



Cardiff University  
**Annual Report and Financial  
Statements**

Year Ended 31 July 2022

**Statutory Information**

Charity Name:	Cardiff University
Charity Registration Number:	1136855
Registered Office:	Main Building Cathays Park Cardiff CF10 3AT

## **CONTENTS**

Chair of Council's Introduction	3
University Strategic Plan	4
Vice Chancellor's Review	6
Key Trends in Higher Education	14
Major Committees and University Executive Board	15
Remuneration Statement	23
Financial Review	24
Environmental reporting	29
Public Benefit Statement	32
Statement of Corporate Governance	34
Council Membership	37
Statement of Internal Controls and Principal Risks	39
Responsibilities of the Council of Cardiff University	42
Independent Auditors' Report	43
Consolidated and Institution Statements of Comprehensive Income	49
Consolidated and Institution Statements of Changes in Reserves	50
Consolidated and Institution Statements of Financial Position	51
Consolidated and Institution Statements of Cash-Flow	52
Notes to the Financial Statements	53

## Chair of Council's Introduction

---

The challenges Cardiff University has faced over the last 12 months have been varied and unpredictable. While the pandemic rumbled on, other external forces such as the cost of living and the impact of the war in Ukraine came to the fore.

During this time, it has been a real privilege to lead Council.

Thanks are due to the Vice-Chancellor and University Executive Board for continuing to navigate the path through the pandemic with the safety of our community at the forefront of their actions.

They also reacted quickly to the situation in Ukraine, pledging £1m over the next three years to support academics and students in the country who have been affected by the war.

The University increased the support available to students via its hardship funds in response to the cost-of-living crisis. I'm glad Council was able to approve this vital funding which means students most in need have access to over £1m in additional support.

Over the year, Council continued to provide steady support for the University's aims and vision. That support comes in the form of appropriate scrutiny and governance of the University's strategy and activities.

Council met seven times during the period, with three special meetings and four development sessions. These development sessions allowed Council to focus on issues such as the climate emergency, the health and wellbeing of staff, and the impact of Covid-19 on the University's strategy. As the immediacy of the threat posed by the Covid-19 pandemic recedes, Council has now approved the return to the full reporting of the University's strategy, with some enhancements to reflect the Recast Way Forward. This will give us a fuller understanding of the University's performance in our post-pandemic world.

Council continued to monitor the University's Capital Investment Plan. It has been very rewarding to see the Centre for Student Life and Abacws buildings fully operational and now integral parts of the

University's campus. They were joined by sbarc/spark, a state-of-the-art building at the heart of the University's Cardiff Innovation Campus which brings together social science researchers, entrepreneurs, student start-ups and academic spinouts, and the Translational Research Hub, a multi-million-pound facility where industry and scientists from the worlds of catalysis and compound semiconductors work together to solve commercial challenges. Together, these incredible buildings are investing in our people, places, and partnerships.

Over the last year, Council has approved a number of notable appointments. Perhaps of most significance is the journey to recruit a new Vice-Chancellor when Professor Colin Riordan retires at the end of the 2023 academic year. Council approved the initiation of a Joint Committee of Council and Senate as part of this and the recruitment process is now underway.

On a personal level, I can't leave the University's graduation celebrations unrecognised. The class of 2020 and 2021 - who had their in-person ceremonies postponed because of Covid-19 - joined the class of 2022 for a magnificent, showpiece event on campus and at the Principality stadium in July.

Covid-19 presented us with some unprecedented challenges in terms of this year's ceremonies, and we rose to meet them. The University went the extra mile to ensure our students and their families had a truly memorable day that matched their hard work and achievement.

This was Cardiff University at its best, and on behalf of the Council I'm keen to recognise and salute the contributions of everyone involved.



**Patrick Younge**  
Chair of Council

## The Way Forward 2018-2023: Recast COVID-19

The University reviewed its strategic plan in response to Covid-19 at the start of the pandemic, adapting its strategic priorities to the new reality faced by society. The University recast its Way Forward strategy as set out below.

Cardiff University exists to create and share knowledge and to educate for the benefit of all. Our vision is to be a world-leading, research excellent, educationally outstanding university, driven by creativity and curiosity, which fulfils its social, cultural, and economic obligations to Cardiff, Wales, the UK and the world. By fulfilling our vision our objective is to become one of the top 100 universities in the World and the top 20 in the UK. Our priority must be the health and wellbeing of our students and staff. To secure this, we must be financially sustainable. As we take forward the interdependent priorities of health and wellbeing and financial sustainability, we must ensure that the quality and integrity of our academic and educational activity remain paramount. The changed circumstances will have profound effects in terms of our performance and how we assess progress. League table position will not be the primary concern. Instead, we must ensure that we survive and thrive.

### Our Values

We will operate according to the Nolan Principles of Public Life and furthermore be guided by the following values: institutional autonomy; freedom of enquiry; collegiality, leadership, and management; equality, diversity, and inclusion; environmental sustainability; financial resilience; and civic mission.

### Education and students

We will re-prioritise activity to provide our students with the highest quality experience possible given the constraints of the Covid-19 crisis, whilst preserving our academic standards and integrity.

Learning environment: We will move forward on plans to enhance our online and blended offering to ensure we are agile enough to deliver programmes.

Student experience: The priorities for the University will remain enhancement of the student experience, retention, and outcomes successes of our students.

Student success: Work to support careers and skills will continue. The University will take forward the planning and implementation of its newly drafted Widening Participation Strategy. Work on this will

continue, supporting students from socio-economically deprived and educationally disrupted backgrounds to engage, achieve and succeed at Cardiff University.

Teaching excellence: Work on supporting academics and those who support learning and teaching will continue, with progress being made on the Academic CPD Framework and achievement of Advance HE accreditation, although timeframes for implementation may be changed.

Academic standards: The priority here will be the maintenance of academic standards due to the significant variation which has been introduced as a result of Covid-19.

### Civic mission

In the same way as Cardiff University reacted to major societal challenges of the 20th Century, the current social and health crisis caused by coronavirus requires the University to reshape our civic mission to help government, health services and wider society to revive and renew the Welsh economic, social, and cultural landscape. Supporting job creation will be of paramount importance given the economic impact of the virus. Innovation in education is more prominent than ever and we will continue our contributions to this. Our partnership with the NHS will achieve very much greater salience. We will continue to work to enhance the Welsh-language culture of our campus in line with our new Welsh-Language Strategy.

