

Annual Report and Financial Statements

Year ended 31 July 2018



SUSTAINABLE DEVELOPMENT GOALS



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

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

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

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

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		Mr L Richards [from 20 March 2018]
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		Judge Ray Singh
		Dr J Wademan
		Ms A Xavier-Phillips [from 14 May 2018]
		Ms J Yip [from 1 July 2018]
		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

The Higher Education sector has endured a challenging 2017/18 and Cardiff University is no exception.

While Brexit negotiations have brought few certainties, the UK's exit from the EU is finally due to happen in spring 2019. We are therefore planning in detail for as many eventualities as we are able to predict, so that we can take whatever mitigating actions might prove necessary. At the time of writing this includes the possibility of an abrupt exit from the EU, which could prove disruptive not only to students and staff, but to the general business of the University. It is also vital that we seize any opportunities that present themselves.

We have now started along the road to sustainable funding for higher education in Wales, though it will be some time before universities fully benefit. The initial costs of the new approach introduced by Sir Ian Diamond's student support and funding review are relatively high because for an overlap period, the old and new systems must run in parallel. All Welsh universities are having to absorb some of the effects of those increased costs. In addition, we have seen disputes about pay, and strikes at universities across the UK as a result of proposed changes to pensions. Whilst it is impossible to predict the outcome of these disagreements, we can say with some certainty that costs will continue to increase in the sector. Whatever happens, Cardiff University will continue to be a resilient institution that welcomes and values staff and students from across the world. We have budgeted with sufficient caution over many years to allow us to ride out any difficult periods, and that is exactly what we are doing.

So although the external climate offers challenges which must be addressed, we have enjoyed notable success in our core activities of teaching, research, civic mission, innovation and international. You can read much more in the annual review section of this document but I would like briefly to mention a couple of success stories.

We enjoyed an exceptional Times Higher Education Awards - the pre-eminent industry event for recognising excellence in the HE sector in the UK - thanks to the efforts of two very different projects that illustrated our commitment to our civic mission and international ambitions. The exceptionally successful Phoenix Project, led with unfailing verve and energy by Professor Judith Hall, won the 2017 International Collaboration of the Year trophy at the ceremony in London.

Partnering with the University of Namibia, the Phoenix Project has an outstanding track record in helping to improve health and reduce poverty in Namibia. And our commitment to the local communities of Cardiff was illustrated by the success of the CAER Heritage Project, a collaborative partnership between Cardiff University, community development charity Action in Caerau and Ely, local schools, community groups and major heritage organisations in Wales. Led by Dr Dave Wyatt, the CAER Heritage Project was honoured with the award for Outstanding Contribution to the Local Community. I was also delighted that the excellent work of Dr Maggie Woodhouse was rewarded with the UK's most prestigious academic award, the

Queen's Anniversary Prize. Dr Woodhouse has led extraordinary research resulting in changes to eye care practice for children with Down's syndrome.

Students are at the heart of what we do and 2017/18 has seen much progress, including the start of construction work on the Centre for Student Life, which will transform the way we support our students in all ways, including in terms of their mental health and wellbeing. It is of course vital that our students get the support they need, when they need it. To that end, a very important initiative was introduced in 2017/18 to make it easier for students to report sexual violence and abuse. Our anonymous disclosure system is the only one of its kind in the UK and includes a dedicated team of staff providing the required support.

I believe these achievements illustrate our ambitions, while our new strategy - The Way Forward 2018-23 - will help us to achieve further success as its implementation progresses. To fulfil these strategic aims we must grow our income and manage our costs, so the way forward is not without challenges, but I am confident that Cardiff University will continue to flourish into the future. We have an excellent track record of prudent financial management and investment in areas that support our students and staff to succeed. That will continue and I look forward to another successful year.

Professor Colin Riordan
Vice-Chancellor



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Images

1. Work begins on Centre for Student Life
2. Medical students support pupils' ambitions
3. All Blacks open revamped gym
4. Commonwealth Games silver medal for medical student

Education

Work begins on Centre for Student Life

Work started on creating a new home for the University's student support services.

The Centre for Student Life will offer a range of services, including mental health and wellbeing support, to Cardiff University students wherever they are based.

Construction company BAM was chosen to build the Centre, which is due to open in the 2020/21 academic year.

It will include social study spaces, consultation rooms, a 550-seat auditorium and quiet contemplation spaces.

Medical students support pupils' ambitions

Cardiff University medical students supported school pupils who aspire to become doctors.

The Widening Access to Medicine Scheme, led by medical student David Lawson, has already helped 200 pupils with applications and interviews.

More than 100 medical student volunteers, trained in mentoring, have gone into schools across Wales.

The aim of the scheme is to increase the number of applications from Wales to study medicine.

All Blacks open revamped gym

The All Blacks officially opened Cardiff University's new state-of-the-art gym ahead of their match against Wales in the 2017 autumn international series.

The New Zealand rugby team opened the refurbished facilities while using them for a training session.

The Fitness and Conditioning Centre boasts three floors of cardiovascular resistance and weight-based equipment, including a top floor dedicated to strength and conditioning training.

All four countries playing Wales in the autumn internationals prepared for their matches at the facility.

Training next generation of scientists and engineers

The University was awarded £3.6m to help produce the next generation of scientists and engineers as part of a major investment by UK Government.

The funds will support up to 78 fully-funded PhD students based across the College of Physical Sciences and Engineering.

They will benefit from an excellent local research environment, as well as a comprehensive programme of research and professional skills development.

The students go on to pursue careers in a variety of sectors from advanced materials to healthcare technologies, Big Data and analytics to manufacturing, and energy.

Commonwealth Games silver medal for medical student

Cardiff University medical student Lewis Oliva won silver for Team Wales in the men's keirin at the 2018 Commonwealth Games in Australia.

The sprint cyclist is part of the University's sporting High Performance Programme.

He left the British Cycling programme in 2016 to take up a place studying medicine and join Welsh Cycling.

Lewis, from Monmouthshire, has successfully juggled his demanding training routine around his studies.

Training future Welsh-speaking business leaders

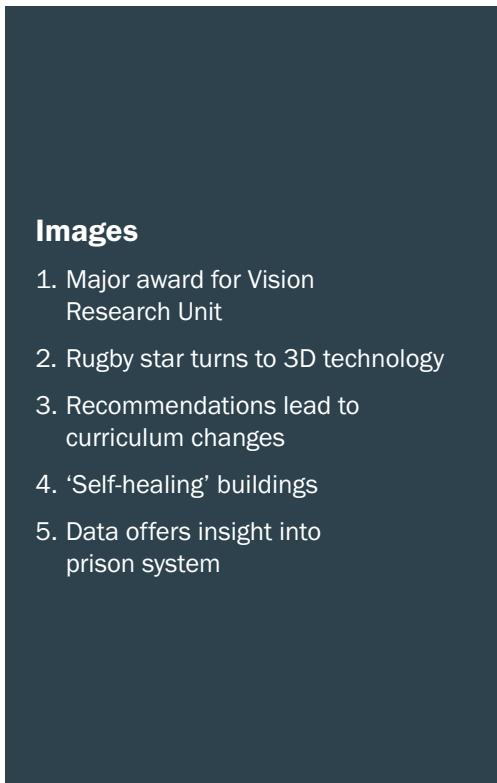
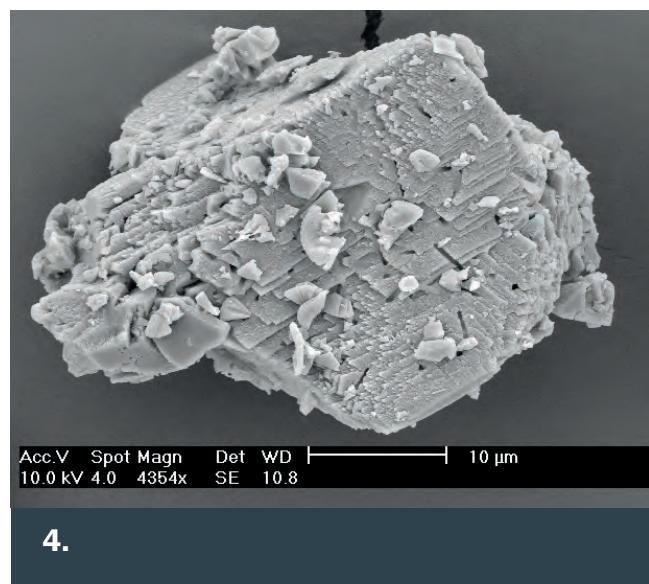
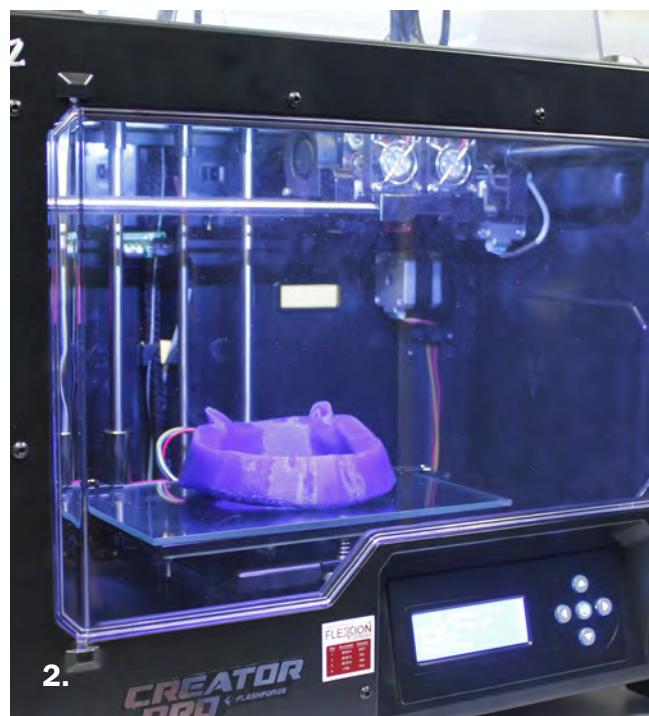
A new degree was launched to meet the growing demand for high-quality business graduates with a command of the Welsh language.

The Business Management with Welsh degree supports the Welsh Government's ambition to grow the number of Welsh speakers to one million by 2050.

It gives students the opportunity to explore the role of Welsh in the modern workplace, in a digital economy and in the promotion of language policy.

There is an option to study abroad or participate in a professional placement as part of a four-year extended programme.





Research

Major award for Vision Research Unit

The work of the world-leading Down's syndrome Vision Research Unit was recognised with a prestigious UK award – The Queen's Anniversary Prize.

Unit head Dr Maggie Woodhouse picked up the award, which is given for work of outstanding excellence, at a ceremony at Buckingham Palace in February 2018.

The unit undertakes life-changing research into the vision of children and young adults with Down's syndrome.

Its work has directly underpinned national and international guidance on vision care, and informed training for optometrists.

Recommendations lead to curriculum changes

A review of the Sex and Relationships Education (SRE) curriculum in Wales led to a major overhaul of how it will be taught in schools.

Cabinet Secretary for Education Kirsty Williams announced the changes in May 2018 following recommendations made by an expert panel chaired by Professor Emma Renold, of the School of Social Sciences.

The new approach will enable learners to engage with a broader curriculum that is fully inclusive and respectful of all genders and sexualities.

It will also address issues including consent and relationship abuse.

SRE is to become Relationships and Sexuality Education (RSE) and will be a statutory part of Wales' new curriculum, which is due to be in place by 2022.

Rugby star turns to 3D technology

When Wales rugby star Dan Biggar's trusty kicking tee was left in tatters, he was able to turn to Cardiff University expertise for help.

An exact replica of the 15-year-old tee was produced using 3D technology thanks to the School of Computer Science and Informatics and the School of Engineering.

