

CARDIFF UNIVERSITY

Report and Financial Statements

Year Ended 31 July 2011

REPORT AND FINANCIAL STATEMENTS 2011

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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 University
CF10 3AT

Members of Council

Chair: Professor Sir Keith Peters (resigned 31 July 2011)

Vice Chair: Mr RN Roberts (Chair from 1 August 2011)

Honorary Treasurer: Mrs P Herbert

Vice-Chancellor: Dr D Grant

Deputy Vice-Chancellor: Professor E Treasure

Mr O Birrell (resigned 31 July 2011 replaced by Mr M Coates-Walker)

Mr G Clarke

Mrs P Donovan

Mr A Embiricos

Professor R Evans

Mr D Francis

Professor G Hutchings

Mr S Gibson

Dr G Guilford

Mrs S Gwyer-Roberts

Ms S Ingram (resigned 31 July 2011 replaced by Ms S Reid)

Professor D M Jones

Professor M Jones (1 August 2010 to 31 December 2010 replaced by Professor W Gear on 1 August 2011)

Mr G Lewis

Professor G Maio

Professor K Meek

Professor J Osmond

The Reverend G Powell

Mrs F Peel

Miss J Rosser (retired 31 July 2011)

Sir Jon Shortridge

Mr D Hodgson

Professor HR Thomas

Professor T Threadgold

Dr G Treharne

Professor T Wess

Mrs G Williams

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

REPORT OF THE TREASURER - OPERATING AND FINANCIAL REVIEW

Scope of the Financial Statements

The financial statements for the year ended 31 July 2011 consolidate the results of the University and its subsidiary companies, Microbridge Services Ltd and University College Cardiff Consultants Ltd.

Results for the Year

The University's consolidated income and expenditure results for the year to 31 July 2011 are summarised as follows:

	<u>2010/11</u> £000	<u>2009/10</u> £000
Income	411,453	429,230
Expenditure	<u>(402,023)</u>	<u>(418,550)</u>
Surplus for the Year after Depreciation of Assets at Valuation and Taxation	9,430	10,680
Transfer from Accumulated Income within Endowments	<u>1,220</u>	<u>157</u>
Surplus for the Year Retained in General Reserves	<u>10,650</u>	<u>10,837</u>
Surplus for the Year on an Historical Cost Basis	<u>12,801</u>	<u>14,050</u>

Income reduced by M£17.8 (4.1%) compared to the previous year mainly due to a reduction in income from HEFCW (M£11.4), other operating income including services rendered (M£9) and research grants (M£3.3) being partially offset by an increase in income from tuition fees (M£6.6).

Expenditure also reduced by M£16.5 (3.9%) compared to the previous year reflecting reductions in all areas of activity but particularly other operating expenses (M£9.4), depreciation (M£3.4) and staff costs (M£2.2).

Key Financial Performance Indicators

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

Financial Ratios	Cardiff			Comparator Research Led universities* - 09/10		
	08/9	09/10	10/11	High	Low	Mean
Total Income - M£	414	429	411	633	372	447
Surplus to total income - %	3.5	2.5	2.6	5.5	1.7	3.3
Ratio of current assets to current liabilities	2.8	2.6	2.7	2.6	1.1	1.5
% of total staff costs to total income	57	57	59	59	50	55
% of long term borrowing to total income	7	6	6	49	0	15

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

CARDIFF UNIVERSITY

REPORT OF THE TREASURER - 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 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 increased in value by M£1.0 between 31 July 2010 and July 2011 mainly due to the increase in the equity markets during the year.

Fusion Plc

A ten-year deal signed with Fusion 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 Plc as at 31 July 2011 was M£2.8 (M£3.24 as at 31 July 2010) while the release to the income and expenditure account was K£17 in 2010/11 (K£90 in 2009/10).

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£34.6 as at 31 July 2011 (M£62.7 at 31 July 2010). The major reason for this improvement comes from CUPF where the liability has reduced by M£30.2 due to both higher asset values as at 31 July 2011 mainly due to the higher equity values and lower liabilities due to the move from RPI to CPI during the year

Future Developments

During 2010/11, the University continued to invest in the construction of assets such as academic buildings and support infrastructure. Further developments are planned for the future including refurbishment of academic buildings on both the Heath and Cathays Park campuses and continuing significant investment in the information technology systems within the University.

Conclusion

The financial outturn continues to confirm a satisfactory state of affairs, reflecting as they do the current financial strength of the University. However, there are significant risks associated with the changes to the funding of higher education in the United Kingdom and Wales and this together with the challenging economic conditions make the future financial performance particularly uncertain.

Philippa Herbert - Treasurer
Date 19 December, 2011

CORPORATE GOVERNANCE STATEMENT

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the 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 Council has an ongoing process for identifying, evaluating and managing the University's significant risks that has been in operation for the whole of the year ended 31 July 2011 and up until the date of signing. The Council receives a regular report which includes sections on risk management, control and compliance that accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

The University's Council meets five times a year and has several committees, including 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. There is also a Finance Group which is chaired by the Treasurer and includes the current Chair of Council, a lay member of Council as well as the Vice-Chancellor, Director of Finance and Financial Controller. The Finance Group meets four times a year to discuss financial and internal control matters in order to advise Policy and Resources Committee or the Governance Committee as necessary.

