of £1.3 million  
 (d) NHS 14% to 31 March 2015, then 14.3%  
 (e) NEST 1%
- (ii) At 31 July 2015, the outstanding pension contributions included in creditors was £3.735 million (£3.476 million 31 July 2014).

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
USS	23,922	22,653
NHS	2,202	2,195
CUPF	7,492	8,408
LGS	376	322
	33,992	33,578
Total pension cost (Note 7)	33,992	33,578

An updated estimated valuation of each of the two defined benefit schemes (CUPF and LGS) was performed at 31 July 2014 by a qualified actuary. The FRS 17 disclosures set out below are based on this updated valuation.

The major assumptions used by the scheme actuaries were:

	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>CUPF</b>	<b>LGS</b>	<b>CUPF</b>	<b>LGS</b>	<b>CUPF</b>	<b>LGS</b>
Rate of increase in salaries	3.1%	3.1%	3.2%	3.2%	4.6%	4.5%
Rate of increase in pensions in payment	2.1%	2.1%	2.2%	2.2%	2.7%	2.6%
Discount rate	3.6%	3.6%	4.0%	4.0%	4.5%	4.4%
Inflation assumption - RPI	3.2%	3.2%	3.2%	3.2%	3.6%	3.5%
- CPI	2.1%	2.1%	2.2%	2.2%	2.7%	2.6%
Life expectancy aged 65:						
Males retiring today	22.0	23.8	21.9	23.7	21.4	24.0
Females retiring today	25.0	26.7	24.9	26.6	24.3	26.8
Males retiring in 20 years	23.9	25.8	23.7	25.7	22.8	25.7
Females retiring in 20 years	26.6	29.0	26.5	28.9	25.8	28.8

**CARDIFF UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**27. PENSION SCHEMES (continued)**

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

<u>CUPF</u>	31 July 2015 £m	31 July 2015 %	31 July 2014 £m	31 July 2014 %	31 July 2013 £m	31 July 2013 %
Equities	115.2	7.5	106.6	7.5	100.0	7.8
Bonds	52.7	3.4	46.4	3.4	43.6	3.6
Other Assets	0.4	1.1	0.6	1.1	0.9	0.9
	<u>168.3</u>		<u>153.6</u>		<u>144.5</u>	
	<u><u>168.3</u></u>		<u><u>153.6</u></u>		<u><u>144.5</u></u>	
<u>LGS</u>	31 July 2015 £m	31 July 2015 %	31 July 2014 £m	31 July 2014 %	31 July 2013 £m	31 July 2013 %
Equities	18.3	N/A	16.3	7.5	14.7	7.8
Bonds	3.4	N/A	3.1	3.4	3.0	3.6
Property	1.4	N/A	1.2	6.8	1.1	7.3
Other Assets	0.6	N/A	0.3	4.3	0.1	4.3
	<u>23.7</u>		<u>20.9</u>		<u>18.9</u>	
	<u><u>23.7</u></u>		<u><u>20.9</u></u>		<u><u>18.9</u></u>	

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

<u>CUPF</u>	31 July 2015 £m	31 July 2014 £m	31 July 2013 £m	31 July 2012 £m	31 July 2011 £m
The assets of the scheme	168.3	153.6	144.5	129.8	123.3
Present value of scheme liabilities	(196.0)	(177.0)	(173.7)	(163.4)	(141.9)
Net pension liability	<u>(27.7)</u>	<u>(23.4)</u>	<u>(29.2)</u>	<u>(33.6)</u>	<u>(18.6)</u>
	<u><u>(27.7)</u></u>	<u><u>(23.4)</u></u>	<u><u>(29.2)</u></u>	<u><u>(33.6)</u></u>	<u><u>(18.6)</u></u>
<u>LGS</u>	31 July 2015 £m	31 July 2014 £m	31 July 2013 £m	31 July 2012 £m	31 July 2011 £m
The share of the assets of the scheme	23.6	20.9	18.9	15.2	14.7
Present value of scheme liabilities	(34.9)	(33.0)	(35.6)	(33.7)	(30.7)
Net pension liability	<u>(11.3)</u>	<u>(12.1)</u>	<u>(16.7)</u>	<u>(18.5)</u>	<u>(16.0)</u>
	<u><u>(11.3)</u></u>	<u><u>(12.1)</u></u>	<u><u>(16.7)</u></u>	<u><u>(18.5)</u></u>	<u><u>(16.0)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**27. PENSION SCHEMES (continued)**

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

**CUPF**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Difference between the expected and actual return on assets	3.3	(0.4)	5.5	(2.8)	4.1
Experience gains and losses on scheme liabilities	0.5	(0.6)	2.7	2.0	21.9
Total amount recognised in the STRGL	(7.4)	5.3	3.3	(16.5)	31.6