The project was led by Professor David Marshall, an expert in computer vision, who works closely with the Welsh Rugby Union's Head of Performance Analysis on match video analysis software.

The image created by Professor Marshall was sent to the School of Engineering which produced the replica kicking tee using a 3D printer.

'Self-healing' buildings

Scientists are exploiting the unique properties of bacteria to develop a self-healing system for buildings and historic structures.

Naturally occurring microorganisms such as bacteria can produce mineral deposits when mixed with certain chemicals.

The Cardiff University-based team's two-year project will examine ways to engineer self-healing systems into masonry and building stone.

Industry is particularly interested in self-healing technology as the costs associated with the maintenance and repair of materials grow.

Turning research into new medicines

The University became home to the highly successful Medicines Discovery Institute.

The Institute brings unrivalled knowledge of the pharmaceutical sector and proven success in bringing new medicines successfully to clinic.

It will develop novel drugs for neuroscience, cancer and infection and immunity, addressing a key challenge in the Welsh Government's strategy for science and innovation.

Located within the School of Biosciences, the Institute will help the University to translate cutting edge research into products to improve people's lives.

Data offers insight into prison system

A report from the University's Wales Governance Centre in June 2018 shed light on the prison system in Wales.

The report gathered data that revealed key information such as the performance of prisons in Wales and where prisoners were being held.

Its aim was to make Welsh imprisonment data accessible to a wide audience for the first time.

Most of the information was generated through Freedom of Information requests and then analysed and presented as a single source.

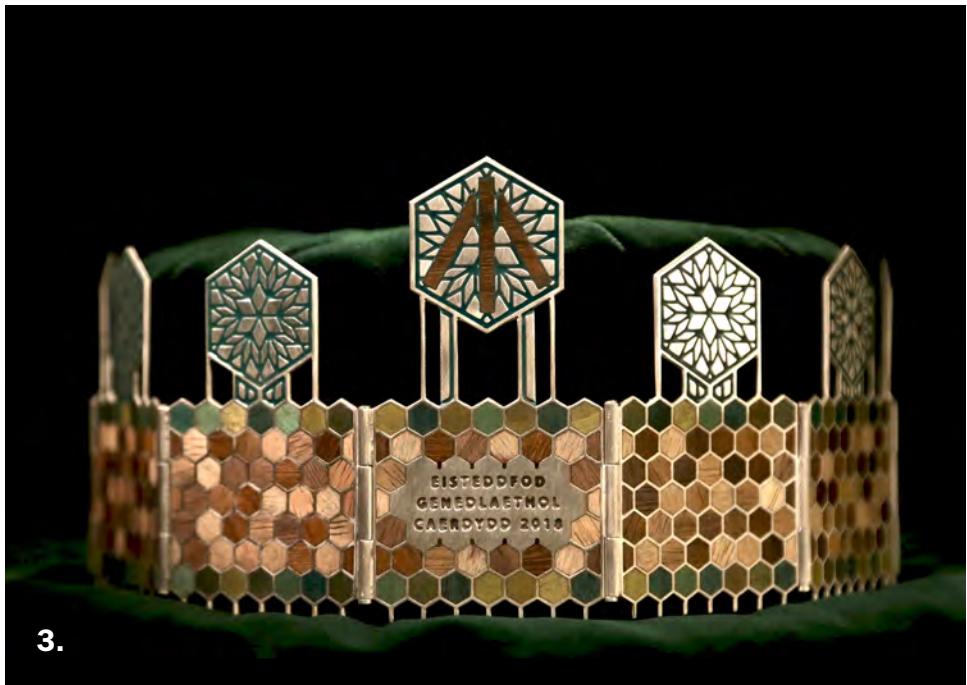




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Images

1. £1m Lottery boost for Grangetown
2. #TeamCardiff runs the Cardiff Half
3. University sponsors Eisteddfod Crown
4. Times Higher awards for projects
5. Times Higher awards for projects
6. Supporting disadvantaged pupils into higher education

Civic Mission

£1m Lottery boost for Grangetown

The Big Lottery Fund announced a grant of more than £1m in February 2018 to create a community hub in Grangetown.

The plans to refurbish and extend Grange Pavilion will create a facility offering opportunities for education, training, health promotion and enterprise development.

The hub, on the site of a former bowls pavilion, will include a café, office and meeting spaces.

The initiative is a joint partnership between Cardiff University's Community Gateway, Grange Pavilion Project and Grangetown Community Action.

University sponsors Eisteddfod Crown

Contemporary jeweller Laura Thomas created a stunning Cardiff University-sponsored Crown for the 2018 National Eisteddfod in Cardiff.

Laura was chosen to design and make the Crown following a competition run by the University.

A new Crown is made each year and given to the winner of one of the two major Eisteddfod poetry competitions.

Laura's Crown, which features her signature technique of inlaying wood veneer into sterling silver, took her hundreds of hours to create.

The Crown was on display alongside the Eisteddfod Chair at National Museum Cardiff as part of a public exhibition.

Summer schools for refugees

Fifty refugees and asylum seekers graduated from a new programme that supports their access to higher education in the UK.

The ASPIRE summer school is a six-week programme organised by Cardiff University and the Welsh Refugee Council.

The programme offers intensive English classes, academic taster courses, inspirational trips and tours, and expert advice on how to apply to university.

Refugees have also been given the chance to learn Welsh through a Cardiff University initiative.

Times Higher awards for projects

Cardiff University won two major honours at the Times Higher Education awards in December 2017.

The University won the International Collaboration of the Year and Outstanding Contribution to Local Community categories.

The Phoenix Project, the University's partnership with the University of Namibia, seeks to improve health and reduce poverty in Namibia.

The University's CAER Heritage Project, which focuses on the Caerau Hillfort heritage site, puts local people at the heart of archaeological and historical research.

CAER Heritage is a collaborative partnership between Cardiff University, Action in Caerau and Ely, local schools, community groups and major heritage organisations in Wales.

#TeamCardiff runs the Cardiff Half

Staff, students and alumni from the University successfully completed the 2017 Cardiff University/Cardiff Half Marathon.

Many of the runners were part of the University's #TeamCardiff, raising funds for University research into cancer and neuroscience and mental health.

Other University staff and students volunteered around the course to ensure that the event was a success.

Supporting disadvantaged pupils into higher education

Cardiff University gave pupils from vulnerable and disadvantaged groups a valuable insight into university life through an ambitious two-year programme.

Step Up to University is a free academic scheme for college and sixth-form students offering a taste of higher education.

Masterclasses, events and workshops are offered to help remove barriers to higher education.

The programme also included a mini university course and a residential summer school in July 2018 where pupils took part in a 'graduation' ceremony.





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Images

1. Big-nosed males attract females
2. Embassy praises leadership programme
3. African internship for law students

International

Strengthening links with Brazil

A delegation from Brazil visited the University in June 2018 to further develop international research opportunities.

The University of Campinas (Unicamp), a public research university in São Paulo, sent 16 staff to explore research collaborations with Cardiff colleagues. Since signing a memorandum of understanding in 2015, more than ten research collaborations involving over 40 academics have taken place between the two institutions.

Unicamp is consistently ranked amongst the top universities in Brazil and Latin America and is responsible for around 15% of all academic research conducted in Brazil.

Scientist honoured by top Chinese university

A pioneering Cardiff scientist who helped cut the use of mercury in China's chemical industries was made an honorary professor of Tianjin University.

Professor Graham Hutchings has been feted worldwide for his work on the acceleration of chemical reactions using catalysts.

His work led to a cleaner method for producing polyvinyl chloride (PVC) using gold as a catalyst, rather than harmful mercury.

Tianjin, China's top university for chemical engineering, was founded in 1895 as Peiyang University and developed China's first aircraft engine and first unmanned aerial vehicle.

Embassy praises leadership programme

A Cardiff University management programme for education leaders from China was praised by the Chinese Embassy in the UK.

More than 100 Chinese education managers spent the summer at the University to develop their leadership skills and forge relationships with counterparts in Cardiff.

The delegates, from 83 universities in China, followed a bespoke management and innovation programme delivered by senior Cardiff University staff.

The numbers taking part have more than doubled from 52 in 2017 to 106 in 2018.

Big-nosed males attract females

Exaggerated male traits, such as a large nose, can be great for attracting females, a Cardiff University study of proboscis monkeys in Malaysia found.

Scientists from the University's Danau Girang Field Centre discovered a clear link between the nose size of the male monkeys and the number of females in their harems.

The team's investigation found that the monkeys' enlarged male noses were a reliable predictor of social dominance and high sperm count.

The proboscis monkey is endemic to Borneo and is a protected species.

Researchers join from around the world

Talented academics from around the world joined Cardiff University to carry out vital research as part of an EU-funded programme.

The 11 projects include flood prevention, cancer research, the treatment of eye diseases and tackling dengue fever.

The University has secured more than £1.5m in funding for the Individual Fellowships.

The award is from the European Commission's Marie Skłodowska-Curie Actions (MSCA) programme, which seeks to develop the skills and international mobility of researchers.

The Fellows are from China, USA, Colombia, Italy, Cyprus and Romania.

African internship for law students

Four Cardiff University students undertook internships at one of Nairobi's leading public interest litigation and constitutional reform organisations.

The students, all from the School of Law and Politics, worked at the Katiba (Construction) Institute carrying out research relating to East Africa Land Law and Constitutional Law.

The internship was organised by Professor Ambreena Manji and Professor John Harrington, and was funded by the University's Global Opportunities Programme.





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Images

1. Student Innovation Festival celebrates big ideas
2. University helps firm win £82m contract
3. Innovator of the Year
4. University signs Innovation Campus deal

Innovation

Student Innovation Festival celebrates big ideas

The Student Innovation Festival put creative ideas to work at the University in March 2018.

Students and staff, along with community partners, were brought together to explore new ways of solving 'real world' problems.

The festival featured a range of activities including talks, displays and pop-up events.

It formed part of the University's mission to equip students with the skills needed to succeed.

University helps firm win £82m contract

University expertise led to a north Wales company winning an £82m defence contract, safeguarding and creating jobs.

Experts from Cardiff Business School spent two years developing a toolset to improve the Denbighshire-based Qiotiq's inventory forecasting operations.

This collaboration and knowhow resulted in the company securing a six-year deal with the Ministry of Defence to service night vision equipment.

The study was made possible thanks to a Knowledge Transfer Partnership co-funded by Welsh Government, the Engineering and Physical Sciences Research Council and Innovate UK.

Innovator of the Year

Two University innovators won an award for their research which helped to shape new guidance for emergency services.

Dr Sabrina Cohen-Hatton and Professor Rob Honey used firefighters' helmet-mounted video cameras to demonstrate how fire service commanders handled emergencies.

In May 2018 they were given the Biotechnology and Biological Sciences Research Council Innovator of the Year award.

Dr Cohen-Hatton, now Deputy Assistant Commissioner with London Fire Brigade, began her research at Cardiff University while working for South Wales Fire and Rescue Service in the city.

Her study with Professor Honey, from the School of Psychology, showed that commanders often relied on intuition under pressure, regardless of whether a situation was complex or routine.

University signs Innovation Campus deal

A deal was signed to build the next phase of the University's Innovation Campus.

Leading construction firm Bouygues UK Limited will create two major facilities that bring researchers, students and industry closer together.

The first contains new centres driving innovation: SPARK, the world's first social science research park, and the Innovation Centre, a creative space for start-ups, spin-outs and partnerships.

The other facility will house two world-leading scientific research establishments: the Institute for Compound Semiconductors and Cardiff Catalysis Institute.

The work will create more than 60 jobs, apprenticeships and placements.