The Governance Committee advises Council on matters relating to governance and on the level of compliance by the University with the mandatory requirements of legislation and other regulations. Furthermore, the Governance Committee seeks out and recommends new lay and co-opted members to serve on 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 or otherwise by request. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control as well as management responses and implementation plans. It also receives and considers reports from HEFCW, the Wales Audit Office and Research Councils UK as they affect the University's business and monitors adherence to the regulatory requirements. The Vice-Chancellor and other senior executives are not members of the Committee and may attend meetings by invitation.

PUBLIC BENEFIT STATEMENT

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 2010 graduates having found a job, or entered further study, within six months of graduation. Some twenty 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 12% 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 causing the Financial Statements to be prepared, the Council has ensured that:

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

The Council has taken reasonable steps to:

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

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

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

CARDIFF UNIVERSITY

RESPONSIBILITIES OF THE COUNCIL OF CARDIFF UNIVERSITY

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

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

By Order of the Council

Dr David Grant
Accounting Officer

Date 19 December, 2011

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

We have audited the financial statements of Cardiff University for the year ended 31 July 2011 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 Statement of Responsibilities of the Council of Cardiff University, the Council (who are also trustees for the purposes of charity law) is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 University's Council as a body in accordance with the Charters and Statutes of the University 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 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 group's and the University's affairs as at 31 July 2011, and of the group's income and expenditure, recognised gains and losses and group's 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 1993.

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:

- from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them;

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

- 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 matters where the Charities Act 1993 requires us 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 University; or
- the University financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matter where the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us 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 University and group.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

Date 19 December, 2011

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

CARDIFF UNIVERSITY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2011

	Note	2011 £'000	2010 £'000
INCOME			
Grants from HEFCW	2	120,293	131,667
Academic fees and support grants	3	119,670	113,102
Research grants and contracts	4	84,633	87,962
Other operating income	5	84,939	93,938
Endowment income and interest receivable	6	1,918	2,561
		<hr/>	<hr/>
Total Income		411,453	429,230
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	241,457	243,701
Other operating expenses	9	143,779	153,135
Depreciation	11	13,910	17,266
Interest payable and similar charges	8	2,877	4,448
		<hr/>	<hr/>
Total Expenditure	9	402,023	418,550
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation		9,430	10,680
Transfer from accumulated income in endowment funds		1,220	157
		<hr/>	<hr/>
Surplus for the year retained in general reserves	22	10,650	10,837
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES

Year ended 31 July 2011

	Note	2011 £'000	2010 £'000
Surplus on continuing operations		9,430	10,680
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21	3,371	3,370
		<hr/>	<hr/>
Historical cost surplus retained for the year		12,801	14,050
		<hr/> <hr/>	<hr/> <hr/>

All of the above results arise from continuing operations.

CARDIFF UNIVERSITY

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 July 2011

	Note	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation		9,430	10,680
Appreciation of endowment asset investments	20	1,889	2,291
New endowments	20	311	369
Actuarial gain on pension scheme	29	29,290	2,130
		<hr/>	<hr/>
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		40,920	15,470
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation			
Opening reserves and endowments		262,706	247,236
Total recognised gains for the year		40,920	15,470
		<hr/>	<hr/>
Closing reserves and endowments		303,626	262,706
		<hr/> <hr/>	<hr/> <hr/>

CARDIFF UNIVERSITY

BALANCE SHEETS

As at 31 July 2011

	Note	<u>Consolidated</u>		<u>University</u>	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
FIXED ASSETS					
Tangible assets	11	319,765	317,697	319,765	317,697
Investments	12	2,886	3,326	2,880	3,320
		322,651	321,023	322,645	321,017
ENDOWMENT ASSET INVESTMENTS					
	13	25,575	24,595	25,575	24,595
CURRENT ASSETS					
Stocks	14	149	148	149	148
Debtors	15	57,410	59,957	58,374	60,493
Short-term deposits		167,022	150,810	167,022	150,810
Cash at bank and in hand		10,297	5,478	10,027	5,356
		234,878	216,393	235,572	216,807
CREDITORS: amounts falling due within one year	16	(87,181)	(81,963)	(86,855)	(81,361)
NET CURRENT ASSETS		147,697	134,430	148,717	135,446
TOTAL ASSETS LESS CURRENT LIABILITIES		495,923	480,048	496,937	481,058
CREDITORS: amounts falling due after more than one year	17	(23,618)	(24,836)	(23,618)	(24,836)
PROVISIONS FOR LIABILITIES AND CHARGES	29	(34,600)	(62,700)	(34,600)	(62,700)
OTHER DEFERRED INCOME	18	(37,922)	(33,850)	(37,922)	(33,850)
NET ASSETS		399,783	358,662	400,797	359,672

CARDIFF UNIVERSITY

BALANCE SHEETS

As at 31 July 2011 (Continued)

	Note	<u>Consolidated</u>		<u>University</u>	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
DEFERRED CAPITAL GRANTS	19	96,157	95,956	96,157	95,956
ENDOWMENTS					
Permanent	20	23,278	14,955	23,278	14,955
Expendable	20	2,297	9,640	2,297	9,640
		25,575	24,595	25,575	24,595
RESERVES					
Revaluation reserve	21	90,288	93,659	90,288	93,659
General reserves	22	187,763	144,452	188,777	145,462
		278,051	238,111	279,065	239,121
TOTAL FUNDS		399,783	358,662	400,797	359,672

