

Annual Report and Financial Statements

Year ended 31 July 2020



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2019/20 Members of Council

Name	Member Type	Attendance at Council
Chair: Professor Stuart Palmer	Lay Member	7/7
Vice-Chair: Ms Jan Juillerat	Lay Member	7/7
Vice-Chancellor: Professor Colin Riordan	Employee	7/7
Deputy Vice-Chancellor: Professor Karen Holford	Employee	7/7
Professor Rudolf Allemann	Employee	7/7
Mr Paul Baston	Employee	1/7
Dr Carol Bell	Lay Member	4/7
Professor Marc Buehner (to 31 July 2020)	Employee	5/7
Mr Ricardo Calil (from 21 August 2019)	Employee	7/7
Ms Hannah Doe (from 01 July 2020)	Student	1/1
Mr Tomos Evans	Student	7/7
Ms Judith Fabian	Lay Member	7/7
Professor Dame Janet Finch (from 26 November 2019)	Lay Member	4/5
Mr Alastair Gibbons	Lay Member	6/7
Professor Kim Graham	Employee	6/7
Professor Ken Hamilton (from 9 October 2019)	Employee	5/6
Mr Michael Hampson	Lay Member	7/7
Professor Mary Heimann (to 31 July 2020)	Employee	7/7
Dr Reg Hinkley (to 6 September 2019)	Lay Member	0/0
Dr Steven Luke	Lay Member	6/7
Ms Linda Phillips (to 31 July 2020)	Lay Member	4/7
Mr Leonard Richards	Lay Member	3/7
Mr John Shakeshaft (from 1 August 2019)	Lay Member	7/7
Mr David Simmons (from 1 August 2019)	Lay Member	4/7
Judge Ray Singh	Lay Member	6/7
Dr Janet Wademan	Lay Member	7/7
Ms Agnes Xavier-Phillips	Lay Member	7/7
Ms Jackie Yip (to 30 June 2020)	Student	6/6

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

Annual Strategic Review

Introduction by the Vice-Chancellor

A year ago, none of us could ever have imagined we would experience a pandemic, let alone guessed at the monumental impact COVID-19 would have on society and our University. The psychological, emotional, and physical impact on our staff and students has been significant.



When the crisis broke hardly a day seemed to pass without more sad news. Everybody at Cardiff University was shocked and moved at the news that members of our own staff were among those who lost their lives to the new virus. On behalf of all of us I want to extend my deepest sympathies to the families of those individuals.

I also want to use this space to record my heartfelt thanks to our University community. The commitment, mutual support and fantastic goodwill shown in coming together in this time of national emergency and social need has been magnificent and moving.

As a University, our overriding aim has been – and will be - to protect the health of our people. A rapid move to online learning, teaching, assessment and homeworking ensued in March 2020, and we made some extremely difficult decisions as the year progressed, such as postponing our graduation ceremonies.

This time last year, I wrote about the exceptionally difficult financial situation created by Brexit.

COVID-19 has dealt a further, severe blow. Not just to Cardiff, but to higher education more widely.

For every university, impacts will vary, but they include reductions in international student numbers, deferrals, and other significant losses such as the cancellation of conferences and events, and from student accommodation.

At the time of writing we are still facing some uncertainty about how the financial year 2020/21 will proceed, but we are all but sure to be facing an operating deficit in the tens of millions because of the pandemic. While we plan to meet those sums from our reserves, the situation is changeable and undoubtedly, there will be further financial challenges arising that we cannot at this stage predict with any certainty.

While we are fortunate that we have managed our finances prudently over the years there is little hope that the road ahead will be anything but extremely challenging. We must deal with the reality that faces us, however unwelcome that might be. It is too soon to say what additional cost-saving measures could be needed or what they might look like, but demand for places at Cardiff University remains very buoyant.

Strategically, COVID-19 prompted a revision to *The Way Forward 2018-2023* to take account of an uncertain and very different world. The five main areas we focus on remain — education, research, innovation, international and civic mission — but we have reframed our strategic priorities to take account of the critical success factors that condition our response to the coronavirus crisis.

Foremost amongst them is to safeguard the health and wellbeing of our students and staff. Interdependent with that priority is financial sustainability. Student satisfaction, research activity and civic mission — especially our contribution to handling the present crisis — will also be crucial.

While the pandemic cast a shadow over much of the year, we must not forget the achievements, milestones and successes that have occurred alongside it.

Research awards in the last academic year totalled £150.4 million, the first time the University has broken the £150 million barrier. It was a particularly strong year in terms of Research Council funding (£37 million).

Our researchers made ground breaking breakthroughs, including discovering the world's oldest fossil forest in a sandstone quarry in Cairo, New York; identifying a new type of killer T-cell that offers hope of a “one-size-fits-all” cancer therapy; and revealing the deep divides fuelled by Brexit.

Returning to COVID-19, the response of our clinical colleagues in the Schools of Medicine, Healthcare Sciences and Dentistry has been extraordinary.

More than 1,000 of our medical students volunteered to help in the fight against coronavirus by supporting the Welsh NHS, along with our student nurses, student social workers and more.

We provided training and refresher courses in the essential skills that are required on the front line, such as the use of ventilators, diagnostic equipment and Personal Protective Equipment (PPE).

Across the University, our academics are involved in research to fight and understand the pandemic. Some are exploring potential vaccines for COVID-19, others are tracking the spread of the virus, while others examine the impact of the pandemic on young people's mental health.

We have reason to be grateful to them all for the work they have done to help the country cope with this crisis.

What follows in the pages of this Annual Review captures a moment in time, a snapshot of the reality of Cardiff University during a pandemic. Some areas of our work will show a different emphasis in comparison with previous years, because of the impact of COVID-19.

The task ahead for us now, is to ensure that the University comes through a period of severe financial constraint, emerging in as robust a form as possible to play our role in recovering from the unprecedented deleterious economic and social effects of the crisis.

Our guiding principle, however, will be to protect the health, safety and wellbeing of our staff and students in a pandemic that, as I write, shows few signs of abating.

Professor Colin Riordan

Vice-Chancellor
23 November 2020

Education



Medical students join the front line

More than 1,000 Cardiff University medical students volunteered to help in the fight against coronavirus by supporting the Welsh NHS.

Many worked on the front line in COVID-19 wards at hospitals across Wales, while others were in general practice or supporting efforts through medical education.



Mini-dictionary of new Welsh terms created while carrying out cutting-edge research

PhD student Bedwyr Ab Iorion Thomas is carrying out research into fatal diseases entirely through the medium of Welsh, and in the process is treading new ground in the Welsh language.

As well as attempting to develop therapies for the treatment of rare prion diseases, Bedwyr is also identifying new words and refining scientific terms in Welsh. He aims to have a mini dictionary with new terms to add to the Welsh language by the end of his PhD.



Student at the centre of LIGO discovery

Third-year PhD student Charlie Hoy found himself at the centre of a major breakthrough that could potentially help to solve a decades-old mystery.

The Laser Interferometer Gravitational Wave Observatory (LIGO) Scientific Collaboration – of which Charlie is a member – discovered a cosmic ‘face-off’ between two objects that circled each other before finally colliding and merging into a single black hole, generating a huge splash of gravitational waves that were emitted across the Universe and detected here on Earth.



Social work students putting what they've learned into practice during COVID-19

Many on the two-year master's degree were taken on as employees for organisations working to offer continued services to people hardest hit by social distancing measures.



New Postgraduate Diploma in Healthcare Planning

Healthcare professionals tasked with planning the future direction of the NHS in Wales will receive academic training at Cardiff University.

The Postgraduate Diploma in Healthcare Planning will be delivered by academics from Cardiff Business School, the School of Mathematics and the School of Medicine. A total of 125 people will be trained over five years.



Quality Enhancement Review gives Cardiff clean bill of health

The University received a positive outcome and judgement in the Quality Enhancement Review, an independent review to demonstrate that the education we provide is of appropriate academic standard and quality.

The review found that Cardiff has robust arrangements for securing academic standards, managing academic quality and for enhancing the quality of the student experience, as well as a good partnership with the Students' Union.

Research



Scientists uncover world's oldest fossil forest

A team led by scientists at Binghamton University, New York State Museum and Cardiff University discovered remnants of the world's oldest fossil forest in a sandstone quarry in Cairo, New York.

It is believed the extensive network of trees, which would have spread from New York all the way into Pennsylvania and beyond, is around 386 million years old.



New T-Cell raises prospect of universal cancer therapy

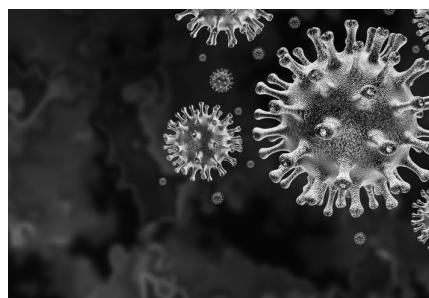
Researchers at Cardiff University have discovered a new type of killer T-cell that offers hope of a “one-size-fits-all” cancer therapy.

The T-cell is equipped with a new type of T-cell receptor (TCR) which recognises and kills most human cancer types, while ignoring healthy cells. The researchers said this meant it offered “exciting opportunities for pan-cancer, pan-population” immunotherapies not previously thought possible.



Brexit divides

Deep divides fuelled by the Brexit debate were laid bare in new research from Cardiff University and the University of Edinburgh. Academics called for responsible debate as one of the findings showed the breakup of the UK is a widely expected consequence of Brexit.



Tracking the spread of COVID-19

Welsh scientists are taking a leading role in mapping the spread of coronavirus as part of a £20m project announced by the UK's chief scientific adviser.

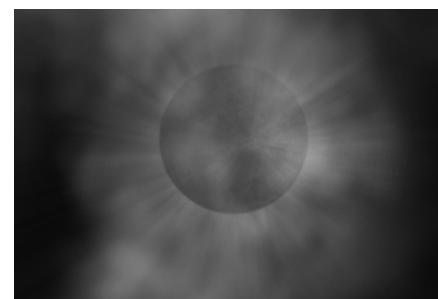
The COVID-19 Genomics UK Consortium brings together experts from across the NHS, academia and public health agencies for large-scale, rapid sequencing and analysis of the disease. The funding will create Wales's only COVID-19 sequencing centre, comprised of a team of Cardiff University and Public Health Wales scientists.



Norman Conquest did little to change eating habits

Archaeologists from Cardiff University and the University of Sheffield combined the latest scientific methods to offer new insights into life during the Norman Conquest of England.

The team found only short-term fluctuations in food supplies following the Conquest which didn't adversely affect the population's overall health. Pork became a more popular choice and dairy products were used less. But on the whole, a diet dominated by vegetables, cereals, beef and mutton remained largely unchanged.



Scientists find evidence of missing neutron star

The leftovers from a spectacular supernova that revolutionised our understanding of how stars end their lives have finally been spotted by astronomers at Cardiff University.

The scientists claim to have found evidence of the location of a neutron star that was left behind when a massive star ended its life in a gigantic explosion, leading to a famous supernova dubbed Supernova 1987A.

International



University hosts brightest US students

The University was the venue for the first day of the annual Fulbright Forum in which 45 postgraduate students from the US took part in activities including a session on Welsh history, culture and language and a campus tour.

The global Fulbright Programme promotes cultural understanding through educational exchange.



Preparing international students for Cardiff University

Cardiff University launched an International Study Centre (ISC) in September 2020 to provide more international students with an opportunity to study here.

The ISC will give international students a route into both undergraduate and postgraduate degrees at the University.



Historian contributes to new Second World War Museum in Paris

Professor Hanna Diamond was historical advisor at the revamped Museum of the Liberation of Paris – General Leclerc Museum – Jean Moulin Museum, which opened in Paris.

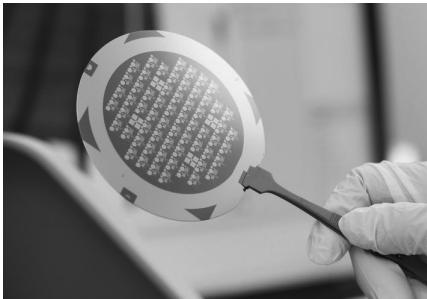
The museum's newly renovated home is located above the former headquarters of the Parisian Resistance. Professor Diamond, who also co-curated its first exhibition, was the only British historian to be brought on to the museum's Conseil Scientifique, an advisory board of eminent historians, curators and archivists.

Climate change resilience in the Horn of Africa

An international team of researchers and organisations was awarded over €6.7m from EU Horizon 2020 to help tackle food and water insecurity in the Horn of Africa Drylands.

Led by scientists from the School of Earth and Ocean Sciences and the Water Research Institute, the project will employ state-of-the-art seasonal forecasts and decadal projections of climate change, translating this into clear and concise information that can be used by farmers and pastoralists, communities, NGOs and governments to mitigate the negative impacts of climate change on rural livelihoods.

Innovation



Consortium wins £43.7m bid to develop compound semiconductor chip cluster

A Cardiff University-led consortium has won a bid to develop a Compound Semiconductor (CS) powerhouse in South Wales.

The winning consortium connects Cardiff University, Swansea University, a range of key regional industrial partners including IQE, SPTS, Newport Wafer Fab (NWF), Cardiff Capital Region City Deal, Welsh Government and UK Government's Compound Semiconductor Applications Catapult.



New centre for AI and robotics

A centre for cutting-edge technologies, from robots and automated vehicles to virtual reality, artificial intelligence (AI) and cyber-physical systems, is to be opened at Cardiff University as a result of a major investment of European funding.