Medicentre marks 25 years

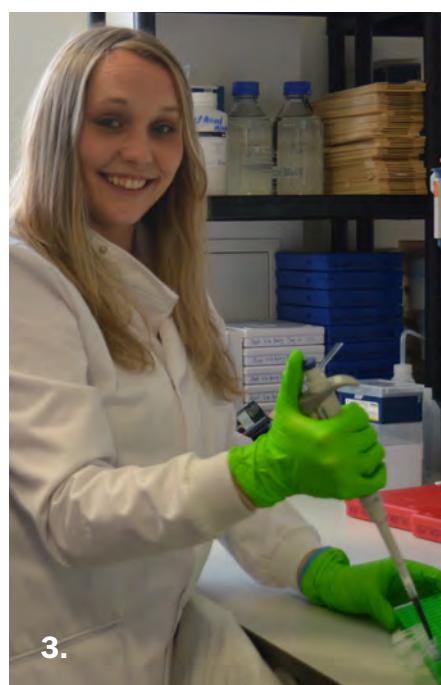
The Cardiff Medicentre marked 25 years with stories of success.

An event in November 2017 highlighted companies that had improved patient healthcare, tackled clinical challenges and changed medical education.

The Medicentre provides laboratory and office space to dynamic medtech and biotech companies.

The centre has helped develop some of Wales' leaders in clinical innovation, with notable tenants and alumni including Alesi Surgical, Q Chip and Synexus Clinical Research.





Images

1. 350 #TeamCardiff runners
2. 995 donors and fundraisers
3. Donor-supported early career cancer researcher Dr Stephanie May (BSc 2013, PhD 2017)
4. Dylan joins in the Cardiff University / Cardiff Half Marathon Mascot Fun Run
5. 500+ Volunteers signed up
6. 995 donors and fundraisers

Supporting Cardiff

All of these initiatives, and many more, were supported in 2017-18 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:

995

donors and fundraisers

Inspiring Cardiff students to believe that anything is possible: Cardiff alumni and friends have supported the Futures Connect programme, providing new career opportunities for Cardiff students from all backgrounds.

350

#TeamCardiff runners in the 2017 Cardiff University/ Cardiff Half Marathon raised over £65,000

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

500+

volunteers signed up to support Cardiff

Alumni and friends are helping prospective and current Cardiff students, by attending Open Days, offer holder events and providing internships and work placements. These opportunities provide Cardiff students with invaluable insight and experience.

Nearly 100

researchers supported in 2017-18

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

- A generous benefactor, whose support totals £2.5m since 2009, is enabling MA and PhD Cardiff scholars to better understand the issues which affect young Muslims in Britain today at the University's Centre for the Study of Islam in the UK.
- The Waterloo Foundation's latest grant of £650,000 is helping early careers researchers develop innovative treatments for psychiatric disorders and other debilitating mental health conditions at Cardiff University's Neuroscience and Mental Health Research Institute.

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 61 **Cylch Caerdydd** donors who donated over £1.6m in 2017-18

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

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

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.





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Images

1. Sustainable travel
2. Behavioural change
3. Single-use plastic (page 18)

Sustainability

New environmental sustainability strategy

The University launched its new environmental sustainability strategy at the Volvo Ocean Race in June.

The strategy's vision is for an inclusive, sustainable and resilient future for our University and our community.

It aims to bring about environmental benefits not only to Cardiff and Wales, but to the wider world.

The strategy commits to firmly embedding sustainability into everything the University does.

This includes empowering students, graduates and staff to become sustainable citizens.

Measures will be taken to reduce carbon emissions and use of energy, water, finite resources and plastic.

The strategy's underpinning goals are adapted from the United Nations Sustainable Development Goals and the Welsh Government's Well-being of Future Generations Act well-being goals.

Key priorities include:

- Phasing out the use of single-use plastic to the fullest extent possible
- Aligning University targets with Welsh Government proposals to decarbonise public sector bodies by 2030
- Measuring and then reducing carbon emissions from travel
- Reducing demand for non-sustainable goods and services
- Sourcing goods and services responsibly
- Ensuring environmental sustainability is embedded into all academic and business processes
- Providing a staff, student and stakeholder behaviour change programme
- Enhancing the biodiversity of the campus by promoting pollinator planting.

Single-use plastic

The University is aiming to phase out single-use plastic while improving recycling facilities.

Plastic has become a commonly used material due to its durability, light weight and low cost, but it is difficult to dispose of and recycle.

Some 68% of plastic waste in the UK is still being sent to landfill.

The University launched an action plan in March 2018 to help address the problem.

Initiatives include ending the use of single-use plastic water bottles in catering, hospitality and events.

Sustainable travel

The University has pledged to measure and then reduce carbon emissions from travel by using less polluting forms of transport and promoting technological alternatives.

To this end, staff are being encouraged to make informed choices about the way they travel.

This includes being aware of the consequences of these choices – on their health, their environment and their local community.

A discussion document is being prepared with input from staff and students that will include guidance to help staff choose appropriate travel when planning a business trip.

It will also promote alternative non-travel arrangements for staff wanting to make time, cost and carbon savings.

Many travel initiatives are already in place across the University.

In April 2018 staff were offered interest-free travel season ticket loans.

Discounts on staff travel season tickets have been negotiated for Cardiff Bus and local train services.

Cycling has also been promoted through an on-street bicycle hire scheme in the city which the University is supporting.

The agreement with nextbike means that staff and students can enjoy free annual membership worth £60, which includes free use of the bicycles for 30 minutes per trip.

Many staff and students have taken advantage of the opportunity.

Environment management

Progress in the University's environmental performance has been recognised through a national environmental management system and award scheme for the higher education sector.

EcoCampus allows universities to be recognised for addressing key issues of environmental sustainability, including carbon reduction.

A series of awards (Bronze, Silver, Gold and Platinum) can be achieved as universities progress - Cardiff University has secured Platinum.

The University has also achieved the updated ISO 14001:2015 internationally agreed standard that helps organisations improve environmental performance through more efficient use of resources and reduction of waste.



Behavioural change

This was the fifth year that the University ran the NUS-led Green Impact behavioural change programme to help staff and students understand sustainability and social responsibility.

The University was delighted by the response as a record 43 teams took part across our Colleges, campuses and professional services.

Teams comprised of staff and students were tasked with meeting various sustainability criteria in their workplace environment then evidencing them in an electronic workbook.

The workbook was focused on energy efficiency, waste and recycling, travel, wellbeing, community engagement and biodiversity.

The scheme was structured into gold, silver and bronze awards with several University teams achieving gold status.

Sustainable Development Goal (SDG) Accord

The purpose of the SDG Accord is twofold:

1. It is to inspire, celebrate and advance the critical role that education has in delivering the SDGs and the value it brings to governments, business and wider society.
2. The Accord is a commitment learning institutions are making to one another to do more to deliver the goals, to annually report on each signatory's progress, and to do so in ways which share the learning with each other both nationally and internationally. An objective is that sector SDG reporting metrics will be presented at the annual United Nations High Level Political Forum.

The University signed the accord in March 2018 and has submitted the required report detailing how we contribute to the goals and what more

we are doing. Signatories to the Accord are recommended to align all of their activities against the SDGs and map them.

Fossil fuel divestment

Following concerns expressed by staff and students, University Council requested that the Investment and Banking sub-committee considers its wider ethical investment code as well as the issue of fossil fuel divestment.

The move to full divestment aligns the University's investment decisions with its values and aims, and reaffirms its commitment to environmental sustainability, responsible investment and social responsibility.

It is anticipated that the University will be free of investment in fossil fuel companies by 2021.

Financial Review

2017-2018

The past year has been financially challenging for the University. Our expenditure increased by 5.2% whilst our income only increased by 2.5%. We are addressing this by developing our Transforming Cardiff programme of change over the next two years.

The University has had to rely upon increases in student numbers to meet the shortfall in income and cost increases.

As income growth has not kept abreast of cost inflation, action has been taken to reduce the cost base of the University during the year. A voluntary severance scheme for academic staff took place and a large scale transformational review of Professional Services commenced. The benefits of these schemes will be seen in future years.

The University has budgeted prudently for many years to ensure it is able to thrive during challenging periods. This approach will continue. The University is a resilient institution with ambitious plans to build upon its success. This ambition can be seen in the University's latest strategy, The Way Forward 2018-2023, which is now being implemented.

Scope of the Financial Statements

The financial statements for the year ended 31 July 2018 consolidate the results of the University, its subsidiary company University College Cardiff Consultants Limited and the joint ventures Compound Semiconductors Limited and Cardiff Medicentre Limited.

Summary of group results

	2017/18 £m	2016/17 £m
Income	518	505
Expenditure	540	514
Deficit before other gains and losses	(22)	(9)
Gain on investments	7	12
Share of deficit in joint ventures	(2)	(3)
Actuarial gains on pension schemes	4	11
Total Comprehensive (Loss)/ Income	(13)	11

Results for the year

The deficit for the year was broadly in line with expectations.

Total income increased compared to 2016/17 as the decrease in HEFCW grant was mitigated by increases in income from other sources.

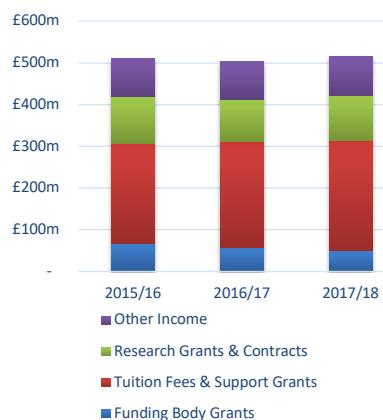
Total expenditure increased by £26m in the year, of which staff costs grew by £18m due to inflationary increases and a net growth in the average staff headcount of 81 FTEs. Staff costs represented 59% of income in 2017/18 compared to 57% in 2016/17.

The value of the University's own investments is unpredictable due to its dependence on market values. For 2017/18 the University made an unrealised investment gain of £7m.

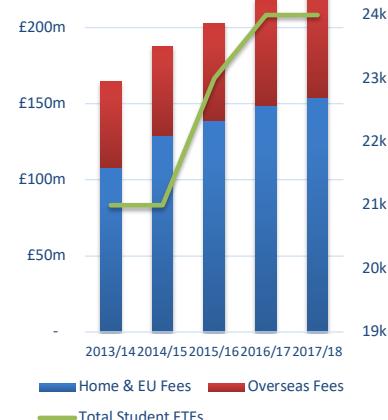
The provision for USS Pension Scheme deficit payment liabilities is reviewed each year in accordance with the Further and Higher Education Statement of Recommended Practice 2015 (FEHE SORP 2015). This review has been based upon the 2014 triennial valuation as the 2017 valuation has not yet been agreed. The USS Pension Provision has reduced by £2m during 2017/18 but is anticipated to increase in 2018/19 once the 2017 valuation is taken into account.

The Cardiff University Pension Fund (CUPF) and the Local Government Pension Scheme (LGPS) Pension Schemes are based upon valuations performed in 2016 and benefitted from actuarial gains of £4m.

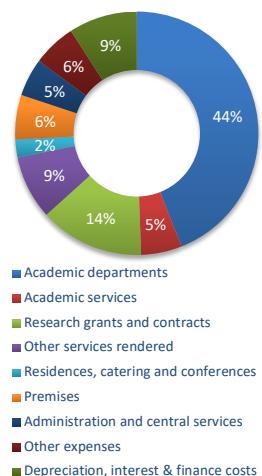
Income by Category £m



Student Fees (£m) and FTEs (000's)



Expenditure by Category %



Income Increase 2%

During a difficult period for Higher Education, the University has increased its income from £505m to £518m.

With the drop in income from HEFCW, the University has sought to reduce the gap between income and expenditure by looking at other income streams.

Research income has grown by £5m mainly from Research Council grants. Smaller increases across European Commission and Overseas organisations were off-set by reductions in research income from UK Government bodies and UK industry.