### International

We maintain and continue to build international relationships to position ourselves for the future. We will explore the extent to which we can learn from current changes in learning and teaching practices regarding international travel and reduce the level of international travel relating to conferences and fieldtrips. We will continue to focus on maintaining and building strong relationships with international partner universities by remote methods. The international summer school programme will be adapted to the changing circumstances, with modified means of delivery as necessary. We will continue to support our staff to develop international collaborations that ensure success in a changing international research funding landscape.

## Research

We will mitigate the immediate impact of Covid-19 on research by encouraging staff to work on research outputs deliverable remotely. Enhanced support for staff and postgraduate research students will be considered, depending upon the financial resilience of the University. We will minimise potential financial impacts of Covid-19 on our research by working closely with funders, external partners and governments to ensure deliverable research outcomes, as well as consider matched-funding commitments to research. We will reconsider our research strategy in light of the long-term challenges to the financial sustainability of research and the likely scale and direction of future research funding post-Covid-19.

## Innovation

We have completed our research related building projects and the Cardiff Innovation Campus to position ourselves effectively for post-Covid-19 revival and renewal opportunities. This includes reworking of business cases for our major Innovation projects to ensure that these are aligned

to new funding opportunities and positioned strategically. We will work closely with local authorities, the Cardiff Capital Region, third sector and Welsh Government to develop major strategic initiatives able to deliver major economic benefit to the region. This will include developing new private and public sector collaborations for a post-Covid-19 world, in alignment with UK research and development priorities.

## Assessing our progress

Now, as we learn to live with the threat faced by Covid-19, we will continue to be guided by our recast strategy and monitor the critical success factors within it, but in the year ahead we will also turn our attention to reporting against an enhanced, broader set of KPIs. Our attention must remain strategically focused on the following: the health and wellbeing of our staff and students; financial sustainability, especially fee revenue, cost base and the cash position; student satisfaction and experience; research grants and contracts; civic mission and our contribution to rescue, revive and renew.

While COVID-19 continued to affect our day-to-day activities in the first half of the academic year, by the second semester the position was much improved despite the continuing waves of omicron. Some blended learning continued, but the move to use our teaching spaces to full capacity was welcomed by our students. We are not complacent, however, and precautions such as much improved ventilation remain in place and will do so until the risk has reduced further.

After nearly two years of playing a pivotal role in keeping our campus safe, our Covid-19 Screening Service ceased operating. We were one of the first and, ultimately, relatively few universities in the UK to offer free asymptomatic testing for staff and students. This is what allowed us to understand how coronavirus was developing at Cardiff and to issue early warnings that helped close down outbreaks as soon as possible. I would like to express the gratitude of the whole University to everybody involved in the service. It was a huge success and an achievement of which we can be collectively proud.

Our position as one of the UK's leading research-intensive universities was confirmed in May with the release of the Research Excellence Framework (REF) 2021 results. 90% of our research was judged to be world-leading or internationally excellent. I'll talk more about these results later on, but they mean that we can turn our minds to the future direction of research at Cardiff with optimism and confidence, knowing that we will continue to work together to create research that really matters. Our focus on student experience also paid dividends. An improved NSS result saw us increase our score in Overall Satisfaction by over three percentage points, which may not sound much but saw us moving ahead of other universities in the sector, than other universities in Wales and, than a number of universities in the Russell Group.

The academic year ended with an ambitious graduation celebration. The classes of 2020 and 2021, who had seen their graduation ceremonies postponed because of Covid-19 restrictions, joined the class of 2022 for a wonderful series of events to mark their achievements. It was genuinely the most spectacular example of very large-scale teamwork that I have ever encountered, and I am immensely proud of everybody involved. Realising this huge event and seeing it through to fruition captured the dedication and commitment that we have to our students and graduates.

What follows next are some of the highlights from across the University over the last year, detailing progress against our strategy, and outlining some of the principal risks the University faces in the near future.

### Education

Once again, in the face of coronavirus, our students have shown extraordinary resilience. This generation of students has had a very difficult time of it through the pandemic and will continue to need our support for some time to come. Our strategic focus was rightly on student experience throughout the year, and to that end, it's been heartening to see the Centre for Student Life so well used by our students. As well as offering very practical support, and being a home for students between classes, the Centre is a wonderful symbol of how much importance we attach to the welfare, wellbeing, and academic progress of our students.

#### **New student mental health service launches**

The HEFCW-funded South-East Wales Mental Health Partnership began its work, allowing our students, along with those from other universities in the city, to be referred to an NHS mental health team based in our Centre for Student Life. The service ensures that students who require non-emergency clinical assessment and treatment will be able to receive it in a timely and appropriate manner, and communication between all those involved in supporting student cases will be made easier. This is a great step forward for our students and a significant achievement both for our Student Life team and for all our partners.

#### **Groundworks begin on University sports complex**

Work began on brand-new, state-of-the-art facilities at our Llanrumney Sports Fields that will transform the site into some of the best sports provision in the UK. The project - a partnership between the University, Cardiff Council and Cardiff City House of Sport - offers a much-needed boost for our students' sporting experience. It means more students will be able to benefit from activities that we know can help enhance and maintain mental health, boost academic achievement, and increase employability prospects.

#### **Students Save Lives**

A group of our student doctors launched what they believe to be the first scheme of its kind in the world to teach life-saving skills to students. Students Save Lives equips students with the basics of CPR. It was introduced across the University; with the hope it could eventually be expanded to institutions across Wales.

#### **North Wales medical degree programme doubles intake**

More medical students will study for their degree in north Wales after an expansion in the region's training programme. The C21 North Wales programme, which is delivered in partnership between Cardiff and Bangor Universities, allows students to study in north Wales with a greater focus on community medicine and a wide range of placements including a full year at a GP surgery. The Welsh Government, which funds the initiative, expanded the intake from 20 students to 40 students in the 2022 intake.

#### **Students part of BBC reporting team for COP26**

Two students from our School of Journalism, Media and Culture produced original stories on climate change and sustainability as part of the BBC's COP26 coverage. Nel Richards and Chloe Blissett were selected from more than 500 applicants to be part of the team working to cover the 26th UN Climate Change Conference of the Parties.

### Research

As I have already mentioned, the last academic year saw the results of the REF exercise released. In very good news for Cardiff, the University was ranked 14th in the UK on research power and 19th on quality. We rank 11th for the reach and significance of our impact, and 16th for environment and culture. Ten of our 23 submissions rank in the top quartile for overall performance. Thirteen of our 23 submissions are ranked in the top quartile for research impact. Our KPI for REF was to achieve 12th position on research power (the combination of quality and volume). This was always a stretch target, and we can be very happy with our 14th position on that measure, up from 18th last time.