The brand-new centre for Artificial Intelligence, Robotics and Human-Machine Systems will position Cardiff and South Wales as a hub for emerging and innovative technologies.



Ultrasound simulator helps tackle pandemic

Ultrasound training technology originally developed at Cardiff University was used at the NHS Nightingale ExCel Hospital in London in the fight against COVID-19.

Intelligent Ultrasound Group - the ultrasound artificial intelligence (AI) software and simulation company - has repurposed its BodyWorks Eve ultrasound training simulator to help clinicians learn how to scan lungs.



Cardiff and Airbus demystify AI for Cybersecurity

Airbus is teaming up with Cardiff University experts to develop new ways of detecting cyber-attacks using artificial intelligence (AI) – demystifying the frequently perceived 'black box' of AI algorithms.

The partnership has been awarded funding to enhance the adoption of automated detection and response capabilities by finding and testing new ways to 'explain' how the AI has decided there is a malicious presence on the network to security operations experts.



Spinout Success

Cardiff University placed third in a new UK ranking which measures how well universities perform in converting their research into successful companies.

The 'Research to Riches' report highlights UK universities that are best at creating high-value spinouts, measuring UK universities' effectiveness in terms of their production of intellectual property, creation of spinout companies, and successful exits from spinouts relative to their total funding.



Businesses in Wales benefit from £1m to develop new ideas

Clwstwr, an ambitious programme led by Cardiff University to drive innovation in the creative sector, awarded grants totalling £1m to 23 businesses in South Wales.

The chosen projects include a news service for schools, remote editing facilities to grow post-production regionally and using technology to transform the ways that people make and experience dance, and will enhance the screen and news industries, with the potential to improve other sectors such as education, healthcare and business.

Civic Mission



Socially distanced archaeological dig brings community together

During the COVID-19 pandemic, the Caerau And Ely Rediscovering (CAER) Heritage Project asked people in the west Cardiff suburbs of Caerau and Ely to undertake their own archaeological excavations in their gardens to help unearth further insights into the area's rich archaeology and history.



Schoolchildren search for flowers bees love the most

School pupils are helping scientists identify a 'superseed' mix of wildflowers that support honeybees and other crucial pollinators.

Around 200 free packets of wildflower seeds were made available for primary school children to plant in Cathays, Cardiff, as part of a Rewilding Cardiff project to develop the next generation of Welsh scientists and boost the city's greenery.



Sheen meets graduating refugees and asylum seekers

Actor Michael Sheen personally congratulated refugees and asylum seekers graduating from an innovative summer school.

The six-week ASPIRE programme - organised by Cardiff University and First Campus - supports refugees, asylum seekers and forced migrants into UK higher education. The students are given intensive English classes, academic taster courses, confidence-building experiences and advice on how to apply to university.



Digital festival brings higher education to disadvantaged youngsters

Cardiff University ran its first online festival to support disadvantaged young people from a variety of backgrounds into higher education.

In response to the COVID-19 pandemic, the Gŵyl eCampws festival – delivered in collaboration with the Sutton Trust and First Campus – offered innovative online activities to 16-18-year-olds as part of a two-week programme.



Fiction-writing competition for children in Wales and Namibia

The University of Namibia and Cardiff University launched a joint competition for short stories aimed at children.

Run by the Phoenix Project, a collaboration between the two universities to improve health, reduce poverty and develop a sensitive and sustainable approach to the environment, organisers hoped the competition would help encourage reading and promote cultural exchange.



A green recovery

In specific response to COVID-19, the University held a webinar with Sophie Howe (Future Generations Commissioner for Wales) and Jeremy Miles MS (Welsh Government Minister with responsibility for post-COVID-19 recovery) exploring the impact of coronavirus on young people and considering the role universities must play in delivering a green recovery as part of our wider civic mission.

We will be building on this further in the coming months.

Supporting Cardiff

All of the initiatives below and many more were supported in 2019-20 by Cardiff donors, fundraisers and volunteers who believe in Cardiff University's mission to create and share knowledge, and to educate for the benefit of all. We are so grateful for their continued generosity and support throughout these challenging times.

£10m

grant pledged by The Wolfson Foundation to fund a pioneering research centre

This extraordinary gift will establish The Wolfson Centre for Young People's Mental Health, a dedicated interdisciplinary research centre focused on reducing anxiety and depression in young people. Cardiff University experts will work in partnership with Swansea University, Welsh Government, NHS Wales, University Health Boards and schools across Wales.

Over £4m

of new gifts and pledges from more than 1,000 donors and fundraisers

Their support is making world-class research possible and giving talented students opportunities to flourish.

309

members of #TeamCardiff raised over £76,000

#TeamCardiff runners took on challenges like the 2019 Cardiff University/Cardiff Half Marathon and Big Half Marathon, as well as fundraising out in the community. They are supporting cancer, neuroscience and mental health researchers, who are working hard to develop better and faster diagnosis techniques, and to create more effective, personalised treatments.

123

alumni supported Cardiff with their time and experience

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

100+

researchers supported in 2019-20

Our philanthropic income comes from a wide range of supporters and enables hundreds of Cardiff researchers to carry out pioneering research.

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

Thank you

to 92 Cylch Caerdydd members



They supported us with their generous gifts supporting our students and research. Cylch Caerdydd, now in its fifth year, was founded to recognise donors who support Cardiff with gifts of £1,000 or more in an academic year.

Find out more:

www.cardiff.ac.uk/donate/join-cylch-caerdydd

Keen to support Cardiff?

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

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

Sustainability



Dean for Environmental Sustainability

Professor Mike Bruford was appointed the University's Dean for Environmental Sustainability, providing dedicated academic leadership to the development and delivery of our Environmental Sustainability strategy.

Through his role, Professor Bruford will ensure that the knowledge created by our academic experts in this area is transferred to our students, staff and the wider community while informing our own activities, as well as providing leadership on the University's route to net zero emissions.



Climate emergency declaration

The University declared a climate emergency and announced its aim to become carbon neutral by 2030.

We also revealed that we have fully divested from fossil fuels – a year ahead of schedule – aligning our investment decisions with our commitment to environmental sustainability.



Carbon modelling project

Baseline carbon modelling work was undertaken with University academics and the appointment of two PhD internships.

Following this work, scenarios are being developed to inform the University's route to net zero emissions by 2030.



Biodiversity Action Plan

The University's Biodiversity Action Plan is under way and aims to manage and improve biodiversity across our estate by reducing stressors, enhancing habitat connectivity and incorporating our green infrastructure into teaching and research activities.



Rainforest restoration

Cardiff University partnered with the Danau Girang Field Centre to pilot Regrow Borneo, an ethical, transparent, and research-led rainforest restoration project.

Socially and environmentally sustainable planting has now begun for 12,500 trees in the Lower Kinabatangan Floodplain, Borneo. Cardiff University researchers developed a state-of-the-art, interdisciplinary monitoring programme that evaluates the project's impact – on carbon sequestration, lives and livelihoods in local communities, biodiversity, conservation, and ecosystem resilience.

COVID-19: our strategic and operational response

Since the beginning of April 2020, the University has moved from management of a major incident in response to COVID-19 to sustainable business recovery operations.

In May 2020 the Vice-Chancellor established a task force to oversee all aspects of re-opening the University and our day-to-day business during the COVID-19 crisis. We have adapted our operational delivery model and ways of working in key areas as follows:

- Undertaken a sustainable move to digital education and a blended online and on campus educational experience for academic year 2020/21.
- Re-envisioned the student experience for academic year 2020/21 to accommodate the COVID-19 restrictions.
- Reviewed working arrangements for staff, supporting working from home as far as possible.
- Re-establishing services and facilities in COVID-19 secure ways for those who are required to work on campus to support key activities.
- Essential research has continued to be carried out on campus and a phased return of researchers to campus has been instigated.

During the major incident response to the COVID-19 pandemic a dedicated COVID-19 risk register was created. As we have moved into business recovery mode these risks have now been assimilated into the University Executive Board register which is regularly reviewed by the University Council.

All our work has been guided by Government policy and national guidelines. We have mapped our actions against the Universities UK Principles and Considerations for Emerging from Lockdown to ensure that all areas are covered; and that risks are appropriately assessed and managed.

Recasting our strategy

The COVID-19 crisis required a radical rethink of our *The Way Forward*, 2018-23 strategy, adapting our strategic priorities to the new reality in *The Way Forward* 2018-23: Recast COVID-19.

First and foremost, our priority is the health and wellbeing of our students and staff. In order to secure this, we must be financially sustainable. As we take forward the interdependent priorities of health and wellbeing and financial sustainability, we must ensure that the quality and integrity of our academic and educational activity remain paramount.

Secondly, the changed circumstances have profound effects in terms of our performance and how we assess progress. League table position will not be the primary concern. Instead, we must ensure that we survive and thrive.

Making our campus safe

We've worked hard to put protective measures in place in accordance with official guidance, working closely with Public Health Wales, the Welsh government, Cardiff and Vale University Health Board and with Cardiff City Council to ensure our campus is safe in these unprecedented times.

To help us detect any infections, clusters or outbreaks at the earliest possible stage, we've introduced an in-house COVID-19 screening service. All of our students and staff who are asymptomatic will have the opportunity to take a test shortly after arriving on campus. This intelligence will help us to isolate those that would otherwise risk spreading the virus. We also introduced a notification system so that all students and staff can quickly report any coronavirus-like symptoms.

Our estate has been reconfigured, and our buildings have clearly signposted one-way walking routes, additional handwashing facilities, and high touch points such as door handles are being cleaned regularly. To mitigate the risk of COVID-19 transmission, we have taken the decision that as a University, we will maintain the two-metre social distancing requirement on campus, regardless of any changes that might come from government or public health authorities. We have also provided reusable face coverings for our staff,

students, and visitors and are requiring face coverings to be worn (other than accepted exemptions) in our buildings.

Working with our Students' Union

We adjusted our governance arrangements at the outset of our pandemic response to include Students' Union representation in our COVID Task Force and Student Life Group which has overseen decision making around the key elements of blended online and face-to-face education and student experience.

In partnership with the Students' Union we are developing a function where students who are self-isolating will be able to join a support and listening online drop-in. This will be led by a trained student volunteer who has links back to our professional student support services.

We have sustained our close working relationship with the elected officer team and senior leadership of the Students' Union to support the changes they have made to the full range of their commercial and welfare services.

High-quality, blended learning

Our students have told us that many expect some face-to-face element to their learning, and within the restrictions, we aim to provide this as part of a blended learning provision, supported by some online elements. This is consistent with both other local and Russell Group universities.

Our teaching rooms meet the required health guidelines, and if the rules are followed, teaching on campus does not result in our students becoming a 'contact' of those around them.

Large lectures will not take place on campus. Where social distancing requirements can be met, on-campus learning will consist of face-to-face teaching in smaller groups. It will include tutorials or clinical, studio and laboratory

sessions where relevant. These smaller sessions will benefit from additional safety measures, alongside high-quality online teaching, learning activities and resources.

Supporting our students

Throughout the pandemic our professional student support services remain accessible to all our students wherever they live. We moved services to remote working rapidly in March 2020 and continue to operate in this way with good levels of student engagement.

We continue to offer all our students access to Talk Campus, a social networking site which offers a safe place to talk anonymously about anything without judgement. Talk Campus is monitored by a professional team as well as student peers.

In the early stages of the pandemic, during March to June 2020, we released students from their accommodation contracts with us on request and refunded rent accordingly. We liaised with PBSA providers in the city to encourage similar approaches; and sought to ensure they were raising awareness of our student support services.

We introduced a temporary student service where 200 staff from across the University volunteered to check in with students who remained in Cardiff during this period. This was a basic welfare check-in to ensure those students were well, and to refer them to professional support if required.

In readiness for the new academic year we introduced an online orientation platform which provides information on support and services across the University to students before they arrive. This includes specific information for students about COVID-19 safety.

To help prevent students in residences becoming isolated we have introduced a larger Residence Life student peer support team. This team is accessible remotely, using a newly acquired online platform. This allows us to deliver a range of social and interactive activities remotely which we can adjust easily based on interest and demand.

Our established approach to student financial support has been adapted to circumstances of remote working brought about by the pandemic. During the period from March to August 2020 we spent around £80k on COVID-19 related student hardship funding, including digital poverty assistance. This was largely to help students from widening access backgrounds. We continue to assist

students from the fund with issues around digital poverty. We are currently exploring ways to enhance our approach to assisting students from lower income backgrounds with issues around access to IT hardware, particularly laptops.

Students in self-isolation

Students reporting self-isolation trigger a range of communications and support. This includes:

- Practical information about what they need to do, advice on food deliveries and referral to sources of advice and support.
- Welfare checks by our Student Support and Wellbeing team.
- The Test, Trace and Protect Service will also check in with all those who are self-isolating on a daily basis via text or telephone.

Recognising the difficulties the pandemic has caused for food deliveries, we have set up 'Marketplace', a new University grocery delivery service for students who live in our residences to enable them to order basic groceries, healthcare items, fresh meat fruit and vegetables. Students can also order hot meals for delivery to a University Residence, or to collect from one of our restaurants if they are not self-isolating.

For students who arrived in September with a quarantine requirement the University funded and supplied bedding and food essential packs which were in students' rooms on arrival. These packs included food and drink sensitive to dietary requirements.

We also have additional 24-7 advice and guidance available to all our students on our intranet and via our new Student Connect service which includes an online question and answer functionality. The release of this new function was brought forward in part because of the pandemic.

Supporting our staff

We take our staff wellbeing extremely seriously – that's why we developed new ways to help staff switch to remote working and online teaching during the COVID-19 pandemic.