Other income has also risen by £5m with the main increase being in services rendered income such as consultancy and bursaries, particularly from UK Central Government sources.

Income from investments, endowments and donations has remained fairly static.

Student tuition fees increase 4%

The competition for students has been fierce as other universities have found themselves in similar situations with a decreasing UK demographic for 18 to 20-year-olds and an increasing reliance on the overseas student market.

Despite these constraints, the University successfully increased both home and overseas tuition fee income.

The number of student FTEs has remained fairly static but increases in home postgraduate taught and all overseas fees have contributed to an increase in home and overseas tuition fees of £7m.

There was a total of 24,032 student FTEs which comprised 19,767 home and EU students and 4,265 overseas students.

The split between undergraduate and postgraduate was as follows:

Undergraduates	18,611
Postgraduate Taught	3,946
Postgraduate Research	1,475

Research training support grants and non-credit bearing fees also grew by £1m and £2m respectively.

The University is focused on continuing to improve the student experience with investment in new facilities and services.

Expenditure increase 5%

The majority of the University's spending of £540m was focused on teaching and research which together made up 58% of total expenditure and 74% of the £309m staff costs.

Almost half of expenditure was accounted for by spending in the University's Schools while a further 6% was spent on academic services including IT and libraries.

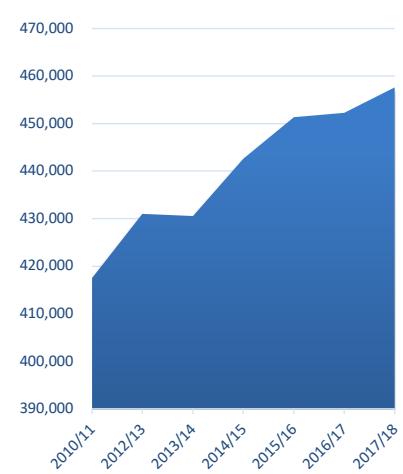
Academic departmental spend increased by £16m in the year, which included funding voluntary severance payments.

The depreciation charge increased by £6m in the year which reflects the increase in capital investment.

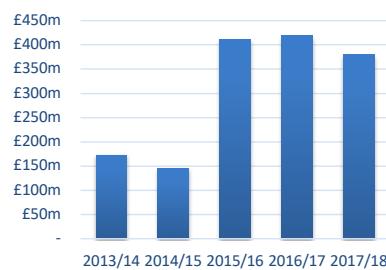
There have continued to be staff cost pressures in the sector in relation to pay awards and other employer contributions.

The University's approach is helping it to meet its ambitious targets for research, innovation, education, international impact and engagement.

Total Gross Internal Area (m²)



Cash & Investments £m



Principal risks

Higher education is facing significant challenges over the next few years. All UK universities are exposed to changes in their relationship with the EU and, as a Brexit deal is yet to be agreed, it remains unclear how things such as EU student numbers, research data flows and partnerships arrangements will be affected. The University is having to plan for a variety of outcomes until the final arrangements for Britain's exit from the EU are announced as there is still much uncertainty in this area.

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

Capital investment £72m

During the year £72m was spent on investment in infrastructure and equipment increasing the area of the estate from 452,000 to 458,000 square metres. This was funded from the cash surplus generated in the year, £4m of capital grants plus the use of existing reserves within the University including the bond. Of this total, £48m was invested in building projects.

The Department for Work and Pensions site adjacent to the Heath Campus was purchased during the year to facilitate future development of the University's Medical and Dental schools.

The Temple of Peace building in Cathays Park was also acquired from Public Health Wales, increasing the presence of the University in the Civic Centre.

Work has commenced on the Innovation Campus on Maindy Road and the landmark Centre for Student Life building, adjacent to the Students' Union building, on Park Place.

The School of Journalism, Media and Culture has relocated to a new home alongside national broadcaster BBC Wales in Cardiff city centre.

In addition £5m was invested in the refurbishment of student residences.

The University's capital investment will help it to attract the brightest students and the most talented staff from around the world, and increase research income.

Cashflow surplus 5%

The University requires a cashflow surplus to be made each year to fund its ambitious investment programme. The net cash inflow from operating activities for 2017/18 of £28m represented 5% of income.

The funds raised from the issue of the public bond in 2016 are gradually being used, as intended, to fund capital investment.

The University remains in a strong position with cash and short term investments of £380m at 31 July 2018 which will be used to invest further in the enhancement of the University's facilities and to weather any future financial storms.

Compound Semiconductor Centre Limited

A further £360,000 was invested in this joint venture with IQE Plc during the year bringing the total invested to £22.2m (see note 12).

The investment is integral to the establishment of the Institute for Compound Semiconductors which will be based in the Translational Research Facility on the Innovation Campus.

The Institute will provide facilities to help researchers and industry work together, positioning Cardiff as the UK and European leader in compound semiconductors.

In 2017/18 The University's Executive Board reviewed its key risks. The principal risks to the University and how they have been mitigated, encompassing the aforementioned Brexit risk, are shown in the table below:

Risk area	Risk description	Risk management
Funding	Any further changes in the funding of universities from public sources, including the impact of changes in student fees, the funding of research, EU funding and the implementation of the Diamond, Reid and Augar reviews.	The University plans prudently with regard to income assumptions and has embarked on a strategic review of academic activity and professional services that will enable it to respond to any future funding changes.
Recruitment	The University fails to recruit and retain a strategically desirable number, quality and diversity of students, including high-quality EU and international students.	The University plans conservatively for student demand, focuses on key recruitment areas, develops overseas networks as well as networks with local schools, is investing in a First Choice transformation programme and in the Centre for Student Life which will improve the student experience.
Pensions	Further changes to the pension schemes which increase cash outflows from the University or make the University a less attractive employer impacting financial sustainability and industrial relations.	The USS pension scheme valuation at 31 March 2017 was reviewed by a Joint Expert Panel following a period of industrial action in early 2018. The Joint Expert Panel reported its findings in September 2018 and a 60-day consultation on the USS Cost Sharing proposal began in September. The University has communicated with staff and unions throughout this process and conducted financial scenario planning to evaluate potential outcomes of the consultation process.
Industrial Relations	Changes to the pension scheme and other changes to staff pay, terms and conditions result in dissatisfied staff and industrial action.	The University has a communication plan for staff and students regarding industrial relations which operates alongside a business continuity plan for dealing with industrial action.
Reputation	The ability to maintain an internationally competitive position in respect of the quality and recognition of both teaching and research.	The University is investing in supporting staff to excel in research and teaching, through leadership and development training programmes. Progress in these areas is actively monitored by University management as well as Council.
People	The recruitment and retention of internationally recognised scholars in a highly competitive market during a period of organisational change, challenging industrial relations and uncertainty over the freedom of movement of EU staff.	The University undertakes a regular, frequent review of recognition and reward mechanisms and leadership and development training programmes. These operate alongside the University's Staff Wellbeing Strategy and Framework which includes initiatives such as the Positive Health, Environment and Wellbeing fortnight and resilience workshops.

Outlook

Financial forecasts for the next few years show a tight budgetary landscape while still allowing for reasonable cash surpluses to be created each year to contribute to the University's capital ambitions.

A strategic review of the future size and shape of the University is currently being developed to make the University more agile under these tough constraints.

The University's over-arching strategy was updated during the year and the Way Forward 2018-2023 seeks to ensure

Cardiff University remains an institution that is respected the world over, where students have a superb study and life experience, staff are proud and happy to work, and where alumni participate actively in our community.

Major improvements to the University's campus are bearing fruit with new facilities opening to benefit teaching, research and innovation. This work will continue during the next few years as the Innovation Campus is further developed, the Centre for Student Life is built and

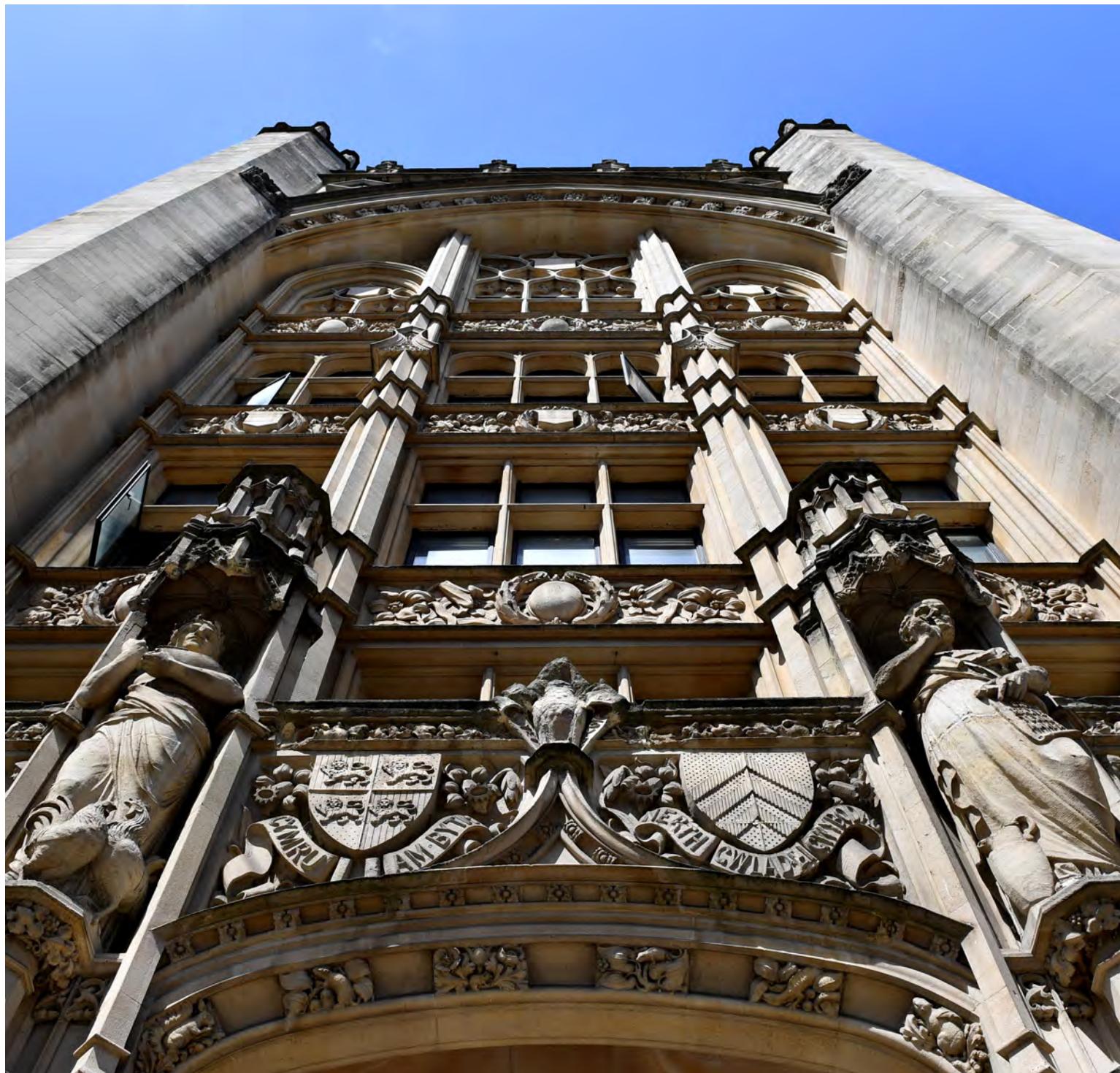
plans take shape for a new Mathematics and Computer Science building.

With a focus on sustainable investment to reinforce core activities, the University is in a strong position to weather a difficult external climate and further build on its status as an ambitious and innovative institution.

Professor Stuart Palmer

Chair of Council

26 November 2018



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 administration and management of the affairs of the University and for agreeing the general strategic direction of the institution.

The Council is committed to conduct 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.