These financial statements on pages 12 to 42 were approved by the Council on 19 December, 2011

Signed on behalf of the Council

Dr David Grant - Vice Chancellor

Philippa Herbert - Honorary Treasurer

D M Davies - Director of Finance

CARDIFF UNIVERSITY

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2011

	Note	2011 £'000	2010 £'000
Cash flow from operating activities	23	29,427	35,458
Returns on investments and servicing of finance	24	2,040	438
Capital expenditure and financial investment	25	(9,304)	(2,731)
Management of liquid resources	26	(16,212)	(31,120)
Financing	27	(1,152)	(2,091)
Increase/(Decrease) in cash		<u>4,799</u>	<u>(46)</u>
 Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash	28	4,799	(46)
Cash inflow from liquid resources	28	16,212	31,120
Cash outflow from decrease in debt	28	1,152	2,091
Movement in net funds in the period		<u>22,163</u>	<u>33,165</u>
Net funds at 1 August		<u>129,384</u>	<u>96,219</u>
Net funds at 31 July		<u><u>151,547</u></u>	<u><u>129,384</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

1. ACCOUNTING CONVENTION

Basis of Preparation

The Financial Statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom and, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions ("SORP"). Where relevant the Financial Statements adhere to the Accounting directives of HEFCW.

Basis of Accounting

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

Basis of Consolidation

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

Recognition of Income

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

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Provision for Doubtful Debts

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

Pension Schemes

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

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 2011

Capital grants and contributions

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

Investments

Endowment Asset Investments are included in the Balance Sheet at market value. Current Asset Investments are included at the lower of cost and market value.

Stocks

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

Maintenance of Premises

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

Taxation Status

The University is a registered charity within the meaning of Schedule 2 of the Charities Act 1993 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.

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events result in an obligation to pay more taxation in the future, or a right to pay less taxation in future. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be taxable surpluses from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

Cash and Liquid Resources

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

Provisions

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

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

2. FUNDING COUNCIL GRANTS

	Note	2011 £'000	2010 £'000
Recurrent grant		105,021	111,611
Specific grants:			
- Merger Fund		201	257
- Academic Infrastructure		2,599	2,654
- Learning & Teaching Support		61	287
- Science Research Investment Fund		361	34
- Higher Education Economic Development		1,235	1,306
- Supplementary Funds		1,837	7,334
- Medic Pay Award		1,278	1,276
- North Wales Clinical Schools		1,056	1,694
- Widening Access		413	290
- Graduate Entry Scheme		1,442	-
- Other		1,556	1,575
Release of deferred capital grants:			
Buildings	19	3,052	3,053
Equipment	19	181	296
		120,293	131,667
		120,293	131,667

3. ACADEMIC FEES AND SUPPORT GRANTS

	2011 £'000	2010 £'000
UK Higher Education students	49,008	47,239
European Union (EU excl UK) students	3,043	2,720
Non-EU students	36,392	32,587
Part Time fees	6,164	5,892
	94,607	88,437
Education contracts	13,723	13,781
Research training support grants	7,139	6,407
Non-Credit bearing fees	4,201	4,476
	119,670	113,102
	119,670	113,102

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

4. RESEARCH GRANTS AND CONTRACTS

	2011	2010
	£'000	£'000
Research Councils	27,041	27,080
UK-based charities	16,210	15,961
UK Government bodies	25,222	26,530
UK Industry	3,760	6,552
European Commission	7,059	6,697
Overseas	4,373	4,062
Science Research Investment Fund	104	198
Other grants and contracts	864	882
	84,633	87,962
	84,633	87,962

5. OTHER INCOME

	Note	2011	2010
		£'000	£'000
Residences, catering and conferences		18,828	19,753
Other services rendered:			
UK Central Government		38,348	39,269
UK Health Authorities		9,953	9,719
UK Industry		837	1,543
European Commission		1,432	1,198
Overseas		434	506
UK Universities		962	535
Other Sources		3,667	12,289
Profit on disposal of fixed assets		150	-
Rents Receivable		55	306
Exempt VAT recoverable		440	379
Donations and Subventions		1,091	260
Other income		8,321	7,688
Fusion Investment Release		17	90
Released from Deferred Capital Grants	19	404	403
		84,939	93,938
		84,939	93,938

6. ENDOWMENT AND INVESTMENT INCOME

	Note	2011	2010
		£'000	£'000
Income from permanent endowments	20	634	643
Income from expendable endowments	20	48	110
Interest receivable		1,236	1,808
		1,918	2,561
		1,918	2,561

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

7. STAFF COSTS

	Note	2011 £'000	2010 £'000
Staff costs			
Wages and salaries		194,076	198,139
Social security costs		16,547	16,386
Other pension costs	29	30,834	29,176
		241,457	243,701

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

Emoluments of the Vice Chancellor - Salary		246	245
Pension		39	38
		285	283

No benefits in kind were provided to the Vice Chancellor.

		2011 No.	2010 No.
Average staff numbers by major category			
Clinical and non-clinical academic and academic related		3,774	3,701
Technical services		215	204
Administrative support		922	937
Operational services		291	289
		5,202	5,131

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.