#### **Landmark study reveals new genes associated with increased risk of Alzheimer's**

A major new international study involving researchers from the University identified 75 genes associated with an increased risk of developing Alzheimer's disease, including 42 new genes which had not previously been implicated in the condition. The study also provided compelling evidence to support a role for inflammation and the immune system in the disease.

#### **Scientists use vaccination to successfully treat Covid-19 for the first time**

Doctors successfully used vaccination to treat a patient with Covid-19 in what is thought to be the first instance of the vaccine being used for therapy instead of prevention or pre-infection mitigation. The patient, who has a rare genetic immunodeficiency, tested positive for Covid-19 for seven-and-a-half months after catching the virus. It was finally cleared from his system after clinicians from the Immunodeficiency Centre for Wales used two doses of the Pfizer vaccine to treat him while scientists from Cardiff University monitored his immune system's response.

#### **Scientists provide explanation for exceptional Tsonga Tsunami**

An international team, including scientists from the University, identified the exact mechanism responsible for the exceptional tsunami that spread quickly across the world after the colossal eruption of the Tonga volcano. They say acoustic-gravity waves triggered by the powerful volcanic blast, travelled into the atmosphere and across the ocean. As these waves converged with each other, energy was continuously pumped into the tsunami which caused it to grow bigger and travel much further, much quicker and for much longer.



### International

We have created and maintained strong relationships with our international partner universities through remote methods, and, as the world opened up again, in person. We also continued to support our staff to develop international collaborations in light of the changing international research funding landscape.

In a deeply troubling turn of events, international relations, the economy and, ultimately, the lives and livelihoods of citizens in Europe and beyond have been affected by Russia's invasion of Ukraine. In common with many universities across the world, we unequivocally condemned Russia's catastrophic aggression in Ukraine. We announced ten undergraduate and ten postgraduate scholarships for Ukrainian applicants for the academic year 2022-23 and are working with the Council for At Risk Academics to support Ukrainian academics seeking refuge in the country.

In parallel we are reviewing our current asylum seeker scholarship scheme to ensure that it is both robust and flexible enough to support those displaced by conflict across the globe.

### Partnership with Beijing Normal University leads to first graduates with dual degree

A trailblazing programme established with Beijing Normal University saw the first cohort of students graduate this year with a dual degree. While most universities in the UK host great numbers of Chinese students, it is far rarer for students from the UK to study in China. This innovative programme allows students to study Mandarin and other China-related subjects for two years at the Joint College in Cardiff, before spending two years perfecting their skills and knowledge in Beijing. These levels of skills and expertise are vital to the future of this country and will see our graduates much in demand.

### Strategic partnership with the University of Waikato

International opportunities are being developed between Cardiff and the University of Waikato in New Zealand as part of a new strategic partnership. The agreement, which was signed at simultaneous events being held at both universities, builds on a successful Student Exchange agreement between the two institutions.

### Cardiff backs Taith international learning exchange programme

The University is hosting the Programme Executive delivering Welsh Government's new international learning exchange programme, Taith, which has the power to help students carve out new career pathways. Taith (Welsh for 'journey') aims to help 15,000 students and staff from Wales travel overseas, and for 10,000 in turn to work or study in Wales. It replaces the Erasmus+ programme the UK Government left after Brexit.

### Supporting universities in Ukraine

Cardiff University is twinning with National University Zaporizhzhia Polytechnic to provide vital support to Ukrainian staff and students, enabling them to continue their learning and research and to lay the foundation for a rich, long-term collaboration between the two institutions.

### Innovation

The opening of our new innovation building, sbarc / spark completes our Cardiff Innovation Campus, and fulfils our strategic vision that innovation is something that crosses the campus, arising from the interplay between ideas, people, and facilities.

This beautiful building is a fitting home for all the public interest work in social sciences that we engage in. With the completion of this Campus, we have positioned ourselves effectively in line with post-Covid-19 revival and renewal opportunities in Wales and the UK.

#### **Creating a centre of excellence for clinical research**

The Cardiff Joint Research Office, a collaboration between the University and Cardiff and Vale University Health Board, officially opened. The new office supports a joint approach to the development and delivery of healthcare research and aims to make the Welsh capital one of the best places in the UK for clinical research.

#### **£9.5m for Cardiff-led cyber innovation hub**

A proposal to establish a Cyber Innovation Hub has attracted commitments of funding from Welsh Government and the Cardiff Capital Region City Deal. The co-investment in a Cardiff University-led Cyber Innovation Hub is expected to drive the transformation and growth of a cybersecurity cluster in South Wales. The cluster is aligned with our innovation strategy, leveraging long standing commercial and public sector partnerships to develop market-led challenges, deliver IP, champion new cyber products and high-growth companies, and develop a talent pool that feeds directly into the cluster.

#### **Clwstwr celebrates success of creatives in south Wales**

Clwstwr, a multi-million-pound programme to drive innovation in the screen industries, celebrated the work of more than 100 projects which have benefited. A research and development programme, it has supported freelancers, small businesses and larger organisations in South Wales to explore new ways of working and trial new products and services.

#### **Accelerating Cardiff's bright ideas**

Cardiff University's best, brightest and most disruptive ideas are to benefit from £3m funding to accelerate knowledge exchange, translation, and commercialisation. The award from UK Research and Innovation's Impact Acceleration Account will support early-stage translation of UK research to create new jobs, transform public services, attract private investment, and forge new partnerships with business and charities.

#### **World Health Organization endorses Cardiff Model**

The World Health Organization is calling on global governments to adopt the UK's Cardiff Model for Violence Prevention. Pioneered by Professor Jonathan Shepherd, the model brings agencies together to prevent violence using data collected in emergency departments as well as police intelligence.

### **Civic Mission and Sustainability**

One of the key milestones in our civic mission strategy was achieved this year with the opening of the Grange Pavilion. The Pavilion is the centrepiece of the Community Gateway Project and was one of our original Way Forward Flagship Engagement Projects. It has transformed an old bowls pavilion into a thriving hub of activity for the community. It is a stand-out example of how it is possible, by working with the local community and making Civic Mission part of the University strategy, to engage schools, local agencies and above all members of our local communities in working together to make real change and improvements that benefit all.