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 2018, 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 that the University is fully compliant with the CUC Code of Higher Education Governance in respect of its governance framework.

A number of recommendations were made following the review to ensure a continued fit-for-purpose Council which meets the test of being business-like and responsive to key stakeholders, whilst preserving the long-term traditions and values of the institution. Work has continued throughout 2017/18 to implement these recommendations.

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. The 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 are responsible for overseeing the recruitment process and may seek out and recommend new lay members to Council for approval.

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

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

https://www.cardiff.ac.uk/__data/assets/pdf_file/0011/78644/Council-and-Audit-Members-Register-of-Interests-2017-18.pdf

Senate

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

Court

The Court is a large, mainly formal body. It offers a means whereby the wider interests served by the University can be associated with the institution, and provides a public forum where members of Court can raise any matters about the University.

The Court normally meets once a year to receive the annual report and audited financial statements of the University. The Court is chaired by the Chancellor. In March 2017 the University Chancellor stepped down and members of the Council and of the Court will seek to appoint a successor for the role of Chancellor following an interregnum. 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.

Accounting Officer

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

Under the terms of the formal financial memorandum between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the



accounting officer of the University and in that capacity can be summoned to appear before the Audit Committee of the Welsh Government.

Committees

Although the Council meets at least four times each academic year, much of its detailed work is initially handled by committees, in particular the Policy and Resources Committee, the Governance Committee, the Remuneration Committee and the Audit Committee.

All of the committees are formally constituted with terms of reference and a membership which includes lay members of Council. The committees are chaired by a lay member of Council. In the case of the Audit Committee, all the members are independent of the University's management, although senior executives attend meetings as necessary.

Policy and Resources Committee

The Policy and Resources Committee is appointed by the Council and has a membership comprised of independent members of Council, members of University management and elected officers from the Students' Union.

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

Throughout 2017/18 the Policy and Resources Committee met five times including one extraordinary meeting to consider the 2018-19 budget and three-year financial plan. 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 as well as key changes to the University's Socially Responsible Investment Policy which committed the University to fully divest from companies that produce fossil fuels by 2021.

Governance Committee

The Governance Committee is appointed by Council and has an inclusive membership with representatives from independent members of Council; members of University Executive; members of Senate; and an Elected Officer of the Students' Union.

The Governance Committee met four times in 2017/18 and considered in detail the University's compliance with the Welsh Language Standards, GDPR, PREVENT, CMA, Bribery Act, Human Tissue Act, The Modern Slavery Act 2015 and the Equality Act.

The Committee considered the University's governance arrangements and reviewed an implementation plan to facilitate the adoption of the recommendations made by the Good Governance Institute following the governance effectiveness review in 2017. The committee also discussed the development of the University's approach to risk management.

Remuneration Committee

The Remuneration Committee is appointed by the Council and has a wholly independent membership which includes four lay members of the Council (including the Chair and Vice-Chair).

The Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor. Throughout 2017/18, the Remuneration Committee met three times and alongside regular Committee business, considered and responded to the Committee of University Chairs consultation on its draft

Remuneration Code. The Committee welcomed the changes proposed and confirmed that it was already operating within the parameters of the new guidelines.

Audit Committee

The Audit Committee is appointed by Council and its members are independent of University management, and includes individuals from Council. The Audit Committee has the option of co-opting members from outside the governing body.

The Audit Committee met four times in 2017-18. 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 exercises considerable influence over 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 2018 and up to the date of approval of the Financial Statements, and accords with HEFCW guidance.

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

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

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

The University operates a hierarchical system for risk management. Risks within individual teams and projects are reported to the relevant school or department on a quarterly basis. The schools and departments then escalate any key risks to the Colleges and Professional Services Board for consideration and inclusion in their risk registers. Colleges and Professional Services Board then report their risk registers to the University Executive Board on a quarterly basis. This ensures that governance, management, reputational, quality and financial risks from across the University are considered for incorporation into the University's strategic risk register. Risks identified in the strategic register are also cascaded down the hierarchy to ensure that the mitigating actions required are put in place.

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



Public Benefit Statement

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

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

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

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

Education and Students

The University provides an educationally outstanding and consistently high quality student experience, driven by creativity and curiosity, which seeks to enhance learning and support student life. Students benefit from and contribute to an excellent research culture that equips them to succeed in a global employment arena and make a real difference in the world. The University has a strong track record in widening participation to ensure that students from a variety of backgrounds have access to the benefits of higher education. It takes students on an inspiring educational journey that enriches their lives, prepares them for leadership and the world of work, and enables them to participate fully in society.

Research and Innovation

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

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

International

The University is a global institution with almost 7,000 (>20% of the total student body) international students (non-UK EU included) from more than 100 countries and formal links with more than 200 institutions worldwide. It collaborates with business and education partners all over the world, including formal strategic partnerships with Xiamen University in China and KU Leuven in Belgium. The University's strong links with institutions worldwide mean that many of its students have the opportunity to study, work or volunteer abroad. It attracts the highest calibre of academics and researchers from around the world, enhancing the learning experience for students and bringing a global perspective to its research. Its researchers collaborate with partners worldwide to tackle global issues such as reliable water access in Africa and improving energy efficiency in European industry.

Civic Mission

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

Responsibilities of the Council of Cardiff University

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

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

Under that law and other regulations, the Council has prepared the University and Group Financial Statements in accordance with United Kingdom 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;
- 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 designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries and of the surplus or deficit, statement of movements on reserves and cash flows for that year.

The Council has taken reasonable steps to:

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

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

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

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

On behalf of the Council

Professor Colin Riordan
Accounting Officer
26 November 2018

Independent Auditors' Report to the Council of Cardiff University

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2018 and of the Group's and the University's loss and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the 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 University balance sheets as at 31 July 2018; the consolidated and University statements of comprehensive income, the consolidated statement of cash flows, and the consolidated and University statements of changes in reserves for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview



- Overall Group materiality: £5.1m (2017: £5.1m), based on 1% of income.
- Overall University materiality: £5.1m (2017: £5.0m), based on 1% of income.
- The entities where we performed audit work accounted for 99% of the consolidated income and expenditure and net assets.
- Risk of fraud in income and expenditure recognition (Group and University).
- Pension liabilities (Group and University).

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. In particular, we looked at where the Council made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the sector in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including

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

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Risk of fraud in income and in expenditure recognition

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

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

Research grant and contract income (note 4) of £105.9 million (2017: £101.2m) is included in the financial statements and was considered to be more susceptible to manipulation because performance related recognition conditions are specific to individual grants. Consequently there is a risk that management could manipulate income by overstating accruals or understating deferrals of income.

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

Group and University.

How our audit addressed the key audit matter

Income

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

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

Expenditure

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

No such items were identified.

Pension liabilities

Refer to note 21 (Pension schemes)

The Group and the University participate in two defined benefit pension plans with aggregate net liabilities of £48.5 million (2017: £51.9m). There is also a further provision of £49.4 million (2017: £51.4m) for future deficit repayments in relation to a further multi-employer defined benefits scheme, the Universities Superannuation Scheme (USS). This scheme is treated as a defined contribution scheme because it is not possible to separately identify the assets and liabilities of each member organisation of the scheme. However a liability is required to be recognised in respect of the future deficit repayments that the Group and University have agreed to make. The liability is determined by discounting the future cash flows under the deficit repayment plan at an appropriate discount rate. Each of these liabilities is significant in the context of the Group's and the University's balance sheets.

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

Group and University.

Defined benefit schemes

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

The assumptions used were consistent with our benchmarks.

USS liability

We obtained the model used by the Group and University to determine the USS liability. We used our internal actuarial specialists to establish that the discount rate used to quantify the liability fell within an acceptable range.

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

How we tailored the audit scope

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

As in all of our audits we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the Council that represented a risk of material misstatement due to fraud.

Materiality

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

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

Overall materiality

Consolidated: £5.1m (2017: £5.1m),
University: £5.1m (2017: £5.0m).

How we determined it

1% of income.

Rationale for benchmark applied

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.26m (Group audit) (2017: £0.25m) and £0.26m (University audit) (2017: £0.25m) 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 when:

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Annual Report

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

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Responsibilities of the Council of Cardiff University set out on page 28, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We are eligible to act, and have been appointed, as auditors under section 144(2) of the Charities Act 2011.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Opinions on other matters prescribed in the 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, funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation and any other terms and conditions attached to them.

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

In our opinion, in all material respects:

- the requirements of HEFCW's accounts direction have been met;
- income has been applied in accordance with the University's statutes; and
- 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.

Sufficiency of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Internal control

Under the HEFCW Audit Code of Practice issued under the Further and Higher Education Act 1992 and Higher Education (Wales) Act 2015 we are required to report to you if, in our opinion, the statement of internal control, included as part of the Corporate Governance Statement, is inconsistent with our knowledge of the University and Group. We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

9 January 2019

Consolidated and University Statements of Comprehensive Income

Year ended 31 July 2018

	Note	Consolidated		University	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income					
Funding body grants	2	49,751	58,351	49,751	58,351
Tuition fees and support grants	3	265,215	254,048	265,215	254,048
Research grants and contracts	4	105,907	101,232	105,907	101,232
Other income	5	87,421	82,094	85,806	80,820
Investment income	6	7,829	7,445	7,829	7,445
Donations and endowments	7	1,566	1,953	1,566	1,953
Total Income		517,689	505,123	516,074	503,849
Expenditure					
Staff costs	8	308,398	290,348	308,398	290,348
Staff costs – increase in USS pension scheme provision	10,19	715	4,144	715	4,144
Other operating expenses	10	181,101	174,982	179,551	173,716
Depreciation	11	37,975	32,060	37,975	32,060
Interest and other finance costs	9	12,299	12,305	12,290	12,297
Total Expenditure	10	540,488	513,839	538,929	512,565
Deficit before other gains and losses		(22,799)	(8,716)	(22,855)	(8,716)
Gain on investments	15	6,853	11,765	6,853	11,765
Share of operating deficit in joint ventures	12	(1,513)	(2,904)	-	-
(Deficit)/ surplus for the year		(17,459)	145	(16,002)	3,049
Actuarial gain in respect of pension schemes	21	3,980	10,780	3,980	10,780
Total comprehensive (loss)/ income for the year		(13,479)	10,925	(12,022)	13,829
Represented by:					
Endowment comprehensive income for the year		1,354	2,869	1,354	2,869
Restricted comprehensive income for the year		202	(237)	202	(237)
Unrestricted comprehensive income for the year		(15,035)	8,293	(13,578)	11,197
		(13,479)	10,925	(12,022)	13,829

All items of income and expenditure relate to continuing activities.