**LGS**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Difference between the expected and actual return on assets	0.9	(0.2)	2.2	(1.0)	0.6
Experience gains and losses on scheme liabilities	0.2	2.4	(0.1)	(0.2)	(1.1)
Total amount recognised in the STRGL	(0.6)	3.4	0.8	(3.3)	(2.3)

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 2015 and 31 July 2014:

	<b>Year ended 31 July 2015</b>		<b>Year ended 31 July 2014</b>	
	<b><u>CUPF</u></b>	<b><u>LGS</u></b>	<b><u>CUPF</u></b>	<b><u>LGS</u></b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Analysis of amounts charged to income and expenditure account:				
Current service cost	7.5	0.4	8.4	0.4
Total operating charge	<u>7.5</u>	<u>0.4</u>	<u>8.4</u>	<u>0.4</u>
Financing:				
Expected return on assets	(9.7)	(1.4)	(9.4)	(1.4)
Interest on scheme liabilities	7.1	1.3	7.8	1.6
Net (income)/expense	<u>(2.6)</u>	<u>0.1</u>	<u>(1.6)</u>	<u>0.2</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**27. PENSION SCHEMES (continued)**

	Year ended 31 July 2015		Year ended 31 July 2014	
	<u>CUPF</u> £m	<u>LGS</u> £m	<u>CUPF</u> £m	<u>LGS</u> £m
Analysis of amounts recognised in statement of total recognised gains and losses:				
Actual return higher/(lower) than expected on scheme assets	3.3	0.9	(0.4)	(0.2)
Change in assumptions underlying the present value of scheme liabilities	(10.7)	(1.5)	5.7	3.6
Total actuarial (losses)/gains recognised	<u>(7.4)</u>	<u>(0.6)</u>	<u>5.3</u>	<u>3.4</u>

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

	Year ended 31 July 2015		Year ended 31 July 2014	
	<u>CUPF</u> £m	<u>LGS</u> £m	<u>CUPF</u> £m	<u>LGS</u> £m
Opening fair value of assets	153.6	20.9	144.5	18.9
Movement in year:				
Expected return on assets	9.7	1.4	9.4	1.4
Actuarial gains/(losses) on assets	3.3	0.9	(0.4)	(0.2)
Contributions by the employer	8.0	1.7	7.3	1.8
Contributions by participants	0.2	0.1	0.2	0.1
Net benefits paid out	(6.5)	(1.4)	(7.4)	(1.1)
Closing fair value of assets	<u>168.3</u>	<u>23.6</u>	<u>153.6</u>	<u>20.9</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**27. PENSION SCHEMES (CONTINUED)**

	Year ended 31 July 2015		Year ended 31 July 2014	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	£m	£m	£m	£m
Opening present value of liabilities	177.0	33.0	173.7	35.6
Movement in year:				
Current service cost	7.5	0.4	8.4	0.4
Interest cost on liabilities	7.1	1.3	7.8	1.6
Actuarial losses/(gains) on liabilities	10.7	1.4	(5.7)	(3.6)
Contributions by participants	0.2	0.1	0.2	0.1
Past service cost	-	-	-	-
Net benefits paid out	(6.5)	(1.3)	(7.4)	(1.1)
	<u>196.0</u>	<u>34.9</u>	<u>177.0</u>	<u>33.0</u>

**28. CAPITAL COMMITMENTS**

	<u>Consolidated and University</u>	
	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Commitments contracted at 31 July	<u>38,009</u>	<u>24,382</u>

**29. RELATED PARTY TRANSACTIONS**

During the year, Cardiff University made a block grant payment of £2.600 million (2013/14: £2.503 million) 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. POST BALANCE SHEET EVENTS**

**IP Group Plc**

The shares held in IP Group Plc were sold on 26 October 2015 for £11.6 million.

**Compound Semiconductor Centre Limited**

Since the year end, a further £15.2 million has been invested in Compound Semiconductor Centre Limited, up to 25 January 2016, out of a total committed investment of £21 million. This new 50/50 joint venture with IQE Plc is integral to the establishment of the Institute for Compound Semiconductors to be based in the Translational Research Facility in Maindy Road.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2015**

**31. ACCESS FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Funding Council grants	385	408
Interest earned	-	-
	<u>385</u>	<u>408</u>
Disbursed to students	(354)	(407)
Administration expenses	(12)	-
	<u>(366)</u>	<u>(407)</u>
Balance unspent as at 31 July	<u>19</u>	<u>1</u>

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