### **Parent Power Cardiff launched to boost university access for local communities**

A group for parents has been launched to boost university access for local students. Parent Power Cardiff is a joint initiative between Cardiff University and UK education charity The Brilliant Club. Parents will be driving the aims of the network, drawing on our expertise and support to address the challenges or potential barriers to higher education.

### **New scholarships for disadvantaged black British students**

We are collaborating with the Cowrie Scholarship Foundation to provide scholarships for financially disadvantaged Black British students. The University will cover tuition fees with the Foundation providing funding to cover maintenance and living costs through business and individual donors, along with mentorship, role models, and resilience programmes for scholarship students to ensure they make the most of their study opportunities.

### **Bronze Age enclosure sheds light on earliest inhabitants of Cardiff**

An archaeological dig at a city park has uncovered what could be the earliest house found in Cardiff. The Caerau and Ely Rediscovering (CAER) Heritage Project, a partnership between the University, Action in Caerau and Ely, local schools, residents, and heritage partners, began excavations at Trelai Park. Their discovery sheds light on some of the earliest inhabitants of Cardiff.

### **Celebrating Children's University success**

Our Centre for Student Life played host to a graduation ceremony for school children from across the city. The pupils from four primary schools dressed in traditional caps and gowns to mark the completion of a new scheme designed to encourage and develop a love of learning.

### Supporting Cardiff

We are very grateful to our donors, fundraisers, and volunteers, who continue to show their support through generous donations and legacies, and by giving their time and expertise. In these challenging times, the support of our wonderful community of alumni and friends is invaluable in helping to further Cardiff University's mission to create and share knowledge, and to educate for the benefit of all.

The support we receive through gifts and pledges make world-class research possible and ensure the best and brightest students can access the education and opportunities they deserve.

Our volunteers, many of them alumni, play a vital role in supporting the next generation of Cardiff students. This year they've generously shared their experiences and knowledge through open days, offer holder events and by sharing their stories. They have also provided mentoring, career talks and internships to help students develop the skills and experience they need for life after university.

Our #TeamCardiff fundraisers, whose efforts support life-changing research in neuroscience, mental health and cancer at Cardiff University, welcomed the return of in-person events, including the rescheduled Cardiff Half Marathon which took place in March 2022. We were extremely grateful to the hundreds of alumni, staff and students who took part, as well as those who organised their own fundraising challenges and events.

A big thank you to everyone who supported us this year.

**Over £6m of new funds were secured\* from more than 531 donors and fundraisers, including 30 organisations.**

Their support is making world-class research possible and giving talented students opportunities to flourish. (\*Using CASE-Ross definitions)

**£500,000 was pledged by The Wolfson Foundation**

A longstanding supporter of Cardiff University, this gift will build a new cleanroom where Cardiff physicists can help develop and create the exquisite measurement devices which comprise global Gravitational Wave observatories – allowing the exploration of some of the most challenging problems in physics today.

**£507,000 has been generously donated through gifts in wills**

These gifts make a lasting difference to future generations of students, and enable pioneering research to save, change and enrich lives in Wales and beyond.

**8,842 volunteering hours were given by Cardiff's alumni community.**

Our global alumni community supported future and current students, as well their fellow alumni by sharing their experience and expertise. Alumni gave their time to support recruitment events and offer mentoring and career guidance, as well helping to build networks and open doors.

**£68,700 was raised by 262 #TeamCardiff fundraisers.**

#TeamCardiff stepped up with fundraisers taking on challenges like the Cardiff Half Marathon in March 2022, London Marathon, and the National 3 Peaks Challenge. Our fundraisers also organised their own fundraising events and challenges, to help accelerate life-changing discoveries to improve prevention, diagnosis, and treatment for people living with a wide range of conditions.

**81 members of Cylch Caerdydd supported students and research with a gift of £1,000 a year or more.**

Cylch Caerdydd donors play a crucial role in supporting the University's work.

Find out more:

[cardiff.ac.uk/donate/join-cylch-caerdydd](https://cardiff.ac.uk/donate/join-cylch-caerdydd)

### Cost of living and war in Ukraine

**I want to cover two of the risks facing the University over the next year, and indeed further ahead.**

As I write, the cost-of-living crisis is presenting uncertainties for all. Earlier in the year we made a further £400,000 available for our Financial Assistance Funds, bringing the total available to help those students most in need to over £1m. The current situation is unpredictable, and looking to the future, it is crucial that we continue to support our students to deal with these pressures. We are considering how best to offer support to staff and are also working on measures such as ensuring that people can work on campus rather than at home if they need to, and that affordable food will be available at our outlets.

I have already mentioned the brutal and illegal invasion of Ukraine but wanted to return to it here as a risk we face in the months and years ahead. We are committed to supporting academics and students in Ukraine, as well as our own staff and students. It is important to say that we must be careful not to withdraw our support from Russian academic colleagues who may have opposed Putinism for years, many of whom have run significant risks and made personal sacrifices by signing statements opposing the war and the actions of their government. This is a complex set of circumstances, and it is important to remember that a key role of universities is to build academic bridges where governments may destroy them.

### Planning for the future

As we have seen with the Omicron variant, COVID-19 still has the potential to disrupt, and it would be remiss of us to consider the pandemic as over. We will remain watchful rather than complacent and have been working on contingency plans for the winter should they be needed.

As we learn to live with COVID-19, now is a good time to remind ourselves of other critical matters that we must address in the years ahead. We retain a strong focus on climate change and our achieving net zero, but we must also re-affirm our commitment to removing single-use plastic from the campus to the greatest extent possible.

While we have turned a corner in relation to NSS and student experience, there is still some way to go. The challenge now is to make the improvements sustainable, embed good practice and ensure that our students increasingly confirm that they are happy with the experience they have at Cardiff University.

With the REF 2021 results now behind us, the next phase of our research strategy will need to focus on providing the right kind of supportive environment for our researchers, along with guidance on how to succeed, especially for those in the early phase of their career. Our strategy since 2014 has been one of support and inclusivity, and we have learned much along the way that we can successfully deploy as we look forward to the next REF, expected in 2028.

The year ahead will be my last as Vice-Chancellor, as I retire at the end of the 2023 academic year. Until that point, of course, I shall remain committed and focussed on my role and on the needs of the University.

I would like to end by thanking our staff, students and supporters for the energy and time they have dedicated to this university and our mission. I have always maintained that Cardiff's strength comes from its community. It is a community characterised by compassion, kindness and commitment, values that have triumphed again over the last year.