Throughout April, May and June 2020, we created Wellbeing Days, a designated day a week to help our staff step away from the immediacy of digital communications and allow time to focus on their mental and physical wellbeing, undertaking self-directed activities and proactive tasks.

For those staff returning to campus to teach and to aid the transition to online

provision, we have produced a Digital Learning Framework which sets out the thresholds of structure of programmes online, and a new Digital Education Service.

Our Community Commitment

We've asked our staff and students to adopt our Community Commitment – a pledge to read, follow and support the University's and government guidance and take personal responsibility for ensuring that the places that they live, work and study are as safe as they can be. This will help us ensure we are all working to support each other, to behave appropriately and with consideration, and to intervene when we see others failing to uphold the behaviour and standards of the University.

Looking ahead

The health and wellbeing of staff, students and our neighbouring communities has been and continues to be the University's top priority in responding to the COVID-19 pandemic.

That will continue to serve as our compass for the year ahead, along with financial sustainability. It will not be an easy road, and difficult decisions may need to be made, but our aim is to survive and thrive. Beyond the immediate future, over the next three years we will:

- Re-prioritise activity to provide our students with the highest quality experience possible given the constraints of the COVID-19 crisis, whilst preserving our academic standards and integrity.
- Reshape our civic mission to help government, health services and wider society to revive and renew the Welsh economic, social and cultural landscape.
- Put in place mitigation plans and prepare continuously for a post-COVID-19 world where travel, free social interaction and physical international activity will be possible once more.
- Mitigate the immediate impact of COVID-19 on research by encouraging staff to work on research outputs deliverable remotely.
- Complete our research-related building projects and the Cardiff Innovation Campus to position ourselves effectively in line with post-COVID revival and renewal opportunities.

Financial Review

Return to an operating surplus of £14.1m

Once again, our financial results have been complicated this year by the accounting treatment of pension provisions. When these are stripped out from the overall surplus of £30.9m it shows that the University has turned around its financial performance - delivering an operating surplus of £14.1m compared with the previous two years of operating deficits.

The underlying operating surplus of £14.1m reconciles to the total surplus of £30.9m as follows:

Summary of group results

	2019/20 £m	2018/19 £m
Total comprehensive surplus / (deficit) for the year	30.9	(117.4)
USS pension provision (credit) / charge	(55.2)	92.9
Actuarial loss on pensions	40.0	9.1
Surplus / (Deficit) before other gains / (losses)	15.7	(15.4)
Other gains / (losses)	(1.6)	8.5
Underlying operating surplus / (deficit)	14.1	(6.9)

The financial statements for the year ended 31 July 2020 consolidate the results of the University, its subsidiary company University College Cardiff Consultants Limited and the joint ventures Compound Semiconductor Centre Limited and Cardiff Medicentre.

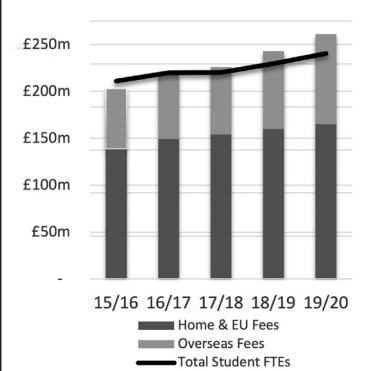
Pension provisions

The Universities Superannuation Scheme (USS) of which Cardiff is an employer member provides pensions for academic and professional staff. As of 31st March 2018, the scheme had a deficit of £3.6bn. The USS Trustees are required to put in place a recovery plan of which Cardiff's share has reduced from £140.8m to £84.8m. This additional cost of employment will be paid over the next 14 years in the form of additional employer contributions. As this is a contractual obligation at the balance sheet date accounting rules require the University to create a provision for the whole liability which reduces our reserves.

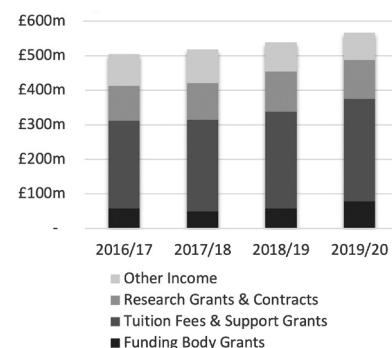
The USS Trustees have agreed a further valuation as of 31st March 2020 which is currently being completed but is likely to result in a significant deficit. This will result in an increase in the current provision of £84.8m which will be reflected in the University's 2020/21 financial statements.

In addition to movements in the USS pension scheme provision the University has also had to increase its provision for the CUPF and LGPS schemes by £43m, of which £40m relates to actuarial loss.

Student Fees (£m) and FTEs (000's)



Income by Category £m



Income has grown by 5.6%, mainly from a growth in international students

Despite the impact of the COVID-19 pandemic in the latter part of the financial year we were able to grow tuition fee income by 6.25% to £297m. This was mainly due to an increase of 12% in our overseas student numbers.

The number of undergraduate students has remained fairly static but increases in home postgraduate taught and all overseas fees have contributed to the £17.5m increase in tuition fees.

Our student body of 26,219 students is made up as follows:

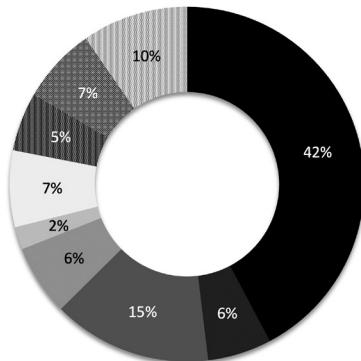
Student numbers	2019/20	2018/19
Undergraduates	19,301	18,960
Postgraduate Taught	5,209	4,555
Postgraduate Research	1,709	1,539
Total	26,219	25,054
Home & EU	20,967	20,359
Overseas	5,252	4,695
Total	26,219	25,054

Our recurrent grant from HEFCW saw a return to the full teaching grant reflected in the increase of £8.8m to £59.7m. Grant income also reflects the accounting for £13m of grants received towards major capital expenditure projects.

2019/20 saw the University record its highest ever level of new research awards at £150m. Whilst these will be received over a number of years it is a welcome endorsement of our strategy. Grant income in the year of £112.8m was impacted by COVID-19 and our ability to access laboratories, particularly in relation to charity funded research.

Other income reduced slightly to £74.2m and reflects the impact of COVID-19, particularly a 28% reduction in student residence, catering and conference income. This was mitigated by £6m of additional grant income and £3m received from the Government's Job Retention Scheme.

Expenditure by Category %



- Academic departments
- Academic services
- Research grants and contracts
- Other services rendered
- Residences, catering and conferences
- Premises
- Administration and central services
- Other expenses

Expenditure has been actively managed throughout the year

Total expenditure, excluding the USS pension provision and Voluntary Severance Scheme, increased by 1.7% to £554.8m.

Overall staff numbers have reduced during the year reflecting the impact of the previous year's voluntary severance scheme and recruitment controls put in place during the year.

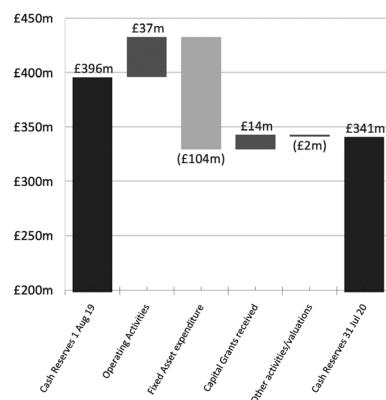
Staff costs remain the University's major area of expenditure and have increased by 4.4% in the year reflecting a nationally agreed 1.8% pay award and a 12.8% increase in pension contributions.

Other operating expenses saw a reduction of 3.0% in the year mainly due to the impact of the COVID-19 lockdown on activities during the second half of the year. During the year we invested £2.4m in relation to our response to the COVID-19 pandemic, with further significant investment made in 2020/21.

We retained an operating cash surplus to support future investment

The University achieved an operating cash flow surplus of £37.2m (6.5% of income). During the year the University invested £104m in buildings and equipment of which £88m was invested in the development of the Innovation campus, the Centre for Student Life and the School of Architecture. As a result,

Movement in Cash and Investment Reserves £m



cash and investment reserves fell by £55m to £341m.

Borrowings at the year-end totalled £304.5m of which the public bond totalled £293.7m. This incurs interest of 3.1% p.a. and is repayable in 2055. Moody's have assessed the bond as A1 with a stable outlook.

Our investments and endowments remain stable

Despite the turbulence in world stock markets our investment managers have ensured the University's investment and endowment assets remained stable. By the end of 2019 the University had divested its portfolio of investments in fossil fuel companies.

The University has a strong balance sheet

At 31st July 2020 the University had consolidated net assets of £618m (2019 £587m) represented by its reserves, although a significant part of this is committed to investment in new buildings and refurbishment of existing properties.

The University has successfully managed the many challenges of 2020 due to the enthusiasm and significant commitment of our staff. Whilst not reflected on the balance sheet of the University they remain our most important and valuable asset.

Significant risks still ahead

These are unprecedented times for higher education as we transition to new ways of teaching and working. Our operating model is changing as we address the many significant challenges currently facing the University and those still to come. However, we have made significant progress.

Since the beginning of April, the University has moved from management of a major incident to sustainable business recovery operations focusing on our key priorities of the health and wellbeing of our staff and students, financial sustainability especially fee income, the cost base and cash position, student satisfaction and experience, research grants and contracts and our civic mission.

The University's Executive Board has regularly reviewed our key risks. The principal risks to the University and how they are being mitigated are shown in the table on pages 16 to 17.

The financial outlook remains uncertain

2020/21 will be a very difficult year as we address the challenges of a blended approach to teaching, uncertainty over the recruitment of overseas students, the additional costs of maintaining a safe campus and further lockdowns.

We currently anticipate a significant operating deficit in 2020/21 mainly due to a reduction in overseas student numbers and tuition fee income. Fortunately, the University has a strong balance sheet that will support it over the next academic year.

The next 12-18 months will see completion of our major capital investments supporting the student experience and our research and innovation activities. These additions will enable significant changes to be made to our estate.

Without a vaccine in the next year we anticipate a longer and slower recovery period that will require further changes to our operating model to enable a return to previous levels of financial performance.

Despite the many uncertainties facing us the University is in a strong position to weather the uncertain external climate and build on its status as an ambitious and innovative University.

Risk area	Risk description	Risk management
Staff Wellbeing and Welfare	The University is unable to maintain its duty of care to staff.	<p>Wellbeing workshops have been developed to support staff during this time and weekly messaging is issued to raise awareness amongst staff. Engagement and feedback on the services offered has been positive with an increased focus on mental health within the COVID-19 context.</p>
		<p>A Return to Campus Operations taskforce is in place to oversee the operational aspects required for a safe working environment for staff who return to campus.</p> <p>Reusable face coverings have been procured for staff returning to campus. Additional equipment, including visors, has also been procured. DSE assessments for those staff who are not working on campus are underway.</p>
		<p>The University has established its own coronavirus screening service to test asymptomatic staff and students on campus.</p>
Student Wellbeing and Welfare	The University is unable to maintain its duty of care to students.	<p>A Community Commitment has been developed for adoption by staff and students (as part of enrolment / re-enrolment) that promotes self-regulation of COVID safety measures (2m social distancing and wearing face coverings in buildings).</p> <p>Student Connect, a new student enquiry manager has been introduced including 24/7 response via ChatBot.</p> <p>A new student orientation platform has been acquired and populated with content for new students with key information for returning students on the student intranet.</p>
		<p>The University has established its own coronavirus screening service to test asymptomatic staff and students on campus.</p>
Financial Sustainability	The University fails to recruit and retain a strategically desirable number, quality and diversity of students, including high-quality EU and international students.	<p>The University deploys detailed budget control and monitoring procedures are in place. Zero-based budgeting was introduced for the 2020/21 academic year.</p> <p>There are regular discussions between Recruitment and Admissions and Finance to model fee income.</p> <p>Research and Change projects are assessed for return on investment to ensure delivery on expected benefits.</p> <p>New spend commitments have been reduced through recruitment controls, delaying capital spend and reconsidering the pace of transformation projects.</p> <p>Throughout the current pandemic members of Council and the Executive Board have met regularly to review the financial position and mitigating actions, including revenue generation, cost controls, cash management and financing options.</p> <p>Throughout the current pandemic members of Council and the Executive Board have met regularly to review the financial position and mitigating actions, including revenue generation, cost controls, cash management and financing options.</p>
Capital Programme	The Capital Programme is not delivered to time, budget or specification.	<p>All capital programmes are subject to detailed business case budgets and cost monitoring through individual steering boards and University Executive Board.</p> <p>Capital project progress reports with detailed action plans to address slippages and consolidated portfolio risk registers (with mitigating actions) are presented regularly to Portfolio Groups for review and discussion.</p> <p>A finance report is presented to each Portfolio Group highlighting any potential budget pressures and over-runs on a monthly basis, including detail on risk/contingency budget drawdown.</p>

Risk area	Risk description	Risk management
Student Recruitment	The University fails to recruit and retain a strategically desirable number, quality and diversity of students, including high-quality EU and international students.	<p>The University's Recruitment and Admissions Strategy Group has delegated authority to take strategic actions in relation to recruitment, to ensure target entrants are met.</p> <p>Student numbers reviewed and monitored by the Recruitment and Admissions Strategy Group on a regular basis to ensure that the University Executive Board has clear sight of predicted enrolments.</p> <p>School/College conversion activities including offer holder comms/online tours, call/unibuddy campaigns.</p> <p>The University has introduced measures such as extending its late arrival dates to allow for delays/travel disruption and introducing a Remote Study Policy permitting remote study for semester one on the majority of programmes.</p> <p>Plans are in place to consider maximising EU recruitment from January 2021 following the Welsh Government's recent announcement on funding for EU students' post-transition.</p>
Research Activity and Income	The University's research activities are significantly impacted reducing research income.	<p>We are working with funders, via the Russell Group, around the need for flexibility over application deadlines as well as monitoring changes to future call deadlines and keeping our research community updated.</p> <p>During the full lockdown period essential research was identified and undertaken on campus and remote research activities developed where possible. This could be replicated in the event of further lockdown restrictions.</p> <p>Implementation of Funding Oversight Group to take a strategic approach to funder relationship management, intelligence gathering, bid development and institutional peer review, with the aim of enhancing engagement with funders. This includes review of the funding situation following the end of the Brexit transition period.</p>
Business Continuity	The University is unable to maintain its key operational tasks during ever changing conditions.	<p>The University has established several taskforces to deal with the varying conditions with which we are faced including return to campus operations and further outbreaks. These taskforces review and consider all operational decisions for approval by University Executive Board.</p>
Student Experience	The University is unable to provide a high-quality learning experience to its students.	<p>The University has introduced a new Digital Learning Framework with a new Digital Education Support Service. A module on digital learning has been included in the University Orientation for students.</p> <p>The remote study policy has been agreed to enable students to request and Schools to approve remote study for semester one or shorter periods of time.</p> <p>The principles and approach for supporting the student accommodation experience during 2020-2021 have been agreed, including relevant health and safety considerations. We have agreed arrangements for catering and sport on campus.</p>

Robert Williams

Chief Financial Officer
23 November 2020

Corporate Governance Statement

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

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

Council

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

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

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

In respect of the year ended 31 July 2020, the Council can report:

(i) that there was no element of the Governance Code of Practice with which the University's practice was not consistent; and

(ii) that the University's fundraising policies and practices are fully aligned with the changes in requirements as a result of the amendments to the Code of Fundraising Practice.