		2011 No.	2010 No.
£100,000 - £109,999		89	80
£110,000 - £119,999		56	55
£120,000 - £129,999		38	38
£130,000 - £139,999		30	31
£140,000 - £149,999		11	11
£150,000 - £159,999		7	5
£160,000 - £169,999		1	1
£170,000 - £179,999		1	-
£180,000 - £189,999		1	-
£190,000 - £199,999		1	1
£200,000 - £209,999		1	-
£280,000 - £289,999		1	1
		237	223

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

7. STAFF COSTS (continued)

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

	2011	2010
	£'000	£'000
Compensation payable	-	30

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

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Note	2011	2010
		£'000	£'000
Bank Loans		1,417	1,458
Interest element of pension cost	29	1,460	2,990
		<u>2,877</u>	<u>4,448</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2011 £'000	Total 2010 £'000
Academic departments	134,098	37,182	-	171,280	167,173
Academic services	14,238	7,401	-	21,639	24,284
Research grants and contracts	33,738	32,758	-	66,496	66,348
Other services rendered	23,404	27,407	-	50,811	55,443
Residences, catering and conferences	5,213	8,733	1,417	15,363	15,658
Premises	6,723	17,142	-	23,865	24,952
Administration and central services	19,148	4,088	-	23,236	27,509
Other expenses	5,042	9,068	-	14,110	17,487
FRS 17 pension fund adjustments	(147)	-	1,460	1,313	2,430
	<u>241,457</u>	<u>143,779</u>	<u>2,877</u>	<u>388,113</u>	<u>401,284</u>
Depreciation (note 11)				<u>13,910</u>	<u>17,266</u>
Total per Income and Expenditure Account				<u>402,023</u>	<u>418,550</u>
				2011	2010
Other expenses include:					
Auditors' remuneration – external audit				60	61
– other services				<u>31</u>	<u>38</u>

10. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

The surplus on continuing operations is made up as follows:

	2011 £'000	2010 £'000
University surplus for the year	10,654	11,269
Deficit incurred by subsidiary undertakings	(4)	(432)
	<u>10,650</u>	<u>10,837</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

11. TANGIBLE FIXED ASSETS

	<u>Consolidated</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 2010	207,280	194,904	4,276	62,316	468,776
Additions at cost	-	341	11,855	3,853	16,049
Disposals (i)	(100)	-	-	(1,396)	(1,496)
Projects Completed	-	-	-	-	-
	<u>207,180</u>	<u>195,245</u>	<u>16,131</u>	<u>64,773</u>	<u>483,329</u>
At 31 July 2011	207,180	195,245	16,131	64,773	483,329
Valuation	122,181	115,730	-	-	237,911
Cost	84,999	79,515	16,131	64,773	245,418
	<u>207,180</u>	<u>195,245</u>	<u>16,131</u>	<u>64,773</u>	<u>483,329</u>
Depreciation					
At 1 August 2010	44,973	48,102	-	58,004	151,079
Charge for year	4,618	5,763	-	3,529	13,910
Eliminated on Disposal	(29)	-	-	(1,396)	(1,425)
	<u>49,562</u>	<u>53,865</u>	<u>-</u>	<u>60,137</u>	<u>163,564</u>
At 31 July 2011	49,562	53,865	-	60,137	163,564
Net book value					
At 31 July 2011	<u>157,618</u>	<u>141,380</u>	<u>16,131</u>	<u>4,636</u>	<u>319,765</u>
At 31 July 2010	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>
Financed By:					
Funding Council	45,176	33,504	3,797	181	82,658
Endowments/Donations	822	1,001	812	-	2,635
Loans	17,087	16,787	2,495	-	36,369
Revaluation	24,523	57,075	-	-	81,598
Other Capital	70,010	33,013	9,027	4,455	116,505
	<u>157,618</u>	<u>141,380</u>	<u>16,131</u>	<u>4,636</u>	<u>319,765</u>
Net book value at 31 July 2011	<u>157,618</u>	<u>141,380</u>	<u>16,131</u>	<u>4,636</u>	<u>319,765</u>

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£107,546 (2010 K£107,956). 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 (2010 K£20,881).

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

11. TANGIBLE FIXED ASSETS (continued)

	<u>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 2010	207,280	194,904	4,276	61,965	468,425
Additions at cost	-	341	11,855	3,853	16,049
Disposals (i)	(100)	-	-	(1,396)	(1,496)
Projects Completed	-	-	-	-	-
	<u>207,180</u>	<u>195,245</u>	<u>16,131</u>	<u>64,422</u>	<u>482,978</u>
At 31 July 2011	207,180	195,245	16,131	64,422	482,978
Valuation	122,181	115,730	-	-	237,911
Cost	84,999	79,515	16,131	64,422	245,067
	<u>207,180</u>	<u>195,245</u>	<u>16,131</u>	<u>64,422</u>	<u>482,978</u>
Depreciation					
At 1 August 2010	44,973	48,102	-	57,653	150,728
Charge for year	4,618	5,763	-	3,529	13,910
Eliminated on Disposal	(29)	-	-	(1,396)	(1,425)
	<u>49,562</u>	<u>53,865</u>	<u>-</u>	<u>59,786</u>	<u>163,213</u>
At 31 July 2011	49,562	53,865	-	59,786	163,213
Net book value					
At 31 July 2011	<u>157,618</u>	<u>141,380</u>	<u>16,131</u>	<u>4,636</u>	<u>319,765</u>
At 31 July 2010	<u>162,307</u>	<u>146,802</u>	<u>4,276</u>	<u>4,312</u>	<u>317,697</u>
Financed By:					
Funding Council	45,176	33,504	3,797	181	82,658
Endowments/Donations	822	1,001	812	-	2,635
Loans	17,087	16,787	2,495	-	36,369
Revaluation	24,523	57,075	-	-	81,598
Other Capital	70,010	33,013	9,027	4,455	116,505
	<u>157,618</u>	<u>141,380</u>	<u>16,131</u>	<u>4,636</u>	<u>319,765</u>
Net book value at 31 July 2011	<u>157,618</u>	<u>141,380</u>	<u>16,131</u>	<u>4,636</u>	<u>319,765</u>