**Professor Colin Riordan**

Vice-Chancellor

24 November 2022

## Key trends in Higher Education

---

Following the Senedd elections in May 2021, Welsh Labour & Plaid Cymru entered into a co-operation agreement. In December they agreed a three-year joint policy agreement covering 46 policy areas, and with funding to support them. Both parties have been clear that this is not a coalition but an agreement to deliver a shared programme of work and provide stability to governance in Wales during this Senedd term.

One of the key policy areas in the agreement was the Tertiary Education & Research (Wales) Act, a long-standing piece of the Welsh Government's legislative programme. The Act contains nine key strategic duties and will bring together all parts of the post-16 education sector under one new regulator, the Commission for Tertiary Education & Research.

Cardiff University fed into the consultation highlighting sectoral concerns and pushing on research areas.

The Welsh Government has also been developing their International Learning Exchange Programme, now called Taith. The £65m investment serves as a partial replacement for Erasmus+ and has been developed by Cardiff University over the academic year. Welsh universities can utilise the programme in conjunction with the UK Government's Turing scheme and is positive for the sector in Wales, giving a clear indication that internationalisation remains vital to Welsh Higher Education.

Cardiff University continues to contribute to plans for a North Wales Medical School at Bangor University, which will be Wales's third such school. We continue to support the establishment of the North Wales Medical School, while making the case that any expansion in Wales's medical education and research should mean additional investment rather than re-allocation of existing resource.

In July, the Welsh Government launched their draft Innovation Strategy for Wales, to which Cardiff University has submitted a detailed response. Cardiff University continues to encourage greater ambition for Welsh innovation to complement and build on our own vision for research and innovation which was set out in our refreshed sub-strategy in December 2021.

While much of higher education is devolved, the reality of the UK's constitution means Cardiff University is affected by Westminster policy shifts. The great levers affecting the research funding system are reserved in London, where the trend is towards a heavy emphasis on science and technology.

Amidst political uncertainty at Westminster, the status of the 'Levelling Up' agenda has become uncertain, and it is highly likely that prioritisation and financial support for addressing regional inequality might slip. Meanwhile, the worsening cost of living crisis presents a key challenge, with HE institutions needing to put the case for their own funding to increase to reflect growing costs of provision.

There continues to be a substantially different rate of fees between England and Wales that puts Welsh universities at a competitive disadvantage to English counterparts, not only for research but for our ability to attract and retain staff.

Making this disparity clear to both UK and Welsh Governments remains a priority.

### Report from the Governing Body's key committees

Council has established four major committees whose members it appoints to oversee various aspects of the University's business: the Audit and Risk Committee, the Finance and Resources Committee, the Governance Committee, and the Remuneration Committee. All of these committees are formally constituted, each with terms of reference and a membership which includes lay members of Council and a Council lay member as Chair. Major committees may establish sub-committees, such as the Nominations Sub-Committee which is a key sub-committee created to consider and agree recommendations to Council in relation to key appointments.

#### Audit and Risk Committee

Member	Type	Attendance
Michael Hampson (Chair)	Lay	5/5
Pers Aswani (appointed from 01 Aug 22)	Lay	0/0
Paul Benjamin (resigned 16 Apr 22)	Lay	2/4
Donall Curtin	Lay	5/5
Suzanne Rankin (appointed from 01 Aug 22)	Lay	0/0
Dr Janet Wademan (term ended 31 Jul 22)	Lay	5/5
Robert Weaver (appointed from 01 Aug 22)	Lay	0/0
Agnes Xavier-Phillips	Lay	4/5

The Chair of Council and members of staff or students at the institution, are not members of the Committee. Members are not individuals with executive management responsibilities within the institution or members of the Finance and Resources Committee.

#### Key responsibilities

The Audit and Risk Committee has a key role in advising and assisting the Council in overseeing the assurance and control environment of the University. Its duties cover:

- Assessing and advising Council on the effectiveness of the institution's risk management, control and governance arrangements, and the internal controls and procedures to promote economy, efficiency and effectiveness.
- Oversight of external and internal audit arrangements, including advising the governing body on the appointment of the audit providers,

and oversight of the nature and scope of external and internal audits and the effectiveness of the audit processes; and

- Oversight of audit aspects of the University's financial statements, including the independent auditors' opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the management representation letter.

#### Summary of business

The Audit and Risk Committee met five times during 2021-22, including an extraordinary meeting to make a recommendation to the Council on the appointment of the External Auditor following a competitive tender exercise undertaken during the year.

The External Auditors were present for consideration of a Going Concern Report, the annual Financial Statements and management representation letter, as well as approval of the annual internal audit plan.

The Committee reviewed the University's risk register and 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 Committee considered reports on value for money, cyber security and in relation to HEFCW institutional reviews, and approved revisions to the Serious Incident Framework to ensure compliance with the Charities Act.

## Major Committees and University Executive Board

---

### Finance and Resources Committee

Member	Type	Attendance
John Shakeshaft	Lay	4/4
Professor Rudolf Allemann (appointed from 09 Feb 22)	Employee	1/2
Hannah Doe (term ended 30 Jun 22)	Student	4/4
Gina Dunn	Student	2/4
Angie Flores Acuña (appointed from 01 Jul 22)	Student	0/0
Chris Jones	Lay	4/4
Jan Juillerat	Lay	4/4
Robert Kingham (appointed from 01 Jan 22)	Lay	3/3
Professor Stuart Palmer (term ended 31 Dec 21)	Lay	1/1
Professor Colin Riordan	Employee	4/4
Professor Damian Walford Davies	Employee	4/4
David Simmons (term ended 31 Jul 22)	Lay	3/4
Jennifer Wood (appointed from 01 Aug 22)		0/0
Patrick Younge (appointed from 01 Jan 22)	Lay	3/3

### Key responsibilities

The broad remit of the Finance and Resources Committee is to monitor the University Executive Board's proposals for achievement of the strategic aims by scrutinising the alignment of resources to the Strategic plan and monitoring of performance against that. It has specific duties in respect of the following areas:

- Resource Allocation, including allocation provided to Students' Union.
- Financial management.
- Digital Infrastructure management.
- Human Resources management

### Summary of business

The Committee met four times during the 2021/22 academic year. The Committee oversaw the business of its two sub-committees that scrutinise the development and implementation of environmental sustainability strategy and activity of the University, and the management of the University's investment and banking activity. On review of its terms of reference and the governance of estates matters, the Committee agreed to disband the Estates and Infrastructure Sub-Committee with its activities absorbed into the Finance and Resources Committee. In light of this, the Committee reviewed the proposed criteria for requesting funding from investment reserves, directly associated with the public bond cash injection, and scrutinised proposals for several estates related projects.