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

A number of recommendations were made following the review to ensure a continued fit-for-purpose Council which meets the test of being business-like and responsive to key stakeholders, whilst preserving the long-term traditions and values of the University. The remaining recommendations from the 2017 review will be considered alongside the recommendations from a number of other reviews as set out below. The next cyclic Review of Council Effectiveness is due to take place in 2020/21. This will also form part of the work to address the findings of the 2019/20 Internal Audit of Governance Arrangements.

In 2019 the University conducted a review of the effectiveness of its governance framework lead by Pro Chancellor, Reverend Canon Gareth Powell. The recommendations of the Powell Review were reported to the Council in November 2019. A number were taken forward by a Working Group and the Governance Committee during 2019/20, with work ongoing.

The Camm Review Report was discussed at the Governance Committee in May 2020. The University has adopted the Governance Charter for Universities in Wales and continues to implement recommendations (where the University is not already aligned) as a priority for 2020/21.

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

The Council has a majority of members from outside the University (described

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

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

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

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

Throughout the 2019/20 academic year, the Council met seven times, including three Special meetings of Council to discuss extraordinary business and the COVID-19 pandemic.

During this period, the Council approved a number of business cases, reviewed strategic direction and decision making across a number of University activities to include research and innovation, and discussed measures in response to data gathered from the Staff Survey and the Quality Enhancement Review. In the latter part of 2019/20, Council has overseen the ongoing University response to the COVID-19 pandemic.

Senate

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

The Senate met three times during the 2019/20 academic year. Key areas of business included the consideration of the Framework for Variations to Programmes for 2020/21 prompted by Industrial Action and the COVID-19

pandemic, recasting of *The Way Forward* 2019-2023 and the University's commitment to equality, highlighted by the Black Lives Matter campaign.

Court

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

The Court ordinarily meets annually to receive the University's annual report and audited financial statements. The Court is chaired by the University's Chancellor. The Court met in January 2020.

Accounting Officer

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

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

Committees

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

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

Finance and Resources Committee

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

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

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

As the Policy and Resources Committee, this committee met six times during the 2019/20 academic year, including two extraordinary meetings to review the 2020/21 budget and financial plan, and to scrutinise a business case respectively.

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

Governance Committee

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

The Governance Committee met four times in 2019/20. In addition to considering the Powell Review recommendations as referenced above, the committee considered in detail the University's compliance with the Welsh Language Standards, GDPR, PREVENT, CMA, Bribery Act, Human Tissue Act, The Modern Slavery Act 2015 and the Equality Act.

Remuneration Committee

The Remuneration Committee has a wholly independent membership which includes four lay members of the Council (who include the Chair and Vice-Chair).

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor. Throughout 2019/20, the Remuneration Committee met three times.

Audit and Risk Committee

All members of the Audit and Risk Committee (formerly the Audit Committee) are independent of University management. Membership includes lay members of Council.

The Audit Committee met five times in 2019/20. The external auditors were present for consideration of the annual Financial Statements and management representation letter as well as the annual audit plan.

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

Management

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

Principal risk and system of internal control

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

The system of internal control is designed to manage rather than eliminate the risk

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

Council confirms that this process has been in place and operating effectively for the year ended 31 July 2020 and up to the date of approval of the financial statements and accords with HEFCW guidance.

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

The Audit and Risk Committee receives regular reports from Internal Audit. An independent opinion is provided on each report relating to the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. A summary of the work undertaken by Internal Audit is provided in an Annual Report. This provides an independent opinion on the adequacy and effectiveness of the University's arrangements for the provision of risk management, internal control, governance and value for money and data quality. Taking into account the completion of the revised and approved audit plan for 2019/20 and supporting information, the University arrangements are considered generally adequate and effective.

Exceptions have been identified in two areas which are in the process of being addressed by senior management:

- Challenges have been identified to risk management, governance, and internal controls, specific to a strategic capital programme that is in-flight. HEFCW were notified of this matter as a reportable event.
- Weaknesses have been identified in relation to procurement controls. An Interim Procurement Director was appointed with effect from 3 August 2020, who is in the process of systematically addressing the weaknesses identified and strengthening maturity of the procurement function.

The Vice Chancellor is the University's Accountable Officer, responsible for providing HEFCW with clear assurances that the University has an effective policy of risk management. The University Secretary is the Chief Risk Officer, responsible for promoting effective risk management across the University. The University Executive Board has responsibility for the management of risk across the University agreeing the University's risk appetite, updating the University's strategic risk register and reporting on risk to the Audit and Risk Committee, Finance and Resources Committee and Council throughout the year.

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

Colleges and Professional Services Board for consideration and inclusion in their risk registers. Colleges and Professional Services Board then report their risk registers to the University Executive Board on a quarterly basis. This ensures that governance, management, reputational, quality and financial risks from across the University are considered for incorporation into the University's strategic risk register. During the Coronavirus pandemic, risk management structures were adapted to respond to changing needs across activities to include teaching and assessment, student life, research, and operations. Each of these areas had risk registers which fed into the overall UEB risk register. For 2020/21, a merged risk reporting structure will combine these areas with school/departmental systems. Risks identified in the strategic register are also cascaded down the hierarchy to ensure that the mitigating actions required are put in place.

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

Public Benefit Statement

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

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

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

The Way Forward 2018–2023 (Recast COVID-19) sets out the University's strategic themes, which are summarised below.

Education and Students

The University provides an educationally outstanding and consistently high-quality student experience, driven by creativity and curiosity, which seeks to enhance learning and support student life.

During the unprecedented times of COVID-19, many aspects of our provision have been provided in a remote and now digital environment, and students have benefited from continued online support and education provision to allow them to progress, graduate and gain employment or further study. Our priorities remain to provide a high-quality student experience, maintain academic standards of our degrees and ensure the safety and wellbeing of our staff and students.

Building on our strong track record in widening participation, we continue to prioritise ensuring that students from a variety of backgrounds have access to the

benefits of higher education, and this is also coupled with work on retention and student success. In our blended provision, combining face-to-face classroom methods with computer-mediated activities or online provision, students are benefitting from a pedagogic high-quality approach to digital learning which permits them to succeed, and to continue on their inspiring education journey.

Research and Innovation

This year has been exceptional in the face of the global pandemic. Through its research, the University has been fast acting in its response and is actively contributing to COVID recovery efforts both in relation to tackling the disease and combatting the wider societal challenges post-COVID. We have continued to support our staff and students during this difficult time, ensuring that where safe and possible to do so, research has continued allowing us to contribute towards tackling critical global issues that require cross disciplinary co-operation. With our research awards at their highest this year, our researchers are addressing major challenges facing society, the economy and the environment in Wales, in the UK and globally, delivering breakthroughs in areas such as Alzheimer's disease and mental health, compound semiconductors, gravitational waves, climate change and creative industries.

The University has also established itself as the Home of Innovation with development of a new innovation strategy ensuring that the impacts from its research make a difference, often working in partnership with business, public and third sector organisations. We are investing in bespoke facilities for innovative collaborations with industry, government and wider society, and enhancing support for students to engage in innovation and entrepreneurial training using real-life examples so that they can contribute to the growth of the knowledge economy. Aligned to our Civic Mission activities, our researchers also work with local communities, supporting new forms of education and socio-economic change in our region.

International

The University is a global institution with almost 8,000 (more than 23% of the

total student body) international students (non-UK EU included) from more than 130 countries and formal links with more than 300 institutions worldwide. It collaborates with business and education partners all over the world, including formal strategic partnerships with Xiamen University and Beijing Normal University in China, KU Leuven in Belgium, University of Campinas in Brazil and University of Bremen in Germany. The University's strong links with institutions worldwide mean that many of its students have the opportunity to study, work or volunteer abroad. It attracts the highest calibre of academics and researchers from around the world (international staff make up more than 30% of the academic body), enhancing the learning experience for students and bringing a global perspective to its research. Its researchers collaborate with partners worldwide to tackle global issues such as climate change adaptation for improved food and water security, mitigation of CO2 emissions through storage in coal deposits, and the genetic architecture of mental disorders. In the past year, they have also turned their expertise to supporting the global response to the COVID-19 pandemic.

Civic Mission

In response to the social and health crisis caused by COVID-19, the University has reshaped its civic mission. It is committed to using its research strengths, expertise and knowledge to help government, health services and wider society to revive and renew the Welsh economic, social and cultural landscape in response to the pandemic. The University's research strengths will be utilized to make greater civic mission contributions to new societal challenges faced by Wales, aligned to successful revival and renewal. Supporting job creation is of paramount importance given the economic impact of the virus. Now more than ever, the University will continue to contribute to innovation in education with primary and secondary schools and further education colleges. Its partnership with the NHS will achieve much greater salience. The University has a strong sense of place in the Cardiff and south Wales region and will continue to enhance and celebrate the Welsh-language culture of its campus in line with its Welsh-Language Strategy.

Responsibilities of the Council of Cardiff University

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

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

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

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

The Council has taken reasonable steps to:

- ensure that funds from HEFCW, Welsh Government and other Funding Bodies are used only for the purposes for which they have been given and in accordance with Memorandum of Assurance and Accountability with HEFCW; and any other conditions which HEFCW or any other Funding Body may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; (see further detail under Principal Risk and System of Internal Controls in the Corporate Governance Statement section);
- safeguard the assets of the University and its subsidiaries and prevent and detect fraud; and
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiaries.

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

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

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

On behalf of the Council

Professor Colin Riordan

Accounting Officer

23 November 2020

Independent Auditors' Report to the Council of Cardiff University

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the institution's affairs as at 31 July 2020 and of the group's and the institution's income and expenditure, gains and losses, and changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and,
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Institution Statements of Financial Position as at 31 July 2020; the Consolidated and Institution Statements of Comprehensive Income, the Consolidated and Institution Statements of Cash-flow, and Statements of Changes in Reserves for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that

the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

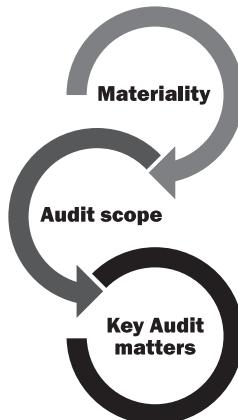
Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the institution.

Other than those disclosed in note 10 to the financial statements, we have provided no non-audit services to the group or the institution in the period from 1 August 2019 to 31 July 2020.

Our audit approach



Overview

- Overall group materiality: £5.7m (2019: £5.4m), based on 1% of income.
- Overall institution materiality: £5.7m (2019: £5.4m), based on 1% of income.
- The group comprises the institution and one subsidiary company
- The entities where we performed audit work accounted for 100% of the consolidated income and expenditure and net assets.
- Risk of fraud in revenue recognition
- Pension schemes
- Impact of COVID-19.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

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

- Review of the financial statement disclosures to ensure compliance with HEFCW's Accounts Direction;
- Discussions with management and the Audit & Risk Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of

not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in

the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

How our audit addressed the key audit matter

Risk of fraud in income recognition

We identified that the risk of fraud in relation to income recognition was a significant audit risk, in particular whether the group and institution were entitled to recognise income.

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

Research grant and contract income (note 4) of £112.8m (2019: £116.0m) is included in the financial statements and was considered to be more susceptible to manipulation because performance related recognition conditions are specific to individual grants. Consequently, there is a risk that management could manipulate income by overstating accruals or understating deferrals of income.

The risk related to both the group and the institution.

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

We considered the impact COVID-19 had on the recognition of research income and performed additional procedures to validate the right to research income.