Statements of Changes in Reserves

Year ended 31 July 2018

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2016	30,269	722	324,595	351,882	707,468
Surplus/(deficit) from the income and expenditure statement	2,869	(237)	(2,487)	-	145
Other comprehensive income	-	-	10,780	-	10,780
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2017	33,138	485	339,184	345,586	718,393
Surplus/(deficit) from the income and expenditure statement	1,354	202	(19,015)	-	(17,459)
Other comprehensive income	-	-	3,980	-	3,980
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2018	34,492	687	330,445	339,290	704,914

University	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2016	30,269	722	326,212	351,882	709,085
Surplus/(deficit) from the income and expenditure statement	2,869	(237)	417	-	3,049
Other comprehensive income	-	-	10,780	-	10,780
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2017	33,138	485	343,705	345,586	722,914
Surplus/(deficit) from the income and expenditure statement	1,354	202	(17,558)	-	(16,002)
Other comprehensive income	-	-	3,980	-	3,980
Transfers between revaluation and income and expenditure reserve	-	-	6,296	(6,296)	-
Balance at 31 July 2018	34,492	687	336,423	339,290	710,892

Balance Sheets

As at 31 July 2018

	Note	Consolidated		University	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Non-current assets					
Tangible fixed assets	11	763,935	730,392	763,935	730,392
Investments	12	32,317	35,040	37,668	38,879
		796,252	765,432	801,603	769,271
Current assets					
Stocks	13	233	235	233	235
Debtors	14	63,448	58,374	63,726	58,664
Investments	15	320,877	328,875	320,877	328,875
Cash and cash equivalents		58,701	90,212	58,303	89,750
		443,259	477,696	443,139	477,524
Creditors: amounts falling due within one year	16	(130,198)	(112,899)	(129,451)	(112,045)
Net current assets		313,061	364,797	313,688	365,479
Total assets less current liabilities		1,109,313	1,130,229	1,115,291	1,134,750
Creditors: amounts falling due after more than one year	17	(306,466)	(308,551)	(306,466)	(308,551)
Pension provisions	19	(97,933)	(103,285)	(97,933)	(103,285)
Total net assets		704,914	718,393	710,892	722,914
Restricted Reserves					
Income and expenditure reserve – endowment reserve	20	34,492	33,138	34,492	33,138
Income and expenditure reserve – restricted reserve		687	485	687	485
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		330,445	339,184	336,423	343,705
Revaluation reserve		339,290	345,586	339,290	345,586
Total Reserves		704,914	718,393	710,892	722,914

The financial statements on pages 33 to 59 were approved by Council on 26 November 2018 and were signed on its behalf on that date by:

Professor Stuart Palmer
Chair of Council

Professor Colin Riordan
Vice Chancellor

Robert Williams
Chief Financial Officer

Consolidated Statement of Cash Flows

Year ended 31 July 2018

	Note	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
(Deficit)/ surplus for the year		(17,459)	145
Adjustment for non-cash items			
Depreciation	11	37,975	32,060
Gain on investments	15	(6,853)	(11,765)
Decrease in stock	13	2	4
(Increase)/ decrease in debtors	14	(5,074)	7,300
Increase in creditors		17,280	5,210
(Decrease)/Increase in pension provision	10	(1,372)	3,598
Share of operating deficit in joint ventures	12	1,513	2,904
Adjustment for investing or financing activities			
Investment income	6	(7,829)	(7,445)
Interest payable	9	10,058	10,151
Endowment income	20	(30)	(582)
Net cash inflow generated from operating activities		28,211	41,580
Cash flows from investing activities			
New deposits		-	(23,280)
Investment income	6	7,829	7,445
Withdrawal of deposits		14,851	-
Payments made to acquire fixed assets	11	(71,518)	(56,956)
New non-current asset investments	12	(13,789)	(15,932)
Transfers from term deposits with more than 3 months maturity	12	15,000	30,092
Net cash outflow used in investing activities		(47,627)	(58,631)
Cash flows from financing activities			
Interest paid	9	(10,058)	(10,151)
Endowment cash received	20	30	582
Repayments of amounts borrowed		(2,067)	(1,684)
Net cash outflow used in financing activities		(12,095)	(11,253)
Decrease in cash and cash equivalents in the year		(31,511)	(28,304)
Cash and cash equivalents at beginning of the year		90,212	118,516
Cash and cash equivalents at end of the year		58,701	90,212

Notes to the Financial Statements

Year ended 31 July 2018

1. Statement of Principal Accounting Policies

Basis of preparation

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

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

Basis of consolidation

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

Recognition of income

Fee income is stated gross of any expenditure which is not a discount or overseas agent payment and credited to the Consolidated Statement of Comprehensive Income and Expenditure. 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 and Expenditure 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 and expenditure on a receivable basis.

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

Grant funding

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

Donations and endowments

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

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

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

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

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

Capital grants

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

Provision for doubtful debts

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

Pension schemes

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

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

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

Defined contribution plan:

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

Defined benefit plan:

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

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

Employment benefits

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

Foreign currencies

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

Operating leases

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

Fixed assets

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

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

Land and buildings

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

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

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

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

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

Equipment

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

Fully depreciated equipment is written off 10 years after acquisition.

Capitalised equipment is stated at cost and depreciated over its expected useful life of four to fifteen years. 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, as the shares are unlisted and the fair value cannot be determined reliably. Joint ventures are carried at cost less impairment in the University's financial statements.

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

Stocks

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

Cash and cash equivalents

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

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

Maintenance of premises

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

Taxation status

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

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

Provisions

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

Financial instruments

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

(i) Financial Assets

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

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

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

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

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

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

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

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

(ii) Financial Liabilities

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

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

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

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

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

Reserves

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

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

Significant estimates and judgements

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

(i) Carrying value of Compound Semiconductor Centre Limited

The investment made in July 2015 with further payments made during 2015/16, 2016/17 and 2017/18 relating to the joint venture in Compound Semiconductor Centre is considered to be recoverable based upon a business model that shows sufficient returns to support the recovery of the investments.

(ii) Recoverability of debtors

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

(iii) Retirement benefit obligations

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

Pension costs under FRS 102 are assessed in accordance with the advice of independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries. The assumptions are based upon information supplied to the actuaries by the University, supplemented by discussions between the actuary and management. The assumptions are documented in note 21.

The Universities Superannuation Scheme (USS) is accounted for as a defined contribution scheme as insufficient

information is available to use defined benefit accounting. However, as the University is contractually obliged to pay contributions into the USS to fund past deficits, this obligation is provided for on the balance sheet.

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



Cardiff University is playing a leading role in the regional cluster of compound semiconductor expertise

2. Funding Body Grants

Consolidated and University

	2018 £000	2017 £000
Recurrent grant	43,860	52,846
Specific grants	2,046	1,834
Capital grants	3,845	3,671
	49,751	58,351

3. Tuition Fees and Support Grants

Consolidated and University

	2018 £000	2017 £000
UK and European Union Undergraduate	135,508	130,573
UK and European Union Postgraduate	12,929	12,580
Overseas (including part-time)	71,792	69,549
Part Time (UK and European Union)	5,335	5,395
	225,564	218,097
Education contracts	18,288	18,059
Research training support grants	8,898	7,401
Non-credit bearing fees	12,465	10,491
	265,215	254,048

4. Research Grants and Contracts

Consolidated and University

	2018 £000	2017 £000
Research Councils	32,780	27,137
UK-based charities	21,345	21,152
UK Government bodies	29,121	30,924
UK Industry	4,368	4,790
European Commission	11,782	11,380
Overseas	5,630	5,150
Other grants and contracts	881	699
	105,907	101,232

5. Other Income

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Other services rendered:				
UK Central Government	35,156	31,682	35,156	31,682
UK Health Authorities	8,119	9,061	8,119	9,061
UK Industry	1,225	1,325	1,225	1,325
European Union	2,074	1,508	2,074	1,508
Overseas	398	433	398	433
UK Universities	759	664	759	664
Other Sources	6,390	4,978	6,390	4,978
Total other services rendered	54,121	49,651	54,121	49,651
Residences, catering and conferences	27,509	27,233	27,509	27,233
Rents Receivable	361	231	361	231
Exempt VAT recoverable	975	722	975	722
Other income	4,455	4,257	2,840	2,983
	87,421	82,094	85,806	80,820

6. Investment Income

Consolidated and University	2018 £000	2017 £000
Income from investments	6,987	6,571
Income from endowment investments	842	874
	7,829	7,445

7. Donations and Endowments

Consolidated and University	Note	2018 £000	2017 £000
New endowments	20	30	582
Donations with restrictions		217	231
Unrestricted donations		1,319	1,140
		1,566	1,953

8. Staff Costs

Consolidated and University

	Note	2018 £000	2017 £000
Staff costs:			
Wages and salaries		243,219	227,890
Social security costs		24,710	22,817
Other pension costs	21	40,469	39,641
		308,398	290,348

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

		2018	2017
		£000	£000
Emoluments of the Vice Chancellor - Salary		252	247
- Bonus		46	9
- Pension		45	45
- Benefits in kind		1	1
		344	302

Included in the emoluments above is a 5 year deferred bonus of £37k which was paid in 2017/18 as a result of meeting performance targets, along with an annual bonus of £9k.

		2018	2017
		£000	£000
Remuneration paid to Trustees in total for expenses		10	7

No Trustee receives payment for serving as a trustee.

		2018	2017
		Number FTE	Number FTE
Average staff numbers by major category:			
Clinical and non-clinical academic and academic related		4,195	4,113
Technical services		226	229
Administrative support		985	979
Operational services		273	277
		5,679	5,598

		2018	2017
		£000	£000
Key management personnel		2,017	1,955

Key management personnel are the 12 University Executive Board members (2017 - 12) having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

8. Staff Costs (continued)

Consolidated and University

Remuneration of higher paid staff (excluding the Vice Chancellor) excludes employer's pension contributions and payments made on behalf of the National Health Service in respect of its contractual obligations to University staff under separate National Health Service contracts of employment (for example distinction awards) which are also excluded from the University's income and expenditure account.

	2018 Number	2017 Number
Salary band:		
£100,000 - £109,999	46	48
£110,000 - £119,999	27	24
£120,000 - £129,999	18	20
£130,000 - £139,999	6	5
£140,000 - £149,999	8	6
£150,000 - £159,999	4	4
£160,000 - £169,999	3	5
£170,000 - £179,999	4	2
£180,000 - £189,999	2	1
£220,000 - £229,999	-	1
£260,000 - £269,999	1	-
	119	116

	2018 £'000	2017 £'000
Compensation for loss of office payable to 1 higher paid employee (2017 - 2 employees)	116	24

The compensation payments were approved by the University's Remuneration Committee.

9. Interest and Other Finance Costs

	Consolidated		University	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bond interest	9,155	9,153	9,146	9,153
Bank loan interest	903	998	903	990
Net charge on pension schemes	1,270	1,280	1,270	1,280
Unwind of discount on USS pension provision (Note 19)	971	874	971	874
	12,299	12,305	12,290	12,297

10. Analysis of Expenditure by Activity

Consolidated

	Staff costs £000	Other operating expenses £000	Interest Payable £000	Total 2018 £000	Total 2017 £000
Academic departments	185,929	56,930	-	242,859	227,038
Academic services	17,990	12,064	-	30,054	26,835
Research grants and contracts	45,967	30,734	-	76,701	76,487
Other services rendered	21,026	25,638	-	46,664	44,510
Residences, catering and conferences	5,501	6,793	903	13,197	13,251
Premises	8,177	24,571	-	32,748	30,534
Administration and central services	21,811	5,971	-	27,782	25,925
Other expenses	6,325	18,400	9,155	33,880	33,601
Pension fund adjustments	(4,328)	-	2,241	(2,087)	(546)
	308,398	181,101	12,299	501,798	477,635
Depreciation (note 11)				37,975	32,060
Staff costs - Increase in USS pension scheme provision (note 19)				715	4,144
Total per Income and Expenditure Account				540,488	513,839

University

	Staff costs £000	Other operating expenses £000	Interest Payable £000	Total 2018 £000	Total 2017 £000
Academic departments	185,929	56,930	-	242,859	227,038
Academic services	17,990	12,064	-	30,054	26,835
Research grants and contracts	45,967	30,734	-	76,701	76,487
Other services rendered	21,026	25,638	-	46,664	44,510
Residences, catering and conferences	5,501	6,793	903	13,197	13,251
Premises	8,177	24,571	-	32,748	30,534
Administration and central services	21,811	5,971	-	27,782	25,925
Other expenses	6,325	16,850	9,146	32,321	32,327
Pension fund adjustments	(4,328)	-	2,241	(2,087)	(546)
	308,398	179,551	12,290	500,239	476,361
Depreciation (note 11)				37,975	32,060
Staff costs - Increase in USS pension scheme provision (note 19)				715	4,144
Total per Income and Expenditure Account				538,929	512,565

The impact of accounting for pension liabilities under FRS102 is not allocated by activity.