Over the course of the year, the Committee reviewed performance across HR related activities, and the University's financial statements, budgets, and financial plans alongside the Strategic Plan. Other work reviewed included proposals for staff pensions, the Students' Union Accounts and Block Grant, the 10-year Residences Fire Safety Planned Maintenance Programme and progress with completion of the Cardiff Innovation Campus. The Committee received regular updates on the formation and launch of the International Learning Exchange Programme.



## Major Committees and University Executive Board

---

### Governance Committee

Member	Type	Attendance
Judith Fabian (Chair)	Lay	4/4
Hannah Doe (term ended 30 Jun 22))	Student	4/4
Gina Dunn (appointed from 01 Jul 22)	Student	0/0
Professor Dame Janet Finch (appointed from 22 Feb 22)	Lay	2/2
Jan Juillerat	Lay	4/4
Dr Joanna Newman (resigned 01 May 22)	Lay	2/3
Professor Stuart Palmer (term ended 31 Dec 21)	Lay	1/1
Professor Colin Riordan	Employee	2/4
David Selway (appointed from 01 Aug 22)	Lay	0/0
Judge Ray Singh	Lay	4/4
Dr Andy Skyrme	Employee	4/4
Professor Ceri Sullivan	Employee	2/4
Professor Damian Walford Davies	Employee	3/4
Professor Stuart Walker (resigned 22 Feb 22)	Lay	1/2
Patrick Younge (appointed from 01 Jan 22)	Lay	3/3

- Biological Standards

- Open Research Ethics and Integrity.

### Summary of business

The Governance Committee met 4 times in 2021-22. Over the year the Committee has reviewed the University's Governance Framework and approved associated updates to Statutes and Ordinances. It has also monitored completion of outstanding actions from a series of governance reviews, including the Governance Charter for Wales 2020 and Commitment to Action and the Governance Effectiveness Review 2021.

The Committee approved the first tranche of a new Scheme of Delegation, which was a key recommendation from the Governance Effectiveness Review 2021 and reviewed a number of annual assurance documents, including compliance with the Welsh Language Standards, Information Management, PREVENT, The Modern Slavery Act 2015 and the Strategic Equality Plan Annual Monitoring Report.

The Governance Committee reviewed the lay member skills matrix and equality and diversity data to consider the composition requirements of an effective and efficient governing body, and, with the support of the Nominations Sub-Committee, oversaw the appointment of the new Chair of Council and three new Lay Members of Council.

### Key responsibilities

The key role of the Governance Committee is to advise and make recommendations to the Council on:

- Matters relating to the governance of the University;
- The University's level of compliance with the mandatory requirements of legislation and other regulations, including the provisions of the Equality Act and the Welsh Language Act;
- Effectiveness reviews of Council as required;
- Constitutional and legal matters, including the Charter, Statutes and Ordinances;
- Lay Member nominations and appointments.

To discharge its responsibilities, the Governance Committee has established five sub-committees:

- Nominations
- Health, Safety and Wellbeing
- Equality, Diversity, and Inclusion

## Major Committees and University Executive Board

---

### Nominations Sub-Committee

Member	Type	Attendance
Jan Juillerat (Chair) (term ended on 19 Jan 22)	Lay	2/2
Professor Rachel Ashworth	Staff – Senate member of Council	4/5
Hannah Doe (appointed from 20 Jan 22, term ended 31 Jul 22)	Student	3/5
Gina Dunn (appointed from 01 Aug 22)		0/0
Tomos Evans (term ended on 19 Jan 22)	Student – Senate member of Council	2/2
Judith Fabian (Chair from 20 Jan 22)	Lay	5/5
Judge Ray Singh (term ended on 19 Jan 22)	Lay	2/2
John Shakeshaft (appointed from 20 Jan 22)	Lay	2/3
Patrick Younge (appointed from 20 Jan 22)	Lay	3/3

### Key responsibilities

The role of the Nominations Sub-Committee is to consider and agree recommendations to Council in relation to key appointments, including the appointment and re-appointment of the Chair and Lay Members to the Council and its committees.

The sub-committee ensures that lay member recruitment is achieved through a clear and transparent appointment process, having due regard for the overall skills and experience of the governing body, balance of sector and non-sector knowledge and commitments to diversity and inclusivity.

### Summary of business

The sub-committee met on five occasions during 2021-22 to consider the recruitment and selection of the new Chair of Council and the first Governor Apprentice. Following on from a Governance Effectiveness Review recommendation, the composition was reviewed, and a new body composed for the sub-subsequent recruitment of a number of new Lay Members of Council and Sub-Committees. The Committee approved the advertising materials and methods for the posts and worked with an executive search firm appointed in relation to the Chair of Council position and Lay Member positions on the Council and the Audit and Risk Committee, Perrett Laver.

The governor apprentice was recruited via Perrett Laver's Governor Apprenticeship Scheme which aims to encourage diversity on boards, and the post was advertised externally.

The recruitment exercise for the Chair of Council commenced during 2020-21 and concluded in September 2021 with a recommendation made to Council in October 2021. Recruitment for the Lay Member positions was undertaken during June and July 2022.

### Remuneration Committee

Member	Type	Attendance
Jan Juillerat (Chair)	Lay	2/2
Professor Dame Janet Finch	Lay	2/2
Michael Hampson (appointed from 01 Aug 22)	Lay	0/0
Professor Stuart Palmer (term ended on 31 Dec 22)	Lay	1/1
Dr Janet Wademan (term ended on 31 Jul 22)	Lay	2/2
Patrick Younge (appointed from 01 Jan 22)	Lay	1/1

The Remuneration Committee has a wholly independent membership of lay members of the Council (who include the Chair and Vice-Chair of Council). The Remuneration Committee shall not be chaired by the Chair of Council.

### Key responsibilities

The Remuneration Committee, with advice from the Professorial and Senior Salaries Committee, develops the overall reward strategy and policy to cover the remuneration, benefits, conditions of employment and severance of the senior officers and staff of the University, including Deans and Heads of School.

The Committee is responsible for determining the remuneration, benefits, and conditions of employment of the Vice-Chancellor and their direct reports, taking account of affordability, comparative information of the remuneration, benefits and conditions of employment in the Higher Education Sector and elsewhere as appropriate and relevant metrics and performance data.