- (i) Disposal of equipment is assumed after 10 years.
- (ii) Certain buildings have been funded from Treasury sources at a cost of K£107,546 (2010 K£107,956). 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 (2010 K£20,881).

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

12. INVESTMENTS

	<u>Consolidated</u>		<u>University</u>	
	Other Invest- ments	Total	Other Invest- ments	Total
	£000's	£000's	£000's	£000's
<u>Investments at cost</u>				
Balance at 1 August 2010	3,326	3,326	3,320	3,320
Impairment recognised in year	(440)	(440)	(440)	(440)
	<u>2,886</u>	<u>2,886</u>	<u>2,880</u>	<u>2,880</u>

The University has an interest in the following companies:

University College Cardiff Consultants Ltd (UC3)

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

Welsh Networking Ltd

The University owns an 11% interest in Welsh Networking Ltd, a company that commenced activity in 2001 to provide high bandwidth networking facilities to educational institutions in South and West Wales. This interest is not consolidated.

Cardiff Partnership Fund Ltd

The University owns a 100% interest in the Cardiff Partnership Fund Ltd, the holding company of the unincorporated Cardiff Partnership Fund Ltd Partnership. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board. This investment has been fully provided for. The company has no trading activities and net assets of £234,805 at 31 July 2011.

Fusion Plc

A ten-year deal signed with Fusion Plc during 2006/07 gives the company the right to commercially develop current and future research-generated intellectual property (IP) at Cardiff University. In return, the University received AIM listed shares which are held at market value within Investments and set up a corresponding deferred income balance to be released to the I&E over the life of the agreement. The impact on the I&E statement in 2010/11 was to release K£17 to "Other Income".

Microbridge Services Ltd (MSL)

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

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

13. ENDOWMENT INVESTMENTS

	<u>Consolidated and University</u>	
	2011	2010
	£'000	£'000
Balance at 1 August	24,595	22,092
Additions	272	336
Disposals	(290)	(282)
Movement in cash held as short-term deposits	(891)	159
Depreciation on disposal/revaluation	1,889	2,290
	<hr/>	<hr/>
Balance at 31 July	25,575	24,595
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest stock	4,005	3,769
Equities	15,081	13,773
Bank balances and short-term deposits	4,018	4,909
Other assets	2,471	2,144
	<hr/>	<hr/>
Total endowment asset investments	25,575	24,595
	<hr/> <hr/>	<hr/> <hr/>
Fixed interest and equities at cost	18,592	18,089
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	18,592	18,089
	<hr/> <hr/>	<hr/> <hr/>

14. STOCKS

	<u>Consolidated and University</u>	
	2011	2010
	£'000	£'000
Residences and Catering	108	107
Maintenance	41	41
	<hr/>	<hr/>
	149	148
	<hr/> <hr/>	<hr/> <hr/>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

15. DEBTORS

	<u>Consolidated</u>		<u>University</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts falling due within one year:				
Amounts owed by subsidiary undertakings	-	-	1,059	1,148
Debtors:				
Fees	86	373	86	373
Research	38,637	36,242	38,637	36,242
NHS Distinction Awards	329	354	329	354
Miscellaneous	18,251	22,524	18,156	21,912
Prepayments	107	464	107	464
	<u>57,410</u>	<u>59,957</u>	<u>58,374</u>	<u>60,493</u>
Included in the above are amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	600	600
	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Consolidated</u>		<u>University</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank overdraft	435	415	435	415
Trade creditors	13,375	13,201	13,115	12,636
Sundry creditors	7,834	4,196	7,834	4,196
Social security and other taxation	5,933	5,727	5,869	5,690
Accruals and deferred income	6,593	5,472	6,591	5,472
Research grants and contracts in advance	41,765	41,284	41,765	41,284
Other services rendered	9,527	10,015	9,527	10,015
Royal Bank Scotland loan	500	500	500	500
Lloyds Bank loan (Note 17(i))	519	453	519	453
Royal Bank Scotland loan (Note 17(ii))	700	700	700	700
	<u>87,181</u>	<u>81,963</u>	<u>86,855</u>	<u>81,361</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

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

	Consolidated		University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Lloyds Bank Loan (i)	14,343	14,861	14,343	14,861
Royal Bank of Scotland Loan (ii)	9,275	9,975	9,275	9,975
	23,618	24,836	23,618	24,836

- (i) Lloyds TSB 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£519
Between two and five years	K£2,924
Over five years	K£11,418