	2018 £000	2017 £000
Other expenses include (inclusive of VAT):		
Auditors' remuneration – external audit University	63	61
– external audit subsidiaries	2	2
– audit-related services	10	19

11. Tangible Fixed Assets

Consolidated and University

		Land and Buildings	Equipment	Total
	Freehold £000	Long leasehold £000	Assets in the Course of Construction £000	
Cost or valuation				
At 1 August 2017	449,661	250,817	26,309	144,020
Additions at cost	21,159	3,993	22,742	23,624
Disposals	-	-	-	(12,698)
Projects completed	1,704	1,218	(2,922)	-
At 31 July 2018	472,524	256,028	46,129	154,946
Valuation (i)	379,584	229,472	-	-
Cost	92,940	26,556	46,129	154,946
At 31 July 2018	472,524	256,028	46,129	154,946
Accumulated depreciation				
At 1 August 2017	24,860	16,976	-	98,579
Charge for year	10,223	6,833	-	20,919
Eliminated on disposal	-	-	-	(12,698)
At 31 July 2018	35,083	23,809	-	106,800
Net book value				
At 31 July 2018	437,441	232,219	46,129	48,146
At 31 July 2017	424,801	233,841	26,309	45,441

- (i) A full valuation of the University's Estate was carried out on 31 July 2014 by Cooke and Arkwright Chartered Surveyors in accordance with the RICS Valuation – Professional Standards January 2014 (the Red Book) to establish deemed cost. Of the total valuation of £609m, £557m was at fair value by depreciated replacement cost and £52m was at fair value.
- (ii) Certain buildings have been funded from Treasury sources at a cost of £132m. Should these particular buildings be sold, the University would use the proceeds in accordance with the Financial Memorandum with HEFCW.
- (iii) Land and buildings includes non-depreciated land of £118m.
- (iv) The carrying amount of land and buildings under historical cost basis as at 31 July 2018 was £237m Freehold (31 July 2017: £221m) and £92m Long Leasehold (31 July 2017: £92m).

12. Non-Current Investments

	Consolidated			University		
	Other Investments	Investment in joint ventures	Total	Other Investments	Equity investment in joint ventures	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 August 2017	24,882	10,159	35,041	24,876	14,003	38,879
Additions	13,789	-	13,789	13,789	-	13,789
Share of operating deficit in joint ventures	-	(1,513)	(1,513)	-	-	-
Transfers to current investments	(15,000)	-	(15,000)	(15,000)	-	(15,000)
Balance at 31 July 2018	23,671	8,646	32,317	23,665	14,003	37,668

The University has investments in the following:

Compound Semiconductor Centre (CSC) Limited

During the year additional investment of £360k was made in this joint venture with IQE plc relating to preference shares. This brings the Group's total investment after its share of operating deficits to £10,160k (2017 £9,800k) of preference shares and £5,476k (2017 £7,197k) of equity shares (University: £10,160k (2017 £9,800k) preference shares and £12,000k (2017 £12,000k) equity shares). The preference shares are debt instruments and are included in 'other investments'.

University College Cardiff Consultants Limited (UC3)

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

Cardiff Partnership Fund Limited

The University owns a 100% interest in the Cardiff Partnership Fund Limited, the holding company of the unincorporated Cardiff Partnership Fund Limited Partnership. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board. The company has no trading activities and net assets of £76,761 at 31 July 2018 (£105,847 at 31 July 2017).

WWII Limited

The University is a member of WWII Limited, a company limited by guarantee and registered in England and Wales, whose vision is to improve wound prevention and treatment. The other members are Swansea University, Cwm Taf University Health Board and Cardiff and Vale University Health Board. This company is not consolidated on the basis that the University does not exercise control over the activities that rest with an independent board.

Cardiff Medicentre

The University holds an 89% interest in Cardiff Medicentre with Cardiff and Vale UHB holding the remaining 11%. This Group's total investment after its share of operating surpluses is £3,171k (2017 £2,961k). 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 £3,429k was invested in the year. This is a private equity investment fund which will contribute to a bond repayment fund for the repayment of the £300m bond capital in 2055.

Deposits

The £14m investment additions relate to 18 month fixed term deposits maturing in January 2020. As at 31 July 2018 these investments have been classed as non-current investments.

The £15m investment disposals relate to 370 day notice period deposit accounts. At 31 July 2017 this was due after one year and categorised as a non-current investment but at 31 July 2018 it was due within one year and categorised as a current investment.

13. Stocks

Consolidated and University

	2018 £000	2017 £000
Residences and Catering	85	114
Maintenance	75	68
Academic Departments	73	53
	233	235

14. Debtors

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Amounts falling due within one year:				
Debtors:				
Fees	1,081	1,487	1,081	1,487
Research	36,022	31,316	36,022	31,316
NHS Distinction Awards	180	233	180	233
Accommodation	45	41	45	41
Trade Debtors	8,205	12,283	7,926	12,283
Other	15,917	10,854	15,863	10,544
Amount due from subsidiary undertaking	-	-	611	600
Compound Semiconductor Centre Limited (i)	-	650	-	650
Less: provision for impairment	(1,417)	(1,351)	(1,417)	(1,351)
	60,033	55,513	60,311	55,803
Prepayments	1,415	861	1,415	861
	61,448	56,374	61,726	56,664
Amounts falling due after more than one year:				
Compound Semiconductor Centre Limited (ii)	2,000	2,000	2,000	2,000
Total Debtors	63,448	58,374	63,726	58,664

- (i) The debtor due < 1 year from Compound Semiconductor Centre Limited (the CSC) at 31 July 2017 relates to an interest free short term loan of £0.65m which was drawn down on 26 June 2017 and was repaid on 16 August 2017.
- (ii) The debtor due after 1 year from the CSC relates to an interest bearing loan agreement for a £2.0 million facility which had been fully drawn down by the year end. The interest is accrued daily at the European State Aid Reference Rate and is payable on repayment of the loan. The repayment is subject to the CSC generating sufficient profits to do so.

14. Debtors (continued)

Consolidated and University

	2018 £'000	2017 £'000
As at 31 July, the provision for impairment of debtors was aged as follows:		
Over 6 months past due	1,417	1,351
	<u>1,417</u>	<u>1,351</u>
Movement on the provision for impairment of debtors is as follows:		
At 1 August	1,351	1,217
Debtors written off during the year	(713)	(457)
Provision adjustments	779	591
At 31 July	1,417	1,351

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

	2018 £'000	2017 £'000
Less than 3 months past due	2,470	2,188
Over 3 months past due	2,068	5,557
	4,538	7,745

15. Investments

Consolidated and University

	2018 £'000	2017 £'000
Short term investment in shares	95,963	123,822
Short term bonds	53,822	62,536
Other short term investments	46,092	22,517
Short term deposits	125,000	120,000
	320,877	328,875

The increase in fair value of current investments in the year was £6,853k (2017 £11,765k).

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 2018 the weighted average interest rate of these fixed rate deposits was 0.9% (2017: 1.00%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 200 days. The fair value of these deposits was not materially different from the book value.

16. Creditors: amounts falling due within one year

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors	15,006	8,513	14,982	8,467
Sundry creditors	7,265	7,151	6,549	6,354
Employee leave accrual	9,671	8,655	9,671	8,655
Social security and other taxation	7,020	6,642	7,015	6,622
Accruals and deferred income	17,627	21,288	17,625	21,260
Deferred capital grants	11,367	7,103	11,367	7,103
Other deferred income	3,708	310	3,708	310
Research grants and contracts in advance	33,325	31,082	33,325	31,082
Other services rendered	23,019	20,093	23,019	20,093
Lloyds Bank loan (Note 17(i))	1,232	1,104	1,232	1,104
Royal Bank of Scotland loan (Note 17(ii))	700	700	700	700
Invest-to-Save loan (Note 17(iv))	258	258	258	258
Amounts due to subsidiary undertaking	-	-	-	37
	130,198	112,899	129,451	112,045

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

Consolidated and University	2018 £000	2017 £000
Lloyds Bank Loan (i)	8,098	9,330
Royal Bank of Scotland Loan (ii)	4,375	5,075
Public Bond (iii)	293,480	293,370
Invest-to-Save Loan (iv)	513	776
	306,466	308,551

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

Within one year	£1,232k	(2017:£1,104k)
Between two and five years	£6,539k	(2017:£5,694k)
Over five years	£1,559k	(2017:£3,636k)

Interest is payable on the loan at 8.868% and is charged to Interest Payable (Note 9)

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

- (ii) Royal Bank of Scotland originally advanced £14 million to the University to finance the cost of Talybont Court. The loan is secured on Talybont Court and is repayable by 1 October 2025 by equal instalments of £0.7 million as follows:

Within one year	£700k	(2017:£700k)
Between two and five years	£2,800k	(2017:£2,800k)
Over five years	£1,575k	(2017:£2,275k)

Interest is payable on the loan at 0.225% above Base Rate and is charged to Interest Payable (Note 9).

- (iii) The 39 year public bond of £300 million was issued in February 2016 and is repayable in full in February 2055. Interest is payable at a coupon rate of 3.1%.

- (iv) The interest free Welsh Government Invest-to-Save energy saving loan is repayable in instalments by 31 March 2020 as follows:

Within one year	£258k	(2017:£258k)
Between two and five years	£513k	(2017:£776k)

18. Financial Instruments

Consolidated

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

	Note	2018 £000	2017 £000
Financial assets at fair value through surplus or deficit			
Investments in equity instruments and listed bonds	15	195,877	208,875
		195,877	208,875
Financial assets that are debt instruments measured at amortised cost			
Trade receivables	14	7,869	12,363
Other receivables	14	54,164	44,840
Investments in short term deposits	15	125,000	120,000
		187,033	177,203
Financial liabilities measured at amortised cost			
Public bond	17	293,480	293,370
Loans	16/17	15,176	17,243
Trade creditors	16	15,006	8,513
Accruals	16	98,717	88,531
Other creditors	16	7,265	7,151
		429,644	414,808

19. Pension Provision

Consolidated and University

	Obligation to fund deficit on USS Pension £'000	Defined benefit obligations (Note 21) £'000	2018 Total Pension Provision £'000	2017 Total Pension Provision £'000
At 1 August	51,395	51,890	103,285	110,467
Utilised in year	(3,688)	-	(3,688)	(3,580)
Additions/ (reductions)	715	(3,350)	(2,635)	(4,476)
Unwind of discount	971	-	971	874
At 31 July	49,393	48,540	97,933	103,285

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. Further details on the latest scheme valuation are shown in note 21.