### Summary of business

During 2021-22 the Committee reviewed the Senior Salary Review for the Vice-Chancellor and the Senior Staff Salary and Professorial Banding (including the Vice-Chancellor's direct reports), the annual update on the Gender and Ethnicity Pay Gap and on Equal Pay and Senior Pay Governance. The Committee also undertook its annual review of the Committee of University Chairs (CUC) HE Senior Staff Remuneration Code.

## Major Committees and University Executive Board

### Senate

Member	Type	Attendance
Professor Colin Riordan (Chair)	Employee	2/3
Professor Rudolf Allemann	Employee	3/3
Professor Stuart Allen	Employee	3/3
Professor Rachel Ashworth	Employee	0/3
Professor Roger Behrend	Employee	1/3
Tine Bloome	Employee	3/3
Professor Kate Brain	Employee	3/3
Dr Paul Brennan	Employee	2/3
Gill Bristow	Employee	1/3
Professor Marc Buehner	Employee	3/3
Dr Cindy Carter	Employee	1/2
Professor David Clarke	Employee	3/3
Kelsey Coward	Employee	0/3
Professor Trevor Dale	Employee	2/3
Dr Juliet Davis	Employee	1/3
Professor Lina Dencik	Employee	1/3
Rhys Denton	Employee	2/3
Hannah Doe	Student	3/3
Dr Luiza Dominguez	Employee	3/3
Gina Dunn	Student	3/3
Helen Evans	Employee	3/3
Professor Stewart Field	Employee	1/3
Professor Dylan Foster Evans	Employee	3/3
Graham Getheridge	Employee	3/3
Professor Kim Graham	Employee	2/2
Chris Grieve	Student	1/3
Dr John Groves	Employee	1/3
Professor Mark Gumbleton	Employee	1/3
Professor Ian Hall	Employee	0/3
Professor Thomas Hall	Employee	3/3
Professor Ken Hamilton	Employee	2/3
Dr Natasha Hammond-Browning	Employee	1/3
Professor Ben Hannigan	Employee	3/3
Dr Alexander Harmer	Employee	3/3
Professor Adam Hedgecoe	Employee	3/3
Professor James Hegarty	Employee	0/3
Professor Mary Heimann	Employee	0/3
Dr Monika Hennemann	Employee	2/3
Professor Joanne Hunt	Employee	2/3
Professor Nicola Innes	Employee	2/3
Professor Dai John	Employee	3/3
Professor Urfan Khaliq	Employee	1/3
Professor Alan Kwan	Employee	0/3
Professor Wolfgang Maier	Employee	2/3
Emmajane Milton	Employee	2/3
Claire Morgan	Employee	3/3

Member	Type	Attendance
Professor Damien Murphy	Employee	2/3
Professor Jim Murray	Employee	2/3
Larissa Nelson	Employee	2/3
Dr James Osborne	Employee	3/3
Joanne Pagett	Employee	1/3
Dr Jo Patterson	Employee	3/3
Dr Jamie Platts	Employee	1/3
Dr Juan Pereiro Viterbo	Employee	2/3
Abyd Quinn-Aziz	Employee	3/3
Dr Caroline Rae	Employee	2/3
Dr Emma Richards	Employee	1/3
Kate Richards	Employee	3/3
Professor Steve Riley	Employee	2/3
Sebastian Ripley	Student	3/3
Dr Josh Robinson	Employee	1/3
Sarah Saunders	Employee	1/3
Dr Andy Skyrme	Employee	1/3
Professor Peter Smowton	Employee	2/3
Dr Zbig Sobiesierski	Employee	3/3
Megan Somerville	Student	3/3
Helen Spittle	Employee	3/3
Tracey Stanley	Employee	3/3
Professor Ceri Sullivan	Employee	3/3
Professor Petroc Sumner	Employee	2/3
Professor Peter Sutch	Employee	1/3
Professor Patrick Sutton	Employee	2/3
Orla Tarn	Student	3/3
Dr Catherine Teehan	Employee	3/3
Gail Thomas	Employee	2/3
Dr Jonathan Thompson	Employee	2/2
Dr Onur Tosun	Employee	2/3
Dr Laurence Totelin	Employee	2/3
Charlotte Towlson	Student	2/3
Professor Damian Walford Davies	Employee	3/3
Dr Catherine Walsh	Employee	1/3
Matt Walsh	Employee	3/3
Professor Ian Weeks	Employee	3/3
Prof Keith Whitfield	Employee	2/3
Professor David Whitaker	Employee	2/3
Professor Roger Whitaker	Employee	1/1
Professor John Wild	Employee	1/3
Professor Martin Willis	Employee	2/3
Professor Jianzhong Wu	Employee	2/3

### Senate (Continued)

#### Key responsibilities

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 powers to make Academic Regulations. It draws its membership from the academic staff, professional services staff and students of the Institution. Senate keeps under review the educational policy of the University and provides Council with assurance that the academic affairs of the University are appropriately managed.

In turn, Senate has established standing panels and Sub-Committees to support it in discharging its responsibilities, such as the Academic Standards and Quality Committee and the Education and Student Experience Sub-Committee.

#### Summary of business

The Senate met three times during the 2021/22 academic year. Key areas of strategic business included an update on the prioritising and delivery of the Education & Students Sub-Strategy, discussions on the approach to online provision and updates on strategic partnerships and entities. Senate also received detail on the recommendations of the 2021 Governance Effectiveness Review and the proposals for engagement with stakeholders following the conclusions of the Court Working Group. Senate also received a presentation on the results of the 2021 REF submission.

Senate considered the Annual Quality Report 2020/21 and the Student View and Institutional Response for 2021, as well as the 2022 Student View at its last meeting of the academic year. Senate received reports from its sub-committees on the business they had undertaken along with a number of annual reports (such as the Annual Statement on Research Integrity and the Students' Union Charter and Relationship Agreement).

## Major Committees and University Executive Board

---

### University Executive Board

Member	Type
Professor Colin Riordan (Chair)	Employee
Professor Rudolf Allemann	Employee
Professor Kim Graham (term ended 31 May 22)	Employee
Rashi Jain	Employee
Professor Urfan Khaliq (appointed 01 Sep 21)	Employee
Susan Midha	Employee
Claire Morgan	Employee
TJ Rawlinson	Employee
Claire Sanders	Employee
Robert Williams (term ended 31 Dec 21)	Employee
Professor Damian Walford Davies	Employee
Darren Xiberras (appointed 01 Jan 22)	Employee
Professor Ian Weeks	Employee
Professor Roger Whitaker (appointed 01 Jun 22)	Employee

All members of the University Executive Board attend weekly senior meetings. Given the frequency of these meetings, the attendance is not recorded in the table above.