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£6,475

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

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

18. OTHER DEFERRED INCOME

	<u>Consolidated and University</u>	
	2011	2010
	£'000	£'000
Academic Infrastructure Grants	2,014	2,406
Science Research Investment Fund	69	430
Learning and Teaching Support Grants	274	92
Merger Fund	-	202
Supplementary Funds	34,825	27,881
Other Deferred Grants	385	491
Fusion Investment	85	542
Student Fees received in advance	270	1,806
	<u>37,922</u>	<u>33,850</u>

19. DEFERRED CAPITAL GRANTS

	<u>Consolidated and University</u>		
	Funding Council	Other grants/ beneficiaries	Total
	£'000	£'000	£'000
As at 1 August 2010			
Buildings	79,689	14,817	94,506
Equipment	524	926	1,450
	<u>80,213</u>	<u>15,743</u>	<u>95,956</u>
Cash received			
Buildings	32	3,307	3,339
Equipment	-	1,965	1,965
	<u>32</u>	<u>5,272</u>	<u>5,304</u>
Released to income and expenditure			
Buildings (Note 2/Note 5)	(3,052)	(404)	(3,456)
Equipment (Note 2)	(181)	(1,466)	(1,647)
	<u>(3,233)</u>	<u>(1,870)</u>	<u>(5,103)</u>
At 31 July 2011			
Buildings	76,669	17,720	94,389
Equipment	343	1,425	1,768
	<u>77,012</u>	<u>19,145</u>	<u>96,157</u>

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

20. ENDOWMENTS

	<u>Consolidated and University</u>					
	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2011 Total £'000	2010 Total £'000
At 1 August 2010						
Capital	1,382	11,037	12,419	2,536	14,955	13,554
Accumulated Income	1,051	7,986	9,037	603	9,640	8,538
	<u>2,433</u>	<u>19,023</u>	<u>21,456</u>	<u>3,139</u>	<u>24,595</u>	<u>22,092</u>
New endowments	-	52	52	259	311	369
Income for year	61	573	634	48	682	753
Expenditure	(63)	(578)	(641)	(1,261)	(1,902)	(910)
	(2)	(5)	(7)	(1,213)	(1,220)	(157)
Increase in market value	217	1,560	1,777	112	1,889	2,291
	<u>2,648</u>	<u>20,630</u>	<u>23,278</u>	<u>2,297</u>	<u>25,575</u>	<u>24,595</u>
At 31 July 2011 (Note 13)						
Represented by:						
Capital	1,551	12,687	14,238	2,186	16,424	14,955
Accumulated Income	1,097	7,943	9,040	111	9,151	9,640
	<u>2,648</u>	<u>20,630</u>	<u>23,278</u>	<u>2,297</u>	<u>25,575</u>	<u>24,595</u>

21. REVALUATION RESERVE

	<u>Consolidated and University</u>	
	2011 £'000	2010 £'000
Revaluations		
At 1 August and 31 July	140,579	140,579
Contributions to depreciation		
At 1 August	(46,920)	(43,550)
Released in year (Note 22)	(3,371)	(3,370)
At 31 July	<u>(50,291)</u>	<u>(46,920)</u>
Net revaluation amount		
At 31 July	<u>90,288</u>	<u>93,659</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2011

22. GENERAL RESERVES

	<u>Consolidated</u>	<u>University</u>	<u>Consolidated</u>
	2011	2011	2010
	£'000	£'000	£'000
Income and Expenditure Account Reserve			
At 1 August	144,452	145,462	128,115
Surplus for the year	10,650	10,654	10,837
Transfer from revaluation reserve (Note 21)	3,371	3,371	3,370
Actuarial gain on pension scheme	29,290	29,290	2,130
	<hr/>	<hr/>	<hr/>
At 31 July	<u>187,763</u>	<u>188,777</u>	<u>144,452</u>

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

	2011	2010
	£'000	£'000
Operating surplus	9,430	10,680
Depreciation	13,910	17,266
Profit on disposal of fixed assets	(150)	-
Endowment income and interest receivable	(1,918)	(2,561)
Deferred capital grants released to income	(5,103)	(8,315)
Interest payable	2,877	4,448
(Increase) in stocks	(1)	(19)
Decrease/(Increase) in debtors	1,008	(11,128)
Increase in creditors	9,521	25,647
Pension contributions in excess of charge	(147)	(560)
	<hr/>	<hr/>
Net cash inflow from continuing operating activities	<u>29,427</u>	<u>35,458</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011	2010
	£'000	£'000
Income from endowments	681	753
Interest received	2,776	1,144
Interest paid	(1,417)	(1,459)
	<u>2,040</u>	<u>438</u>
Net cash inflow from returns on investments and servicing of finance	<u>2,040</u>	<u>438</u>

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011	2010
	£'000	£'000
Payments to acquire tangible assets	(16,049)	(10,405)
Payments to acquire endowment asset investments	(272)	(336)
Receipts from sales of tangible assets	221	-
Receipts from sales of endowment asset investments	1,181	123
Deferred capital grants received	5,304	7,518
New endowments	311	369
	<u>(9,304)</u>	<u>(2,731)</u>
Net cash outflow from capital expenditure and financial investment	<u>(9,304)</u>	<u>(2,731)</u>