20. Endowment reserves

Consolidated and University

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2018 Total £'000	2017 Total £'000
Capital opening balance	2,131	18,282	20,413	1,161	21,574	19,694
Accumulated income	1,201	8,228	9,429	2,135	11,564	10,575
	3,332	26,510	29,842	3,296	33,138	30,269
New endowments	-	17	17	13	30	582
Income for year	87	682	769	73	842	874
Expenditure	(82)	(405)	(487)	(80)	(567)	(935)
	5	277	282	(7)	275	(61)
Increase in market value	93	885	978	71	1,049	2,348
Closing balance	3,430	27,689	31,119	3,373	34,492	33,138
Represented by:						
Capital	2,235	19,789	22,024	1,365	23,389	21,574
Accumulated income	1,195	7,900	9,095	2,008	11,103	11,564
	3,430	27,689	31,119	3,373	34,492	33,138

20. Endowment Reserves (continued)

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2018 Total £000	2017 Total £000
Analysis by type of purpose:						
Appeal Fund	-	68	68	-	68	66
Chairs	-	10,562	10,562	-	10,562	10,079
Lectures	-	808	808	-	808	775
Hardship Funds	9	1,547	1,556	437	1,993	1,919
Scholarships	-	7,265	7,265	296	7,561	7,279
Prizes	-	2,411	2,411	36	2,447	2,347
Research	-	1,181	1,181	1,961	3,142	2,791
General	3,421	3,847	7,268	643	7,911	7,882
	3,430	27,689	31,119	3,373	34,492	33,138
Analysis by asset:						
Current asset investments						
- shares					52	20,809
- bonds					-	3,508
- other					1,119	3,570
- investment units					27,112	-
Cash & cash equivalents					6,209	5,251
					34,492	33,138

21. Pension Schemes

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

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

The first three of these schemes are defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

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

The total pension cost for the University was:

	2018	2017
	£'000	£'000
USS	27,922	26,162
NHS	1,919	2,047
CUPF	10,264	11,055
LGPS	358	372
NEST	6	5
	40,469	39,641
USS minimum funding guarantee	715	4,144
	41,184	43,785

21. Pension Schemes (continued)

(i) The Universities Superannuation Scheme

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on final pensionable salary for Final Salary members (now closed to new entrants) and Career Revalued Benefits (CRB) for new entrants since 2011. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. A liability is also recorded within provisions for any contractual commitment to fund past deficits within the USS. Movements in this provision can also give rise to charges to the income and expenditure account as shown in note 19 above.

The appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2014 (valuation date). The valuation as at 31 March 2017 has been reviewed by the Joint Expert Panel who reported its findings in September 2018. USS are currently consulting members about increased contribution rates that could result in the employer contribution rate increasing from 18% to 24.9%.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations.

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

An "inflation risk premium" adjustment was also included by deducting 0.2% from the market-implied inflation on account of the historically high level of inflation implied by government bonds

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 5.2% per annum, salary growth would be 2.6% per annum (CPI) in year 1, CPI+1% in year 2 and RPI+1% thereafter and pensions would increase by CPI.

Standard mortality tables were used as follows:

Male members' mortality	98% SAPS S1NA "light" YOB
Female members' mortality	99% SAPS S1NA "light" YOB with a -1 year adjustment

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Male (females) currently aged 65	24.2 (26.3) years
Males (females) currently aged 45	26.2 (28.6) years

21. Pension Schemes (continued)

At the valuation date the value of the assets of the scheme was £41,604m and the value of the scheme's technical provisions was £46,900m indicating a deficit of £5,300m. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 54% funded on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 54% of the amount necessary to secure all the USS benefits with an insurance company.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high.

Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme provided Career Revalued Benefits (CRB) for new entrants since 2011 and final salary benefits for members who joined prior to that date. The employer's contribution rate was 16% of Salaries, CRB members contributed 6.5% and Final Salary members 7.5% of pensionable pay.

From 1 April 2016 the Final Salary section was closed and all members' future service is on a Career Revalued Benefits basis on pensionable salary up to £55k p.a. plus other benefits on a Defined Contribution basis. Employee contributions were increased to 8% of salary and to 18% for the employer.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. In addition, a pension increase cap is provided to recognise that if official pensions increases by more than 5% then USS will match the first 5% of the increase but then only half of any higher increase up to a maximum of 10% in total.

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in Assumption	Impact on scheme	Change in total contribution rate % salaries over 17 year recovery period
Investment return (discount rate)	Decrease by 0.25%	Increase by £0.8 billion	Increase by 0.5%
Discount rate in 20 years' time	Decrease by 0.25%	Increase by £1.1 billion	Increase by 2.1%
RPI inflation rate	Increase by 0.25%	Increase by £0.8 billion	Increase by 1.9%
Members live longer than assumed	1 year longer	Increase by £0.5 billion	Increase by 0.8%

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

21. Pension Schemes (continued)

The trustee believes that, over the long-term, equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows.

However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities.

This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the funds' liabilities.

Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers.

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

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers, enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. However, the trustee is mindful of the difficult economic climate that exists for defined benefits pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan become necessary following the next valuation to compile a formal financial management plan, which will bring together the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

(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 were performed by professionally qualified actuaries as at 31 July 2016 for the Cardiff University Pension Fund (CUPF) and 31 March 2016 for the Local Government Pension Scheme (LGPS).

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

An updated estimated valuation of each of the two defined benefit schemes was performed at 31 July 2018 by qualified actuaries. The FRS 102 disclosures set out below are based upon this updated valuation.

A recent high court ruling in respect of Lloyds Bank plc has clarified that the Lloyds Bank pension scheme was obligated to equalise the GMP pension benefits between employers of different sexes, giving rise to additional scheme liabilities. This ruling may have implications for the University regarding the CUPF and LGPS schemes. We consider that the Court judgement represents a plan amendment for pension benefits in respect of past service. These are accounted for when they happen and as such represent a non-adjusting post balance sheet event as the ruling occurred following the University's year end. The impact of the ruling on the University has yet to be determined but may increase the gross liabilities on the CUPF and LGPS schemes and lead to an incremental past service charge to the income statement in 2018/19.

21. Pension Schemes (continued)

Assumptions

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

	CUPF At 31 July 2018 %pa	LGPS At 31 July 2018 %pa	CUPF At 31 July 2017 %pa	LGPS At 31 July 2017 %pa
Price Inflation (RPI)	3.3	3.2	3.1	3.1
Price Inflation (CPI)	2.2	2.1	2.0	2.0
Rate of increase in salaries	2.7	3.1	2.5	3.0
Rate of increase of pensions in payment	2.2	2.1	2.0	2.0
Increases to deferred pensions before retirement	2.2	2.1	2.0	2.0
Discount rate	2.7	2.8	2.5	2.6

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

	CUPF At 31 July 2018	LGPS At 31 July 2018	CUPF At 31 July 2017	LGPS At 31 July 2017
Pensioner – male	21.2	23.1	21.3	23.0
Pensioner – female	23.8	25.8	23.9	25.7
Non-pensioner (currently aged 45) - male	22.3	24.2	22.4	24.0
Non-pensioner (currently aged 45) - female	24.7	27.2	24.7	27.1

Scheme assets	Fair value as at 31 July		Fair value as at 31 July	
	2018	2018	2017	2017
	CUPF	LGPS	CUPF	LGPS
£m	£m	£m	£m	£m
The assets in the scheme were:				
Equities	131.9	20.4	129.5	22.4
Bonds	65.0	6.5	63.9	4.0
Other	9.0	4.1	1.7	2.4
Total assets	205.9	31.0	195.1	28.8
Scheme liabilities	(249.7)	(35.8)	(239.8)	(36.0)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 19)	(43.8)	(4.8)	(44.7)	(7.2)
Current service cost	9.8	0.4	10.5	0.4
Administrative expenses	0.5	-	0.6	-
Total operating charge:	10.3	0.4	11.1	0.4
Analysis of the amount charged to interest payable/credited to other finance income:				
Interest cost	1.1	0.2	1.0	0.3
Total profit and loss charge before deduction for tax	11.4	0.6	12.1	0.7
Analysis of other comprehensive income:				
Loss on liabilities	(2.5)	(1.5)	(6.1)	(4.6)
Total charge to other comprehensive income before deduction for tax	8.9	(0.9)	6.0	(3.9)

21. Pension Schemes (continued)

	At 31 July		At 31 July	
	2018 CUPF £m	2018 LGPS £m	2017 CUPF £m	2017 LGPS £m
Analysis of movement in deficit:				
Deficit at beginning of year	44.7	7.2	47.7	12.8
Contributions or benefits paid by the University	(9.8)	(1.5)	(9.0)	(1.7)
Current service cost	10.3	0.4	11.1	0.4
Other finance charge	1.1	0.2	1.0	0.3
(Gain)/ loss recognised in other comprehensive income	(2.5)	(1.5)	(6.1)	(4.6)
Deficit at end of year	43.8	4.8	44.7	7.2
Analysis of movement in the present value of liabilities:				
Present value of liabilities at the start of the year	239.8	36.0	233.0	39.3
Current service cost (net of member contributions)	9.8	0.4	10.5	0.4
Actual member contributions (including notional contributions)	0.2	0.1	0.2	0.1
Interest cost	6.0	0.9	5.5	0.9
Actuarial (gain)/ loss	0.7	(0.3)	(2.4)	(3.2)
Actual benefit payments	(6.8)	(1.3)	(7.0)	(1.5)
Present value of liabilities at the end of the year	249.7	35.8	239.8	36.0
Analysis of movement in the fair value of scheme assets:				
Fair value of assets at the start of the year	195.1	28.8	185.3	26.5
Interest income on assets	4.9	0.7	4.5	0.6
Actuarial gain on assets	3.2	1.2	3.7	1.4
Actual contributions paid by University	9.8	1.5	9.0	1.7
Actual member contributions (including notional contributions)	0.2	0.1	0.2	0.1
Actual benefit payments	(6.8)	(1.3)	(7.0)	(1.5)
Expenses	(0.5)	-	(0.6)	-
Fair value of scheme assets at the end of the year	205.9	31.0	195.1	28.8

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	
	2018 CUPF £m	2018 LGPS £m	2017 CUPF £m	2017 LGPS £m
Actual return on scheme assets:				
Interest income on scheme assets	4.9	0.7	4.5	0.6
Asset gain	3.2	1.2	3.7	1.4
	8.1	1.9	8.2	2.0

22. Capital Commitments

Consolidated and University	2018 £000	2017 £000
Commitments contracted at 31 July	14,705	11,398

23. Related Party Transactions

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

Organisation	Council member or senior officer	Income £000	Expenditure £000	Debtor £000	Creditor £000
Airbus Group Endeavour Wales	Professor K Holford	276	-	51	-
BBSRC	Ms J Juillerat	-	4	-	-
British Council	Professor C Riordan	132	157	-	2
British Geological Survey	Mr D Simpson	18	-	-	-
Cardiff Council	Professor A Coffey	-	2,052	-	4
Cardiff University Students' Union	Mr M Leighfield Ms H Cooke	2	3,702	-	212
Cardiff Students' Union Services Limited	Mr M Leighfield Ms H Cooke	-	109	-	-
Cardiff University Pension Fund	Ms L Phillips	37	-	-	-
Cardiff & Vale University Health Board	Mr L Richards	8,458	7,286	1,670	505
Cardiff Volunteering	Ms H Cooke	-	5	-	-
Cwm Taf University Health Board	Ms J Sadgrove	286	486	120	27
Department for Business, Energy & Industrial Strategy	Professor C Riordan	22	-	-	-
EPSRC	Professor K Holford	25	-	-	-
Gower College, Swansea	Judge R Singh	1	2	-	-
Leadership Foundation for Higher Education	Professor C Riordan	-	59	-	-
Living Wage Commission	Ms J Sadgrove	-	1	-	-
Methodist Church (Charity Registration No. 1136358)	Rev Canon G Powell	-	4	-	-
National Museum of Wales	Dr C Bell	105	53	-	-
NCUB, Grow Value for Wales	Ms L Phillips	-	5	-	-
NERC	Ms J Juillerat	29	65	2	-
Russell Group	Professor C Riordan	-	75	-	-
St David's Catholic 6th Form College	Mr M Leighfield	25	-	-	-
STFC	Professor K Holford	2,558	-	5	-
Swansea University	Dr C Bell	3,381	3,141	1,120	613
The Conversation UK Ltd	Professor C Riordan	-	15	-	-
UCAS Board	Professor C Riordan	-	181	-	-
UCEA	Professor S Palmer Ms J Sadgrove	-	18	-	-
Universities UK	Professor S Palmer	-	174	-	-
University of Warwick	Professor S Palmer	261	63	18	1
UpRising	Professor K Holford	-	12	-	-
Wales Millennium Centre	Dr C Bell Mr R Aggarwal	4	17	4	-
Welsh Government	Professor C Riordan	15,417	656	5,928	32

No council member has received any remuneration/ waived payments from the University during the year.