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

Key audit matter

How our audit addressed the key audit matter

Pension schemes

Refer to notes 21 (Pension Provision) and 23 (Pension schemes). The group and the institution participate in two defined benefit pension plans with aggregate net liabilities of £102.5m (2019: £59.4m). There is also a further provision of £84.8m (2019: £140.8m) for future deficit repayments in relation to a multi-employer defined benefit scheme, the Universities Superannuation Scheme (USS). This scheme is treated as a defined contribution scheme because it is not possible to separately identify the assets and liabilities of each member organisation of the scheme. However, a liability is required to be recognised in respect of the future deficit repayments that the group and institution have agreed to make. The liability is determined by discounting the future cash flows under the deficit repayment plan at an appropriate discount rate.

Each of these liabilities is significant in the context of the group's and the institution's balance sheets.

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

The risk related to both the group and the institution.

Defined benefit schemes

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

The assumptions used were consistent with our benchmarks.

For the Cardiff University Pension Fund we tested the existence and valuation of all pension assets.

For the Cardiff & Vale Local Government Pension Scheme we tested the scheme's actuary's roll-forward calculation of the share of plan assets attributable to the institution. For both schemes we tested the underlying members data used to calculate the defined benefit pension liability.

USS liability

We obtained the models used by the group and institution to determine the USS liability included in the accounts. We used our internal actuarial specialists to establish that the discount rate used to quantify the liability fell within an acceptable range.

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

Impact of COVID-19

COVID-19 was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020 and the ongoing response is having an unprecedented impact on the economy. This was considered as part of the audit.

The Council has considered the risks posed by COVID-19, as set out in the Annual Strategic Review, the Financial Review and note 1 to the financial statements, and concluded that whilst the disruption and economic impact of the pandemic has had, and will continue to have, an impact on the results of the institution and group, there is minimal impact in areas such as the assessment of going concern and the recoverability of debtors that are likely to affect a number of other institutions in Higher Education.

The risk related to both the group and the institution.

We have performed the following audit procedures:

- Reconsidered our risk assessment;
- Held discussions with management to understand, in qualitative and quantitative terms, the impact of COVID-19 on the institution's and group's operations;
- Considered the impact COVID-19 has had on areas such as investment and pension scheme asset valuations, the recognition of research income and the recoverability of debtors, and going concern; in each case we performed certain additional procedures to validate explanations given and to explore potential valuation uncertainties where relevant and to validate the right to research income and to explore any indicators of additional risk over recoverability; and
- Read management's disclosures in the Annual Report and Financial Statements.

From the procedures performed, we found that the amounts recorded and disclosures within the Annual Report are appropriate.

How we tailored the audit scope

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

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

The group comprises the institution and one subsidiary. We performed full scope audits on each entity because they each required individual statutory audits.

The full scope audits undertaken by the group team covered 100% of group turnover and 100% of group total assets.

Materiality

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

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

Overall materiality

Group Financial Statements:
£5.7m (2019: £5.4m).

Institution Financial Statements:
£5.7m (2019: £5.4m).

How we determined it

1% of income (for both Group and Institution).

Rationale for benchmark applied

We consider that income is an appropriate benchmark, recognising that the institution is a not-for-profit organisation, and because income is an important driver in funding relevant expenditures (for both Group and Institution).

The materiality allocated to the component was £0.07m. The components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £0.28m (group audit) (2019: £0.26m) and £0.28m (institution audit) (2019: £0.26m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and institution's ability to continue as a going concern.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to

be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Annual Report

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

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:
www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the 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 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

In our opinion, in all material respects:

- the requirements of HEFCW's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's statutes;
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- funds provided by HEFCW have been used for the purposes for which they were received.

Sufficiency of accounting records and information and explanations received

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

- sufficient accounting records have not been kept by the 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.

Appointment

Based on the information available, the latest date for which we were appointed as auditors is the year ended 31 July 1988. Based on the latest year of appointment of 1988 the period of total uninterrupted engagement is 33 years, covering the years ended 31 July 1988 to 31 July 2020.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
Cardiff

November 2020

Consolidated and Institution Statements of Comprehensive Income

Year ended 31 July 2020

	Note	Consolidated		Institution	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income					
Tuition fees and support grants	2	297,005	279,521	297,005	279,521
Funding body grants	3	78,161	57,985	78,161	57,985
Research grants and contracts	4	112,773	116,048	112,773	116,048
Other income	5	74,183	76,117	72,839	74,682
Investment income	6	5,906	6,259	5,900	6,255
Donations and endowments	7	784	2,570	784	2,613
Total Income		568,812	538,500	567,462	537,104
Expenditure					
Staff costs	8	326,077	312,313	326,077	312,313
Staff costs – (decrease)/increase in USS pension scheme provision	10,21	(55,214)	92,908	(55,214)	92,908
Staff costs – Voluntary Severance Scheme		-	6,537	-	6,537
Other operating expenses	10	174,852	180,177	173,639	178,981
Depreciation	11	40,382	40,547	40,382	40,547
Interest and other finance costs	9	13,465	12,351	13,456	12,343
Total Expenditure	10	499,562	644,833	498,340	643,629
Operating surplus / (deficit) before other gains and losses		69,250	(106,333)	69,122	(106,525)
Loss on disposal of tangible assets		-	(2,719)	-	(2,719)
Impairment of non-current investment		-	(9,504)	-	(19,000)
Gain on valuation of investments	12,20	4,371	12,244	4,371	12,244
Share of operating deficit in joint ventures	12	(2,742)	(2,803)	-	-
Surplus / (deficit) for the year		70,879	(109,115)	73,493	(116,000)
Actuarial loss in respect of pension schemes	21	(39,970)	(9,103)	(39,970)	(9,103)
Realised gain on the revaluation of disposed assets		-	821	-	821
Total comprehensive surplus / (deficit) for the year		30,909	(117,397)	33,523	(124,282)
Represented by:					
Endowment comprehensive income for the year		701	3,745	701	3,745
Restricted comprehensive income/(expenditure) for the year		(274)	(65)	(274)	(65)
Unrestricted comprehensive income/(expenditure) for the year		30,482	(121,077)	33,096	(127,962)
		30,909	(117,397)	33,523	(124,282)

All items of income and expenditure relate to continuing activities.

Statements of Changes in Reserves

Year ended 31 July 2020

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2018	34,492	687	330,445	339,290	704,914
Surplus / (deficit) from the income and expenditure statement	3,745	(65)	(112,795)	-	(109,115)
Other comprehensive expenditure	-	-	(8,282)	-	(8,282)
Total comprehensive deficit for the year	3,745	(65)	(121,077)	-	(117,397)
Transfer to comprehensive deficit	-	-	-	(821)	(821)
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2019	38,237	622	215,664	332,173	586,696
Surplus / (deficit) from the income and expenditure statement	701	(274)	70,452	-	70,879
Other comprehensive expenditure	-	-	(39,970)	-	(39,970)
Total comprehensive surplus / (deficit) for the year	701	(274)	30,482	-	30,909
Transfers between revaluation and income and expenditure reserve	-	-	6,277	(6,277)	-
Balance at 31 July 2020	38,938	348	252,423	325,896	617,605
Institution	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2018	34,492	687	336,423	339,290	710,892
Surplus / (deficit) from the income and expenditure statement	3,745	(65)	(119,680)	-	(116,000)
Other comprehensive expenditure	-	-	(8,282)	-	(8,282)
Total comprehensive surplus/ (deficit) for the year	3,745	(65)	(127,962)	-	(124,282)
Transfer to comprehensive deficit	-	-	-	(821)	(821)
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2019	38,237	622	214,757	332,173	585,789
Surplus / (deficit) from the income and expenditure statement	701	(274)	73,066	-	73,493
Other comprehensive expenditure	-	-	(39,970)	-	(39,970)
Total comprehensive surplus / (deficit) for the year	701	(274)	33,096	-	33,523
Transfers between revaluation and income and expenditure reserve	-	-	6,277	(6,277)	-
Balance at 31 July 2020	38,938	348	254,130	325,896	619,312

Consolidated and Institution Statements of Financial Position

Year ended 31 July 2020

	Note	Consolidated		Institution	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets					
Tangible fixed assets	11	846,797	782,833	846,797	782,833
Investments	12	9,264	11,832	10,634	10,490
		856,061	794,665	857,431	793,323
Current assets					
Stocks	13	295	240	295	240
Debtors	14	52,002	55,159	52,788	55,825
Investments	16	215,726	277,537	215,726	277,537
Cash and cash equivalents	15	124,976	118,509	124,022	117,678
		392,999	451,445	392,831	451,280
Creditors: amounts falling due within one year	17	(140,729)	(148,871)	(140,224)	(148,271)
Net current assets		252,270	302,574	252,607	303,009
Total assets less current liabilities		1,108,331	1,097,239	1,110,038	1,096,332
Creditors: amounts falling due after more than one year	18	(303,417)	(310,295)	(303,417)	(310,295)
Pension provisions	21	(187,309)	(200,248)	(187,309)	(200,248)
Total net assets		617,605	586,696	619,312	585,789
Restricted Reserves					
Income and expenditure reserve – endowment reserve	22	38,938	38,237	38,938	38,237
Income and expenditure reserve – restricted reserve		348	622	348	622
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		252,423	215,664	254,130	214,757
Revaluation reserve		325,896	332,173	325,896	332,173
Total Reserves		617,605	586,696	619,312	585,789

The financial statements on pages 28 to 57 were approved by Council on 23 November 2020 and were signed on its behalf on that date by:

Professor Stuart Palmer
Chair of Council

Professor Colin Riordan
Vice Chancellor

Robert Williams
Chief Financial Officer

Consolidated and Institution Statements of Cash-Flow

Year ended 31 July 2020

	Note	Consolidated		Institution	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash flow from operating activities					
Surplus / (Deficit) for the year		70,879	(109,115)	73,493	(116,000)
Adjustment for non-cash items					
Depreciation	11	40,382	40,547	40,382	40,547
Loss / (Gain) on valuation of non-current investments	12	394	(591)	394	(591)
Gain on current investments	16	(4,765)	(11,653)	(4,765)	(11,653)
Increase in stock	13	(55)	(7)	(55)	(7)
Decrease in debtors	14	3,157	8,289	3,037	7,901
(Decrease) / Increase in creditors		(4,869)	16,477	(4,774)	16,624
Non-cash pension (credits) / charges	21	(52,909)	93,212	(52,909)	93,212
Share of operating deficit in joint ventures	12	2,742	2,803	-	-
Impairment of non-current investments	12	-	9,504	-	19,000
Disposal of tangible fixed assets	11	-	2,719	-	2,719
Adjustment for investing or financing activities					
Investment income	6	(5,906)	(6,259)	(5,900)	(6,255)
Interest payable	9	9,846	9,969	9,837	9,961
Endowment income	7	(166)	(403)	(166)	(403)
Capital grant income	3,5	(21,518)	(5,773)	(21,518)	(5,773)
Net cash inflow generated from operating activities		37,212	49,719	37,056	49,282
Cash flows from investing activities					
Capital grant receipts		13,594	13,851	13,594	13,851
Investment income	6	5,906	6,259	5,900	6,255
Withdrawal of deposits		66,576	54,993	66,576	54,993
Payments made to acquire fixed assets	11	(104,346)	(62,164)	(104,346)	(62,164)
Non-current investment acquisitions	12	(793)	(1,231)	(763)	(1,231)
Non-current investment disposals	12	225	-	225	-
Transfers from term deposits with more than 3 months maturity		-	10,000	-	10,000
Net cash (outflow) / inflow used in investing activities		(18,838)	21,708	(18,814)	21,704
Cash flows from financing activities					
Interest paid	9	(9,728)	(9,851)	(9,719)	(9,843)
Endowment cash received	7	166	403	166	403
Repayments of amounts borrowed		(2,345)	(2,171)	(2,345)	(2,171)
Net cash outflow used in financing activities		(11,907)	(11,619)	(11,898)	(11,611)
 Increase in cash and cash equivalents in the year					
		6,467	59,808	6,344	59,375
Cash and cash equivalents at beginning of the year		118,509	58,701	117,678	58,303
Cash and cash equivalents at end of the year	15	124,976	118,509	124,022	117,678

Notes to the Financial Statements

Year ended 31 July 2020

1. Statement of Principal Accounting Policies

Basis of preparation

This consolidated financial information has been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Financial Reporting Standard (FRS 102) and the Charities Act 2011. The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial information is prepared in accordance with the historical cost convention (modified by the revaluation of land and buildings and the measurement of certain financial instruments at fair value).

The financial statements have been prepared on a going concern basis. The University is required when preparing its financial statements to provide assurance to Council and our auditors that the University is a going concern.

Assurance is provided by forecasting forward cash-flows, based on the University's latest income, expenditure, working capital and capital investment programme expectations, that ensure cash liquidity is maintained to an appropriate level for the 12 month period, from the date of signing of these statements, i.e. to 31 December 2021, and beyond to 31 July 2023.

The University has considered the impact of the current COVID-19 environment on the business for the next 12 months and the longer term, although neither the depth or duration of the COVID-19 pandemic nor its consequences for the higher education sector or the global economy can be predicted.

Whilst the situation evolves daily, making scenario planning difficult, the University has undertaken a zero-based budgeting exercise in relation to Operating expenses to ensure only essential expenditure takes place through the next year, implemented a recruitment freeze from March 2020 and, considered and modelled several plausible scenarios regarding income streams, in particular, student numbers and fee income generation.

In addition, it is assumed that the University's Capital Investment Programme

will continue through the remaining phases of build and final payments.

To ensure a suitable buffer of liquid cash resource is maintained, especially during the peaks and troughs of operating cash-flow, we are close to securing a revolving credit facility of £30m over three years.