26. MANAGEMENT OF LIQUID RESOURCES

	2011	2010
	£'000	£'000
Net cash placed on short term deposits	(16,212)	(31,120)
	<u>(16,212)</u>	<u>(31,120)</u>
Net cash outflow from management of liquid resources	<u>(16,212)</u>	<u>(31,120)</u>

27. FINANCING

	2011	2010
	£'000	£'000
Net loans repaid	(1,152)	(2,091)
	<u>(1,152)</u>	<u>(2,091)</u>
Net cash outflow from financing	<u>(1,152)</u>	<u>(2,091)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

28. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2010 £'000	Cash flows £'000	At 31 July 2011 £'000
Cash at bank and in hand	5,478	4,819	10,297
Bank overdraft	(415)	(20)	(435)
Total cash at bank and in hand	5,063	4,799	9,862
Liquid resources:			
Short-term deposits	150,810	16,212	167,022
Debt:			
Debts falling due within one year	(1,653)	(66)	(1,719)
Debts falling due after one year	(24,836)	1,218	(23,618)
	<u>(26,489)</u>	<u>1,152</u>	<u>(25,337)</u>
Total	<u>129,384</u>	<u>22,163</u>	<u>151,547</u>

29. PENSION SCHEMES

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

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

	<u>USS(i)</u>	<u>CUPF(ii)</u>	<u>LGS(iii)</u>
Latest actuarial valuations	31 March 2008	1 August 2010	31 March 2010
Investment returns per annum	4.4%	6.5%	5.2%
Salary scale increases per annum	4.3%	4.5%	4.5%
Pension increases per annum	3.3%	2.75%	3.3%
Market value of assets at date of last Valuation	M£28,843	M£109.5	M£548.0
Proportion of members' accrued benefits Covered by the actuarial value of the assets	71%	86%	71%

Notes:

- (i) The level of contributions paid by employers into USS increased from 14% to 16% from 1 October 2009. In relation to future service liabilities it was assumed that the investment return per annum would be 6.1%.
- (ii) The employer contribution rate for CUPF members increased from 19.8% to 22.75% from 1 August 2011.
- (iii) The employer contribution rate to the LGS was 34.2% from 1 April 2010 and from 1 April 2011 changed to 25.7%, plus an annual cash contribution of M£1.26, on the recommendation of the actuary.
- (iv) At 31 July 2011 the outstanding pension contributions included in creditors was M£3.638 (M£3.073 31 July 2010).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

29. PENSION SCHEMES (continued)

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

	2011	2010
	£'000	£'000
USS	21,396	20,509
NHS	2,038	2,047
CUPF	7,000	6,200
LGS	400	420
	30,834	29,176
Total pension cost (Note 7)	30,834	29,176

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 2011	31 July 2010	31 July 2009
Rate of increase in salaries	4.7%	4.9%	5.1%
Rate of increase in pensions in payment	2.8%	2.7%	3.6%
Discount rate	5.3%	5.4%	6.0%
Inflation assumption - RPI (CUPF scheme)	3.7%	3.4%	3.6%
- CPI (LGS scheme)	2.8%	2.7%	N/A

Commutation of pensions to lump sums:

CUPF

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

LGS

31 July 2011

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 2010

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2011

The assumed life expectations on retirement at age 65 are:

	31 July 2011	31 July 2010
<u>CUPE</u>		
Retiring Today:		
Males	21.2	21.1
Females	24.1	23.3
Retiring in 20 years:		
Males	22.6	22.1
Females	25.7	24.2
	31 July 2011	31 July 2010
<u>LGS</u>		
Retiring Today:		
Males	23.8	21.2
Females	26.6	25.2
Retiring in 20 years:		
Males	25.6	23.5
Females	28.6	27.4

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

29. PENSION SCHEMES (continued)

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

<u>CUPE</u>	31 July 2011 M€	31 July 2011 %	31 July 2010 M€	31 July 2010 %	31 July 2009 M€	31 July 2009 %
Equities	85.9	7.9	67.5	8.2	58.9	8.0
Bonds	37.3	4.3	33.8	4.2	30.3	4.5
Property	-	7.4	7.1	7.7	3.7	7.0
Other Assets	0.1	1.5	1.1	1.4	1.7	0.9
	<u>123.3</u>		<u>109.5</u>		<u>94.6</u>	
	<u><u>123.3</u></u>		<u><u>109.5</u></u>		<u><u>94.6</u></u>	
<u>LGS</u>	31 July 2011 M€	31 July 2011 %	31 July 2010 M€	31 July 2010 %	31 July 2009 M€	31 July 2009 %
Equities	11.0	7.9	9.5	8.2	8.3	8.0
Bonds	2.3	4.3	2.3	4.6	2.2	5.2
Property	0.6	7.4	0.6	7.7	0.5	7.0
Other Assets	0.8	4.7	0.8	4.8	0.9	0.9
	<u>14.7</u>		<u>13.2</u>		<u>11.9</u>	
	<u><u>14.7</u></u>		<u><u>13.2</u></u>		<u><u>11.9</u></u>	