The University is also considering other medium-term funding solutions.

As a consequence of the critical review of all the above, the Council considers that the University is well placed to manage its finance and other business risks satisfactorily, and has a reasonable expectation that the University will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements.

Basis of consolidation

The consolidated financial information consolidates the financial statements of the University and its subsidiary undertaking University College Cardiff Consultants Limited for the financial year to 31 July but does not include those of the University Students' Union or the Cardiff Partnership Fund Limited as the Council does not exercise control over their financial and operating activities. Uniform accounting policies are adopted throughout the Group. Joint ventures are accounted for using the equity method.

Recognition of income

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

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

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

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

Grant funding

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

Donations and endowments

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

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

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

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

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the Institution.

3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institution has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

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

Provision for doubtful debts

Provision is normally made for individual debts where recovery is thought to be in doubt based the ageing of the debt past its due date, other known circumstances relating to the individual debtor, such as referred to debt collection agency, and post year end recovery of debts. Any unprovided debts are deemed as recoverable.

The COVID-19 pandemic has presented the University with unique circumstances in the months preceding the year-end close, and further judgements concerning tuition fee debtors have been made. Further details are provided in the Significant estimates and judgements section on page 35.

Pension schemes

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

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

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

Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into

a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Comprehensive Income in the periods during which services are rendered by employees.

Defined benefit plan:

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

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

Employment benefits

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

Foreign currencies

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

Operating leases

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

Fixed assets

Fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Freehold and Long Leasehold property assets in existence on the transition to the FE/HE SORP (1st August 2014) were measured on the basis of deemed cost, being market fair value or deemed cost of replacement.

The difference between the revalued amount and historical cost is credited to a revaluation reserve.

An amount equal to the depreciation in excess of that on the historical cost basis is transferred from the revaluation reserve to retained earnings.

Land and buildings

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

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

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

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

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

Equipment

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

Fully depreciated equipment is written off 10 years after acquisition.

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

Investments

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

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

Stocks

The stocks are building materials, medical/bioscience consumables and trading consumables of the Estates Works Unit, College of Biomedical and Life Sciences and Catering respectively. They are valued at the lower of cost or net realisable value.

Cash and cash equivalents

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

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

Maintenance of premises

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

Taxation status

The University is a registered charity within the meaning of Chapter 1 Section 3 of

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

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

Provisions

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

Financial instruments

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

(I) Financial Assets

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

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

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

If there is a decrease in the impairment loss arising from an event occurring after

the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the total comprehensive income for the year.

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

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(II) Financial Liabilities

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

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

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

Trade payables are obligations to pay for goods or services that have been acquired

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

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

Reserves

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

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

Significant estimates and judgements

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

(i) Recoverability of Debtors

The normal accounting policy for the assessment of recoverability of debtors and the subsequent doubtful debt impairment provisioning was challenged this year by the advent of the COVID-19 pandemic and the unique circumstances it presented to the University regarding the collection of students fees and Commercial and Research debt.

Firstly, due to COVID-19 lockdown restrictions applied from mid-March 2020, the University allowed students to return to their family homes. The University also undertook to cease normal dunning procedures for all student debt from mid-March onwards until August 2020 when normal procedures were re-started. This excluded the collection of accommodation fees where students remained in University owned residences for either part or all of their accommodation contract.

Secondly, the dunning processes were modified in consideration of the circumstances of each category of debtor whereby automated reminder letters were issued but no further follow-up actions would have been made.

Overall, the impact of COVID-19 on both the University's ability to collect debt

and our students, UK and international Commercial and Research clients to settle debt has been slow and the aged profile of overdue debt has increased and is deemed to be more at risk, particularly international debt due to the varying impact of COVID-19 on the relevant debtor's country of residence.

Estimate

Tuition fee debt

The year-end tuition fees doubtful debt impairment provision is assessed on the basis of all overdue debt by fee debtor category regardless of aged profile, with particular categories attributing more risk than others as a result of the impact of COVID-19 pandemic.

The resulting aggregated debt impairment provision is reduced by subsequent fee settlements received after 31 July 2020 from debtors within these same categories. All other tuition fee debt is deemed recoverable.

Tuition fee debt at 31 July 2020 was £9.8m (see Note 14), of which £9.4m was overdue. After applying our debt impairment policy, £8.7m was deemed at risk, of which £3.7m was received after 31 July 2020, resulting in a doubtful debt impairment provision of £5.0m (2019: £0.3m).

Commercial and Research Debt

General debt impairment assessment policies have been applied, with the exception of overseas higher education institutions whereby debt over 91 days overdue is subject to impairment provision (normally provided on 181 days overdue)

Overall, Commercial and Research debt at 31 July 2020 is £17.4m (see Note 14), of which £12.9m is not due for settlement or less than 90 days overdue.

After applying the modified doubtful debt impairment policy to the overdue debt of £4.5m, £1.3m is assessed at risk (2019: £0.8m) and subject to doubtful debt impairment provision.

(ii) Retirement benefit obligations

Estimate

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

Pension costs under FRS 102 are assessed in accordance with the advice of

independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries.

The assumptions are based upon information supplied to the actuaries by the Institution, supplemented by discussions between the actuary and management. The assumptions are documented in Note 23.

FRS102 makes a distinction between Group defined benefit plan and multi-employer scheme. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for such a multi-employer scheme where the employer entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in income and expenditure statement in accordance with section 28 of FRS102. The trustees are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the scheme's recovery plan in existence at the 31 July 2020.

As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability in the balance sheet. The provision is currently based on USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2024. These contributions are re-assessed within each triennial valuation of the scheme. The provision is based on management's estimate of future salaries inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in Note 23.

Judgement

The actuarial valuation of 31 March 2018 was approved in September 2019 and the Trustees agreed that the results of this valuation represented a non-adjusting post-balance sheet event in the 2018/19 Annual Report & Financial Statements and consequently, the decrease in liability has been accounted for as part of these 2019/20 Financial Statements. Details of the impact are disclosed in Note 21 Provisions.

2. Tuition Fees and Support Grants

Consolidated and Institution

	2020 £'000	2019 £'000
UK and European Union Undergraduate	142,583	139,674
UK and European Union Postgraduate	15,708	14,332
Overseas (including part-time)	96,404	83,236
Part Time (UK and European Union)	6,430	5,938
	261,125	243,180
Education contracts	15,885	17,182
Research training support grants	9,446	7,686
Non-credit bearing fees	10,549	11,473
	297,005	279,521

3. Funding Body Grants

Consolidated and Institution

	2020 £'000	2019 £'000
Recurrent grant	59,740	50,930
Specific grants	3,063	1,282
Capital grants - buildings	13,108	950
Capital grants - equipment	2,250	4,823
	78,161	57,985

4. Research Grants and Contracts

Consolidated and Institution

	2020 £'000	2019 £'000
Research Councils	36,159	32,869
UK-based charities	18,423	24,805
UK Government bodies	33,799	33,931
UK Industry	7,348	6,371
European Commission	9,251	10,502
Overseas	6,734	5,984
Other grants and contracts	1,059	1,586
	112,773	116,048

5. Other Income

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Other services rendered:				
UK Central Government	19,943	20,490	19,943	20,490
UK Health Authorities	8,501	8,748	8,501	8,748
UK Industry	1,006	1,069	1,006	1,069
European Union	1,704	1,560	1,704	1,560
Overseas	286	307	286	307
UK Universities	242	339	242	339
Other Sources	6,000	6,513	6,000	6,513
Total other services rendered	37,682	39,026	37,682	39,026
Residences, catering and conferences	20,964	29,155	20,964	29,155
Exempt VAT recoverable	857	875	857	875
Other capital grants	6,160	-	6,160	-
Government Job Retention Scheme	3,110	-	3,110	-
Other income	5,410	7,061	4,066	5,626
	74,183	76,117	72,839	74,682

6. Investment Income

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income from investments	4,773	5,017	4,767	5,013
Income from endowment investments (Note 22)	1,133	1,242	1,133	1,242
	5,906	6,259	5,900	6,255

7. Donations and Endowments

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
New endowments (Note 22)	166	403	166	403
Donations with restriction	243	319	243	319
Unrestricted donations	375	1,848	375	1,891
	784	2,570	784	2,613

8. Staff Costs

Consolidated and Institution

	Note	2020 £'000	2019 £'000
Staff costs:			
Wages and salaries		250,206	242,298
Social security costs		25,292	25,170
Other pension costs	23	50,579	44,845
		326,077	312,313

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

	2020 FTE	2019 FTE
Average staff numbers by major category:		
Clinical and non-clinical academic and academic related	4,256	4,281
Technical services	224	233
Administrative support	945	966
Operational services	246	259
	5,671	5,739
 Emoluments of the Vice Chancellor		
- Salary		
- Benefits-in-kind	269	257
	25	9
	294	266
- Pension		
	5	48
	299	314

The remuneration of the Vice-Chancellor are set by the Remuneration Committee, which comprises independent lay members of Council who possess relevant knowledge and expertise. The Vice-Chancellor is not in attendance for, and does not play any part in, the discussions and decisions of his own remuneration.

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

- the Vice-Chancellor's leadership, management and academic experience within the higher education sector.
- the breadth of leadership and financial responsibilities for the University.
- the benchmarking of base salary against the annual salary of Vice Chancellors of Russell Group universities and other institutions of comparable size and scope.
- The performance of the University according to the strategy and agreed metrics.

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

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

- Private medical insurance	£ 1k (2019 £1K)
- Permanent accommodation	£24k (2019 £8k)

The benefit derived for the Vice-Chancellor's personal occupation of a University-owned property is as the result of an HMRC Regulation change on 6th April 2019.

8. Staff Costs (continued)

Emoluments of the Vice Chancellor (continued)

The Vice-Chancellor's basic salary is 7.1 times (2018-19: 7.1 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries and wages paid by the University. The Vice-Chancellor's total remuneration is 7.7 times (2018-19: 7.3 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University.

As per HEFCW Accounts Direction, remuneration includes personal service companies that are deemed by the University to be employees under HMRC Intermediary Regulations (IR35) and paid through payroll and reported to HMRC via "Real-time Information" (RTI) reporting.

Key management personnel compensation

The University considers that key management personnel are the 11 individuals (2019 – 13) who serve as members of the University Executive Board having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	2020 £'000	2019 £'000
Key management personnel compensation	1,953	2,019

A list of current members of University Executive Board is publicly available on our website: www.cardiff.ac.uk/about/organisation/university-executive-board

Compensation for loss of office to higher paid employees

No compensation payments were made to higher paid employees in year (2019 – 0 higher-paid employees)

8. Staff Costs (continued)

Other higher paid staff

The remuneration of higher paid staff (excluding the Vice Chancellor) reflected in the ranges below exclude employer pension contributions and compensation for loss of office but include payments made on behalf of the NHS in respect of its contractual obligation to University staff under separate NHS contracts of employment. These payments are excluded from the University's Income and Expenditure account. Of the 157 staff earning in excess of £100,000 in 2020 (2019: 163), 53 (2019: 56) include such payments on behalf of the NHS.

	2020 NHS No.	2020 Other No.	2020 Total No.	2019 NHS No.	2019 Other No.	2019 Total No.
Salary Band						
£100,000 - £104,999	1	33	34	-	31	31
£105,000 - £109,999	2	19	21	4	18	22
£110,000 - £114,999	-	11	11	3	14	17
£115,000 - £119,999	8	5	13	6	8	14
£120,000 - £124,999	2	4	6	4	4	8
£125,000 - £129,999	5	6	11	3	8	11
£130,000 - £134,999	-	5	5	5	3	8
£135,000 - £139,999	8	3	11	10	3	13
£140,000 - £144,999	7	3	10	2	2	4
£145,000 - £149,999	3	4	7	5	8	13
£150,000 - £154,999	5	2	7	2	-	2
£155,000 - £159,999	1	2	3	2	3	5
£160,000 - £164,999	3	1	4	5	-	5
£165,000 - £169,999	1	2	3	3	1	4
£170,000 - £174,999	3	1	4	-	1	1
£175,000 - £179,999	1	-	1	2	-	2
£180,000 - £184,999	2	1	3	-	1	1
£185,000 - £189,999	-	1	1	-	1	1
£190,000 - £194,999	1	-	1	-	-	-
£195,000 - £224,999	-	-	-	-	-	-
£225,000 - £229,999	-	1	1	-	1	1
	53	104	157	56	107	163

Trustee remuneration and expenses

No trustee received any remuneration or waived payment from the University during the year (2019: none).

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

	2020 £'000	2019 £'000
Expenses paid to 12 trustees in the year (2019: 11)	8	11

COVID-19 Voluntary Severance Scheme – non-adjusting event

In July 2020, the University announced that it was launching a COVID-19 Voluntary Severance Scheme. In August 2020, applications for VSS from staff were accepted, with scheme costs totalling £740k.

Due to the nature of the scheme and that applications were not accepted before 1st August 2020, it is deemed that no legal or constructive obligation existed as at 31st July 2020 and, therefore, the event is disclosed as a non-adjusting post balance sheet event.

9. Interest and Other Finance Costs

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bond interest & finance costs	9,159	9,155	9,159	9,155
Bank loan interest	678	806	678	806
Other interest & finance costs	9	8	-	-
Net charge on pension schemes	1,310	1,310	1,310	1,310
Unwind of discount on USS pension provision (Note 21)	2,309	1,072	2,309	1,072
	13,465	12,351	13,456	12,343

10. Analysis of Expenditure by Activity

Consolidated	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2020 £'000	Total 2019 £'000
Academic departments	192,334	42,588	-	234,922	235,171
Academic services	19,265	13,203	-	32,468	31,792
Research grants and contracts	50,922	29,732	-	80,654	85,954
Other services rendered	15,066	20,780	-	35,846	38,024
Residences, catering and conferences	5,043	6,424	678	12,145	14,358
Premises	6,228	32,572	-	38,800	33,563
Administration and central services	24,434	5,238	-	29,672	30,212
Other expenses (see note below)	14,099	24,315	9,168	47,582	35,463
Pension fund adjustments	(1,314)	-	3,619	2,305	304
	326,077	174,852	13,465	514,394	504,841
Depreciation (note 11)				40,382	40,547
Staff costs - Increase in USS pension scheme provision (note 21)				(55,214)	92,908
Staff costs - Voluntary Severance Scheme				-	6,537
Total per Income and Expenditure Account				499,562	644,833

Institution	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2020 £'000	Total 2019 £'000
Academic departments	192,334	42,588	-	234,922	235,171
Academic services	19,265	13,203	-	32,468	31,792
Research grants and contracts	50,922	29,732	-	80,654	85,954
Other services rendered	15,066	20,780	-	35,846	38,024
Residences, catering and conferences	5,043	6,424	678	12,145	14,358
Premises	6,228	32,572	-	38,800	33,563
Administration and central services	24,434	5,238	-	29,672	30,212
Other expenses (see note below)	14,099	23,102	9,159	46,360	34,259
Pension fund adjustments	(1,314)	-	3,619	2,305	304
	326,077	173,639	13,456	513,172	503,637
Depreciation (note 11)				40,382	40,547
Staff costs - Decrease in USS pension scheme provision (note 21)				(55,214)	92,908
Staff costs - Voluntary Severance Scheme				-	6,537
Total per Income and Expenditure Account				498,340	643,629

Other operating expenses include:

External auditors remuneration in respect of audit services (Inclusive of VAT)	94	91
External auditors remuneration in respect of audit-related services (incl. VAT)	3	2

Operating lease rentals

Land and buildings	2,416	1,616
Other	175	151

Other Expenses include staff costs of £4,171k (2019: £96k credit) relating to the movement on the Employee Leave Accrual (Note 17), £2,381k of expenditure in relation to the University's response to the COVID-19 pandemic, and costs of £2,224k for individuals placed on furlough, of which £1,858k relates to the cost of researchers.

11. Tangible Fixed Assets

Consolidated and Institution

		Land and Buildings	Equipment	Total		
		Freehold £'000	Long leasehold £'000	Assets in the Course of Construction £'000	£'000	£'000
Cost or valuation						
At 1 August 2019		480,066	268,543	68,700	166,114	983,423
Reclassifications (i)		(14,086)	14,086	-	-	-
At 1 August 2019 restated		465,980	282,629	68,700	166,114	983,423
Additions at cost		1,486	581	88,073	14,206	104,346
Disposals		-	-	-	(4,827)	(4,827)
Projects completed		3,800	1,306	(5,106)	-	-
At 31 July 2020		471,266	284,516	151,667	175,493	1,082,942
Valuation (ii)		376,080	229,472	-	-	605,552
Cost		95,186	55,044	151,667	175,493	477,390
At 31 July 2020		471,266	284,516	151,667	175,493	1,082,942
Accumulated depreciation						
At 1 August 2019		45,735	31,230	-	123,625	200,590
Reclassifications		(2,423)	2,423	-	-	-
At 1 August 2019 restated		43,312	33,653	-	123,625	200,590
Charge for year		11,387	8,318	-	20,677	40,382
Eliminated on disposal		-	-	-	(4,827)	(4,827)
At 31 July 2020		54,699	41,971	-	139,475	236,145
Net book value						
At 31 July 2020		416,567	242,545	151,667	36,018	846,797
At 31 July 2019 restated		422,668	248,976	68,700	42,489	782,833

- (i) Prior year asset reclassification amendments have been made to Freehold and Long Leasehold categories for post 1st August 2014 additions (including completed projects) to ensure that the asset categorisation follows the original legal and contractual categorisation of the buildings.
- (ii) A full valuation of the University's Estate was carried out on 31 July 2014 by Cooke and Arkwright Chartered Surveyors in accordance with the RICS Valuation – Professional Standards January 2014 (the Red Book) to establish deemed cost. Of the total valuation of £609m, £557m was at fair value by depreciated replacement cost and £52m was at fair value.

Certain buildings have been funded from U.K. Treasury sources at a cost of £132m. Should these particular buildings be sold, the University would use the proceeds in accordance with the Financial Memorandum with HEFCW.

Land and buildings includes non-depreciated land of £118m (2019: £118m).

12. Non-Current Investments

	Consolidated			Institution		
	Investment in joint ventures	Other Investments	Total	Equity investment in joint ventures	Other Investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	3,339	8,493	11,832	2,003	8,487	10,490
Acquisitions	-	793	793	-	763	763
Disposals	-	(225)	(225)	-	(225)	(225)
Loss on Valuation of investments	-	(394)	(394)	-	(394)	(394)
Share of operating deficit in joint ventures	143	(2,885)	(2,742)	-	-	-
Balance at 31 July 2020	3,482	5,782	9,264	2,003	8,631	10,634

The University has investments in the following:

University College Cardiff Consultants Limited (UC3)

The results of UC3, a company limited by guarantee and registered in the UK, have been included by consolidation in the financial information. The company's principal activity is the commercialisation of the intellectual property and other outputs of research generated by the academic schools of the University. The company is also responsible for the University's interests through shareholdings in a number of spin-out companies arising from the Institution's research and other operations.

Compound Semiconductor Centre (CSC) Limited

The Group's total investment after impairment and after its share of operating deficits is £275k (2019 £3,160k) of preference shares and within the University £3,160k (2019 £3,160k) of preference shares. The preference shares are debt instruments and are included in 'other investments'. The ordinary share investment of £12,000k was fully impaired in 2019.

Cardiff Medicentre

The University holds an investment of £2,003k (2019: £2,003k) representing an 89% shareholding in Cardiff Medicentre with Cardiff and Vale UHB holding the remaining 11%. This Group's total investment after its share of operating surpluses is £3,482k (2019 £3,339k). This interest is treated as a joint venture as the University has joint control with Cardiff and Vale UHB.

Mobeus

The University has made a commitment to invest £10m in the Mobeus Equity Partners IV fund of which net £538k was invested in the year (2019 £1,231k). This is a private equity investment fund which will contribute to a bond repayment fund for the repayment of the £300m bond capital in 2055. The investment fund is held at £5,395k (2019: £5,251k).

Cardiff Partnership Fund Limited

The University owns a 100% shareholding of £76k (2019: £76k) 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.

13. Stocks

Consolidated and Institution	2020 £'000	2019 £'000
Residences and Catering	81	80
Maintenance	98	101
Academic Departments	116	59
	295	240

14. Debtors

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts falling due within one year:				
Trade Debtors:				
- Tuition fees	9,803	1,818	9,803	1,818
- Research grants & contracts	8,520	6,944	8,520	6,944
- Other Services	8,929	8,329	8,548	7,836
Less: Trade Debtors impairment provision (i)	(6,282)	(1,033)	(6,246)	(1,000)
Net Trade Debtors	20,970	16,058	20,625	15,598
Other Debtors	1,092	1,160	1,053	1,147
Amount due from subsidiary undertaking	-	-	1,170	1,139
Prepayments	1,372	530	1,372	530
Accrued Income				
- Research grants and contracts	20,542	26,714	20,542	26,714
- Other Income	6,026	8,697	6,026	8,697
	50,002	53,159	50,788	53,825
Amounts falling due after more than one year:				
Compound Semiconductor Centre Limited	2,000	2,000	2,000	2,000
Total Debtors	52,002	55,159	52,788	55,825

(i) Further information regarding the judgements and estimates in relation to the impairment can be found in Note 1: Accounting Policies on Page 35 "Recoverability of debtors".

15. Cash and Cash Equivalents

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Operational bank accounts	53,902	77,234	52,948	76,403
Cash-in-hand	12	12	12	12
Money market funds	60,343	30,034	60,343	30,034
Cash funds held by investment fund managers	8,186	8,429	8,186	8,429
<u>Cash fund held within endowment funds</u>	<u>2,533</u>	<u>2,800</u>	<u>2,533</u>	<u>2,800</u>
	124,976	118,509	124,022	117,678

16. Current Investments

Consolidated and Institution

	Endowment Investments £'000	Other Investments £'000	2020 Total £'000	2019 Total £'000
	(Note 22)			
Short term investment in shares	-	97,554	97,554	104,746
Short term bonds	-	44,237	44,237	47,122
Other short-term investments	36,405	21,760	58,165	55,077
Short term deposits	-	15,770	15,770	70,592
	36,405	179,321	215,726	277,537

The increase in fair value of current investments in the year was £4,765k (2019 £11,653k).

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

At 31 July 2020 the weighted average interest rate of these fixed rate short term deposits was 1.02% (2019: 1.16%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 77 days (2019: 167 days). The fair value of these deposits was not materially different from the book value.

17. Creditors: amounts falling due within one year

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	6,564	16,470	6,536	16,455
Social security and other taxation	8,378	7,448	8,276	7,446
Sundry creditors	6,456	6,855	6,455	6,298
Deposits	192	152	192	152
Employee leave entitlement accrual	13,750	9,579	13,750	9,579
Accruals	26,394	23,236	26,020	23,210
Deferred income (see below)	76,491	82,786	76,491	82,786
Unsecured loans	264	262	264	262
Secured loans	2,240	2,083	2,240	2,083
	140,729	148,871	140,224	148,271

Deferred Income

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

	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Tuition Fees	2,904	3,773	2,904	3,773
Research grants and contracts	41,253	40,043	41,253	40,043
Other Income	19,979	26,156	19,979	26,156
Capital grant income	12,355	12,814	12,355	12,814
	76,491	82,786	76,491	82,786

As a consequence of the COVID-19 pandemic it was recognised that staff may not have been able to take their full holiday entitlement in the year. A temporary increase of the holiday carry-forward entitlement from 5 days to 10 days was granted. This has significantly influenced the increase in the Employee leave accrual in comparison to the 2019 closing position.

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

Consolidated and Institution

	2020 £'000	2019 £'000
Deferred capital grant income	1,550	6,042
Unsecured loans	6	270
Secured loan	8,150	10,390
Public Bond (i)	293,711	293,593
Total loans and long-term debt	301,867	304,253
	303,417	310,295
Analysis of secured and unsecured loans		
Due within one year or on demand (note 17)	2,504	2,345
Due between two and five years	7,981	9,785
Due in five years or more	293,886	294,468
Due after more than one year	301,867	304,253
	304,371	306,598

Included in loans are the following:

Lender	Term	Secured/ Unsecured	Interest rate %	Borrower	2020 £'000	2019 £'000
Welsh Government (ii)	2021	Unsecured	-	University	270	532
Lloyds Bank (iii)	2024	Secured	8.868	University	6,715	8,098
Royal Bank of Scotland (iv)	2025	Secured	See below	University	3,675	4,375
						10,660
						13,005

- (i) The 39 year public bond of £300 million was issued in February 2016 and is repayable in full on 7th December 2055. Interest is payable semi-annually at a coupon rate of 3.0% on 7th June and 7th December each year. The effective interest rate is 3.1%.
- (ii) The interest free Welsh Government loan is from their Invest-to-Save scheme for energy efficiency projects and will be repaid in full by March 2021.
- (iii) Lloyds Bank originally advanced £17 million to the University to finance the cost of student residences. The loan is secured on Talybont South property and is repayable by 28 February 2024 on a reducing balance method.
- (iv) Royal Bank of Scotland originally advanced £14 million to the University to finance the cost of Talybont Court. The loan is secured on Talybont Court and is repayable by 1 October 2025 by equal instalments of £0.7m per annum. Interest is payable on the loan at 0.225% above Base Rate.

19. Consolidated and Institution Reconciliation of Net Debt

	Consolidated	Institution
	£'000	£'000
Net debt 1 August 2019	188,089	188,920
Movement in cash and cash equivalents	(6,467)	(6,344)
Repayment of secured loans	(2,083)	(2,083)
Repayment of unsecured loans	(262)	(262)
Other non-cash changes (Bond interest)	118	118
Net Debt 31 July 2020	179,395	180,349
Change in net debt	(8,694)	(8,571)

	Consolidated		Institution	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Analysis of net debt				
Borrowings: amounts falling due within one year				
Secured loans	2,240	2,083	2,240	2,083
Unsecured loans	264	262	264	262
Borrowing: amounts falling due after more than one year				
Secured Loans	8,150	10,390	8,150	10,390
Unsecured loans	6	270	6	270
Public Bond	293,711	293,593	293,711	293,593
	304,371	306,598	304,371	306,598
Less: Cash and cash equivalents	(124,976)	(118,509)	(124,022)	(117,678)
Net debt	179,395	188,089	180,349	188,920

20. Financial Instruments

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

	Note	Consolidated		Institution	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets at fair value through surplus or deficit investments in equity and listed bonds	16	199,956	206,945	199,956	206,945
		199,956	206,945	199,956	206,945
Financial assets that are debt instruments measured at amortised cost					
Trade receivables	14	20,970	16,058	20,625	15,598
Other receivables	14	3,092	3,160	4,223	4,286
Investments in short term deposits	16	15,770	70,592	15,770	70,592
		39,832	89,810	40,618	90,476
Financial liabilities measured at amortised cost					
Public bond	18	293,711	293,593	293,711	293,593
Loans	18	10,660	13,005	10,660	13,005
Trade creditors	17	6,564	16,470	6,536	16,455
Other creditors	17	6,648	7,007	6,647	6,450
Accruals	17	26,394	23,236	26,020	23,210
		343,977	353,311	343,574	352,713

21. Pension Provision

Consolidated and Institution

	Obligation to fund deficit on USS Pension £'000	Defined benefit obligations (Note 23) £'000	2020	2019
			Total Pension Provision £'000	Total Pension Provision £'000
At 1 August	140,825	59,423	200,248	97,933
Utilised in year	(3,114)	-	(3,114)	(2,548)
Additions/ (reductions)	(55,214)	41,770	(13,444)	102,481
Unwind of discount	2,309	1,310	3,619	2,382
At 31 July	84,806	102,503	187,309	200,248

USS deficit

The University has entered into an agreement (the Recovery Plan) that determines how each employer within the multi-employer scheme will fund the overall deficit. The University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. For key assumptions taken into account in calculating the liability see note 23.