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

<u>CUPE</u>	At 31 July 2011 M€	At 31 July 2010 M€
The assets of the scheme	123.3	109.5
Present value of scheme liabilities	(141.9)	(158.3)
Net pension liability	<u>(18.6)</u>	<u>(48.8)</u>
	<u><u>(18.6)</u></u>	<u><u>(48.8)</u></u>
<u>LGS</u>	At 31 July 2011 M€	At 31 July 2010 M€
The share of the assets of the scheme	14.7	13.2
Present value of scheme liabilities	(30.7)	(27.1)
Net pension liability	<u>(16.0)</u>	<u>(13.9)</u>
	<u><u>(16.0)</u></u>	<u><u>(13.9)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

29. 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 2011 and 31 July 2010:

	Year ended 31 July 2011		Year ended 31 July 2010	
	<u>CUPE</u>	<u>LGS</u>	<u>CUPE</u>	<u>LGS</u>
	M€	M€	M€	M€
Analysis of amounts charged to income and expenditure account:				
Current service cost	7.0	0.4	6.2	0.4
Past service cost	-	-	-	-
	<u>7.0</u>	<u>0.4</u>	<u>6.2</u>	<u>0.4</u>
Total operating charge	<u><u>7.0</u></u>	<u><u>0.4</u></u>	<u><u>6.2</u></u>	<u><u>0.4</u></u>
 Financing:				
Expected return on assets	(7.6)	(1.0)	(6.3)	(0.8)
Interest on scheme liabilities	8.6	1.4	8.5	1.6
	<u>1.0</u>	<u>0.4</u>	<u>2.2</u>	<u>0.8</u>
Net expense	<u><u>1.0</u></u>	<u><u>0.4</u></u>	<u><u>2.2</u></u>	<u><u>0.8</u></u>
	Year ended 31 July 2011		Year ended 31 July 2010	
	<u>CUPE</u>	<u>LGS</u>	<u>CUPE</u>	<u>LGS</u>
	M€	M€	M€	M€
Analysis of amounts recognised in statement of total recognised gains and losses :				
Actual return higher than expected on scheme assets	4.1	0.6	8.9	1.1
Change in assumptions underlying the present value of scheme liabilities	27.5	(2.9)	(8.5)	0.6
	<u>31.6</u>	<u>(2.3)</u>	<u>0.4</u>	<u>1.7</u>
Total actuarial loss recognised	<u><u>31.6</u></u>	<u><u>(2.3)</u></u>	<u><u>0.4</u></u>	<u><u>1.7</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

29. 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 2011		Year ended 31 July 2010	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M€	M€	M€	M€
Opening fair value of assets	109.5	13.2	94.6	11.9
Movement in year:				
Expected return on assets	7.6	1.0	6.3	0.8
Actuarial gain on assets	4.1	0.6	8.9	1.1
Contributions by the employer	6.6	1.0	6.5	0.7
Contributions by participants	0.2	0.1	0.2	0.1
Net benefits paid out	(4.7)	(1.2)	(7.0)	(1.4)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing fair value of assets	<u>123.3</u>	<u>14.7</u>	<u>109.5</u>	<u>13.2</u>

	Year ended 31 July 2011		Year ended 31 July 2010	
	<u>CUPF</u>	<u>LGS</u>	<u>CUPF</u>	<u>LGS</u>
	M€	M€	M€	M€
Opening present value of liabilities	158.3	27.1	141.9	27.0
Movement in year:				
Current service cost	7.0	0.4	6.2	0.4
Interest cost on liabilities	8.6	1.4	8.5	1.6
Actuarial (gains)/losses on liabilities	(27.5)	2.9	8.5	(0.6)
Contributions by participants	0.2	0.1	0.2	0.1
Past service cost	-	-	-	-
Net benefits paid out	(4.7)	(1.2)	(7.0)	(1.4)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing present value of liabilities	<u>141.9</u>	<u>30.7</u>	<u>158.3</u>	<u>27.1</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2011

29. PENSION SCHEMES (continued)

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

CUPE

	2011	2010	2009	2008	2007
Difference between the expected and actual return on assets: Amount (M£)	4.1	8.9	(10.2)	(14.1)	0.2
Experience gains and losses on scheme liabilities: Amount (M£)	21.9	4.9	0.2	(9.4)	(1.3)
Total amount recognised in the STRGL: Amount (M£)	31.6	0.4	(17.5)	(5.2)	(3.4)

LGS

	2011	2010	2009	2008	2007
Difference between the expected and actual return on assets: Amount (M£)	0.6	1.1	(1.3)	(2.6)	0.8
Experience gains and losses on scheme liabilities: Amount (M£)	(1.1)	0.3	(0.1)	0.3	0.0
Total amount recognised in the STRGL: Amount (M£)	(2.3)	1.7	(3.3)	(2.2)	1.7

30. CAPITAL COMMITMENTS

	<u>Consolidated and University</u>	
	2011	2010
	£'000	£'000
Commitments contracted at 31 July	31,456	16,563

31. 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.

32. THIRD PARTY RELATED TRANSACTIONS

Owing to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations) it is possible that transactions may take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

CARDIFF UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 July 2011

33. ACCESS FUNDS

	2011 £'000	2010 £'000
Funding Council grants	599	1,094
Interest earned	1	1
	<u>600</u>	<u>1,095</u>
Disbursed to students	(570)	(869)
Administration expenses	(18)	(33)
	<u>(588)</u>	<u>(902)</u>
Balance unspent as at 31 July	<u>12</u>	<u>193</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.