The latest available complete actuarial valuation is at 31 March 2018 which was carried out using the projected unit method. This valuation was approved in September 2019 and the Trustees agreed that the results of the valuation represented a non-adjusting post-balance sheet event in the 2018/19 Annual Report & Financial Statements and consequently, the decrease in liability has been accounted for as part of these 2019/20 Financial Statements. A valuation as at 31 March 2020 is underway but not yet complete.

22. Endowment reserves

Consolidated and Institution

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2020 Total £'000	2019 Total £'000
Capital opening balance	2,404	19,989	22,393	1,569	23,962	23,389
Accumulated income	1,350	10,803	12,153	2,122	14,275	11,103
	3,754	30,792	34,546	3,691	38,237	34,492
New endowments	-	-	-	166	166	403
Income for year	118	916	1,034	99	1,133	1,242
Expenditure	(108)	(575)	(683)	(383)	(1,066)	(863)
	10	341	351	(284)	67	379
Increase in market value	47	384	431	37	468	2,963
Closing balance	3,811	31,517	35,328	3,610	38,938	38,237
Represented by:						
Capital	2,432	20,122	22,554	1,389	23,943	23,962
Accumulated income	1,379	11,395	12,774	2,221	14,995	14,275
	3,811	31,517	35,328	3,610	38,938	38,237

Analysis by type of purpose:

Appeal Fund	-	79	79	-	79	76
Chairs	-	11,669	11,669	-	11,669	11,543
Lectures	-	934	934	-	934	904
Hardship Funds	10	1,939	1,949	481	2,430	2,346
Scholarships	-	8,249	8,249	347	8,596	8,391
Prizes	-	2,751	2,751	38	2,789	2,709
Research	-	1,371	1,371	2,221	3,592	3,494
General	3,801	4,525	8,326	523	8,849	8,774
	3,811	31,517	35,328	3,610	38,938	38,237

Analysis by asset:

Current asset investments						
- shares					-	22
- investment units					36,405	35,415
Cash & cash equivalents					2,533	2,800
					38,938	38,237

23. Pension Schemes

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

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

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

The NHS scheme is an unfunded defined benefit scheme, with pension benefits underwritten by the Government. The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. The notional assets of NHSPS are assessed by the Government Actuary and contribution rates determined by the Secretary of State for Health. The employer contribution rate was unchanged from last year and was 14.38% on 1 April 2020.

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

The total pension cost for the University was:

	2020	2019
	£'000	£'000
USS	35,541	31,128
CUPF	13,166	11,415
LGPS	400	451
NHS	1,457	1,843
NEST	15	8
	50,579	44,845
USS minimum funding guarantee	(55,214)	92,908
	(4,635)	137,753

(i) The Universities Superannuation Scheme

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

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

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

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

23. Pension Schemes (continued)

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below:

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

Discount rate (forward rates):

Years 1-10, CPI plus 0.14% reducing linearly to CPI less 0.73%;
Years 11-20, CPI plus 2.52% reducing linearly to CPI plus 1.55% by year 21;
Years 21 onwards, CPI plus 1.55%.

The main demographic assumption used relates to the **mortality assumptions**. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table:

Pre-retirement: Males, 71% of AMC00 (duration 0); Females, 112% of AFC00 (duration 0).

Post retirement: Males, 97.6% of SAPS S1NMA "light"; Females, 102.7% of RFV00.

Future improvements to mortality:

CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new **deficit recovery plan** was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	4.20%	2.11%

The University has recognised a provision for its commitments under the 2018 Recovery plan. The initial assessment of the impact of the new deficit recovery plan to 31 July 2019 was a decrease of £58.9m from the 2018/19 year end provision, but as this was agreed after the 31 July 2019, it was disclosed as a non-adjusting post balance sheet event in the 2018/19 Annual Report & Financial Statements. The decrease in liability is now being accounted for as part of the 2019/20 Financial Statements. In calculating this provision the University has assumed that changes in staff numbers and staff costs will follow that included in the 3 year forecast presented to Council, and that the liability is discounted at 0.73% (as per BUFDG guidance).

Details of the impact are disclosed in Note 21– Provisions.

From 1 April 2020, employee contributions to the defined benefit were increased from 8.8% to 9.6% of salary and from 19.5% to 21.1% for the employer.

23. Pension Schemes (continued)

At 31 March 2020, USS had 204,753 active members and the University had 4,349 active members participating in the scheme.

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

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

The last formal triennial actuarial valuation of the schemes which have been concluded were performed by professionally qualified actuaries as at 31 July 2016 for the Cardiff University Pension Fund (CUPF) and 31 March 2019 for the Local Government Pension Scheme (LGPS).

The 31 July 2019 valuation for CUPF resulted in a deficit of £35m and as a consequence, employer contributions will increase from 1st August 2021 to 24.8% (assuming cost sharing with employees) plus an additional deficit contribution of £1m p.a. for the duration of the recovery period to July 2029.

During the accounting period, the University paid contributions to the CUPF of 20% of pensionable salaries (LGPS - 27.7% plus a cash lump sum of £1.1m). The University has also contributed the salary sacrifice amount of 7.5% (final salary members) or 6.5% for Career Average Revalued Earnings members for each Non-Contributory member (i.e. those participating in the Salary Sacrifice arrangement) in the CUPF. Salary sacrifice of pension contributions is not permitted in the LGPS scheme.

An updated estimated valuation of each of the two defined benefit schemes was performed at 31 July 2020 by qualified actuaries. The FRS 102 disclosures set out below are based upon this updated valuation.

An estimation of the impacts of the December 2018 High Court ruling relating to Guaranteed Minimum Pensions for CUPF and LGPS has been made by the actuaries and the result has been included with the schemes' FRS102 disclosures.

Assumptions

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

	CUPF At 31 July 2020	LGPS At 31 July 2020	CUPF At 31 July 2019	LGPS At 31 July 2019
	%pa	%pa	%pa	%pa
Price Inflation (RPI)	2.85	3.3	3.2	3.3
Price Inflation (CPI)	2.05	2.3	2.1	2.3
Rate of increase in salaries	2.55	3.3	2.6	3.3
Rate of increase of pensions in payment	2.05	2.3	2.1	2.3
Increases to deferred pensions before retirement	2.05	2.3	2.1	2.3
Discount rate	1.5	1.4	2.1	2.1

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

	CUPF At 31 July 2020	LGPS At 31 July 2020	CUPF At 31 July 2019	LGPS At 31 July 2019
Pensioner – male	21.2	22.2	20.7	22.1
Pensioner – female	23.8	24.6	23.4	24.5
Non-pensioner (currently aged 45) - male	22.2	23.2	21.7	22.7
Non-pensioner (currently aged 45) - female	24.7	26.0	24.2	25.6

23. Pension Schemes (continued)

	2020 CUPF £m	2020 LGPS £m	2019 CUPF £m	2019 LGPS £m
The assets in the scheme at fair value were:				
Equities	45.2	19.9	43.5	21.4
Bonds	26.4	9.5	23.2	6.9
Other	166.0	3.2	163.2	4.7
Total assets	237.6	32.6	229.9	33.0
Scheme liabilities at present value	(329.7)	(43.0)	(283.4)	(39.0)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 21)	(92.1)	(10.4)	(53.5)	(6.0)
Current service cost	12.3	0.3	10.5	0.3
Past service cost	-	0.1	0.3	0.1
Administrative expenses	0.9	-	0.6	-
Total operating charge:	13.2	0.4	11.4	0.4
Analysis of the amount charged to interest payable/credited to other finance income:				
Interest cost	1.2	0.1	1.2	0.1
Total profit and loss charge before deduction for tax	14.4	0.5	12.6	0.5
Analysis of other comprehensive income:				
Loss on liabilities	34.6	5.4	7.0	2.1
Total charge to other comprehensive income before deduction for tax	49.0	5.9	19.6	2.6
Analysis of movement in deficit:				
Deficit at beginning of year	53.5	6.0	43.8	4.8
Contributions or benefits paid by the University	(10.4)	(1.5)	(9.9)	(1.4)
Current service cost incl. administration expenses	13.2	0.3	11.1	0.3
Past service cost	-	0.1	0.3	0.1
Other finance charge	1.2	0.1	1.2	0.1
Loss recognised in other comprehensive income	34.6	5.4	7.0	2.1
Deficit at end of year	92.1	10.4	53.5	6.0
Analysis of movement in the present value of liabilities:				
Present value of liabilities at the start of the year	283.4	39.0	249.7	35.8
Current service cost (net of member contributions)	12.3	0.3	10.5	0.3
Past service cost	-	0.1	0.3	0.1
Actual member contributions (including notional contributions)	0.2	0.1	0.2	0.1
Interest cost	5.9	0.8	6.7	1.0
Actuarial loss	35.7	4.0	22.4	3.1
Actual benefit payments	(7.8)	(1.3)	(6.4)	(1.4)
Present value of liabilities at the end of the year	329.7	43.0	283.4	39.0

23. Pension Schemes (continued)

	2020 CUPF £m	2020 LGPS £m	2019 CUPF £m	2019 LGPS £m
Analysis of movement in the fair value of scheme assets:				
Fair value of the assets at the start of the year	229.9	33.0	205.9	31.0
Interest Income on assets	4.7	0.7	5.6	0.9
Actuarial gain / (loss) on assets	1.1	(1.4)	15.4	1.0
Actual contributions paid by University	10.4	1.5	9.9	1.4
Actual member contributions (including notional contributions)	0.2	0.1	0.1	0.1
Actual benefit payments	(7.8)	(1.3)	(6.4)	(1.4)
Expenses	(0.9)	-	(0.6)	-
Fair value of scheme assets at the end of the year	237.6	32.6	229.9	33.0

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

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	CUPF	LGPS	CUPF	LGPS
Actual return on scheme assets:				
Interest income on scheme assets	4.7	0.7	5.6	0.9
Asset gain / (loss)	1.1	(1.4)	15.4	1.0
	5.8	(0.7)	21.0	1.9

24. Capital Commitments

Consolidated and Institution	2020 £'000	2019 £'000
Commitments contracted at 31 July	108,896	149,611

Of the £108.9m, the majority of commitments relate to Cardiff Innovation Centre £62.8m, Centre for Student Life £16.7m and Maths/Computer Science £24.6m.

25. Operating Lease obligations

Consolidated and Institution

Future minimum lease payments due	Land and buildings £'000	Other £'000	Total 2020 £'000	Total 2019 £'000
Not later than one year	3,124	104	3,228	2,526
Later than one year and not later than 5 years	10,070	87	10,157	9,042
Later than five years	30,577	-	30,577	32,037
Total lease payments due	43,771	191	43,962	43,605

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

26. 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.

The list below represents the trading transactions and year-end close balances with organisations of which the relevant Council member or senior officer holds a position of influence in both the related party and the University.

Organisation	Council member or senior officer	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
Advance HE	Prof C Riordan	1	-	-	-
Cardiff & Vale University Health Board	Prof G Baxter	5,217	5,636	2,122	79
Cardiff University Students' Union	Ms J Yip Ms H Doe Mr T Evans	37	2,833	45	-
Cardiff Students Union Services Limited	Ms J Yip Ms H Doe	-	2,307	-	109
Centrica plc	Mr D Simmons	38	-	24	-
Compound Semiconductor Centre Limited	Mr R Williams	-	349	-	23
Department of Business, Energy & Industrial Strategy	Prof C Riordan	3	-	11	-
Gower College	Judge R Singh	1	-	1	-
Office of the Police and Crime Commissioner for Gwent	Dr J Wademan	26	-	5	-
Hugh James Solicitors	Ms K Singh (daughter-in-law of) Judge R Singh	-	62	-	-
Medical Research Council	Prof Dame J Finch	10,759	-	34	
Microsoft UK	Mr P Benjamin	-	48	-	
National Museum of Wales	Dr C Bell	6	14	-	-
Royal Pharmaceutical Society	Mr D Curtin	20	-	-	-
Science and Technology Facilities Council	Prof K Holford	3,263	-	-	-
Russell Group	Prof C Riordan	-	80	-	-
The Conversation UK Limited	Prof C Riordan	-	16	-	-
The National Library of Wales	Dr J Wademan	-	2	-	-
The Royal Society	Mr R Williams	-	7	-	-
UCEA	Prof S Palmer	-	22	-	-
Universities UK	Prof C Riordan	-	186	-	-
University of Warwick	Prof S Palmer	6	142	6	-
Velindre University NHS Trust	Judge R Singh	471	15	384	15
Welsh (Assembly) Government	Prof C Riordan	12,576	45	2,096	-

All other related party transactions were with wholly owned subsidiaries.