### Key responsibilities

The University Executive Board is the University's senior executive team. The HEFCW Terms and Conditions of Funding defines the Senior Executive Team in accordance with Financial Reporting Standard 102 (FRS 102)'s definition for 'key management personnel'; that is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity".

The broad remit of UEB is to advise the Vice-Chancellor in the performance of their duties as the Chief Executive Officer including developing and implementing strategy, operational plans, policies, and procedures, setting budgets, and monitoring operating and financial performance.

### Summary of business

In addition to weekly meetings throughout 2021-22, the UEB held three extended away days to look at strategic themes in addition to decision-making. Student life and the student experience were a priority focus through the year. Other key areas of activity included the Better Ways of Working programme and return to campus; development and implementation of a University-wide Integrated Planning Process; the handover and opening of major new capital builds; enhancing provision for asylum seekers, refugees, and individuals from BAME communities; and progressing the short-term investment plan 2021-23.

## Senior Pay Remuneration

The Remuneration Statement provides the framework for decision making in respect of remuneration and in particular decision making on remuneration for senior staff.

All senior staff, excluding the Vice-Chancellor, are covered by the University's Senior Pay Policy, which is published annually. This reviews performance on a biennial basis, and allows performance-based awards, as well as reviewing equity. Data drawn from the Universities and Colleges Employer Association's (UCEA) Senior Staff Remuneration Survey and the Russell Group Reward Survey are used to provide evidence for any market adjustments. The policy is set by the Remuneration Committee, who have overall responsibility for the University's approach to senior remuneration. As part of this role, it takes decisions on the pay of the most senior individuals in the University, including the Vice-Chancellor.

The numbers of all staff paid above £100k are published in the Notes to the Financial Statements of this report, along with directly reimbursed expenses for senior staff who are members of the University Executive Board. All expense claims and payments made to senior members of the University are in accordance with the University's financial regulations. These apply to all staff and are reviewed and approved annually by the University Council.

## Vice-Chancellor Remuneration

The remuneration of the Vice-Chancellor is determined by the Remuneration Committee, through the Vice-Chancellor's Reward Scheme.

This scheme is designed as a long-term incentive plan to reward and retain the Vice-Chancellor with a view to delivery of the Way Forward Strategy 2018-23. The scheme builds on the principles of the Senior Salary Review process as outlined in the Senior Staff Pay Policy.

The Vice-Chancellor's Reward Scheme involves:

- an annual review of base pay in relation to the market;
- a long-term lump sum non-pensionable performance-related bonus payment linked to the achievement of the Way Forward 2018-2023.

When the Remuneration Committee reviews the Vice-Chancellor's remuneration package, it considers comparative information on salaries, other benefits, and conditions of service in the Higher Education sector and elsewhere.

## Remuneration for other staff groups

The majority of other staff are on the National Framework Agreement (NFA) pay spine and covered by the University's Grading Structure which consists of 8 grades. These grades are supported by the Higher Education Role Analysis (HERA) role evaluation methodology.

Staff on NFA pay scales gain pay increases annually based on increased skill, knowledge, and experience, until they reach the top of the grade's core range. They are also subject to any nationally agreed pay awards.

The Clinical Pay Scale covers clinical staff, and replicates the NHS pay ranges. Clinical staff gain increases annually based on increased skill, knowledge, and experience, until they reach the top of the grade range. Clinical consultants also gain commitment awards above the top of the consultant grade range.

The Outstanding Contribution Award Scheme (OCAS) recognises exceptional performance and contribution, resulting in both one-off awards, and any accelerated incremental progression.

## Living Wage Employer

The University is an accredited Living Wage employer and as a result all staff receive at least the Living Wage Foundation rate of pay.

## Pay Ratio

The ratios between the VC salary and the median pay of staff and the VC total remuneration and the median total remuneration of staff are disclosed in note 8 (staff costs).

## Exit policy

All settlement agreements, including voluntary severance, for professorial, professional service directors and senior staff are reported biannually to the Remuneration Committee, with details of both the severance payment and the saving to the university. Any redundancies related to academic and senior staff are subject to the University's redundancy processes.

## Financial Review

### The University retained an operating surplus of £28m in 2021/22 before the change in the USS pension scheme provision

The financial year ending 31st July 2022 continued to challenge us, as we emerged from the global pandemic into the 'new normal' way of operating. As we ended the year, new economic headwinds were starting to emerge in inflation, especially in energy costs and higher interest rates which look set to remain entrenched for the foreseeable future at the time of writing this report. Despite these challenges the University was able to retain an operating surplus of £28m before the change in the USS pension scheme provision and strengthen its financial reserves.

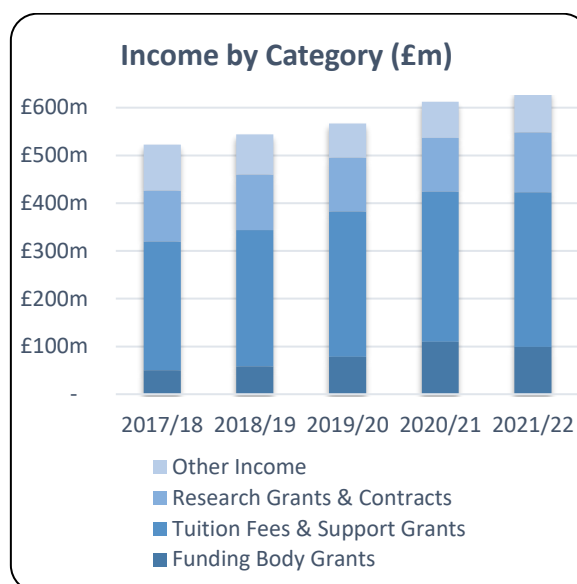
The underlying operating surplus of £28m reconciles to the total deficit of £28m as follows:

Summary of Group Results	2021/22	2020/21
	£m	£m
Total comprehensive (deficit)/ surplus for the year	(27.8)	58.9
USS pension provision charge	118.8	2.4
Actuarial gain on pensions	(72.1)	(3.0)
Surplus before other losses/(gains)	18.9	58.3
Other losses/(gains)	8.8	(27.4)
<b>Underlying operating surplus</b>	<b>27.7</b>	<b>30.9</b>

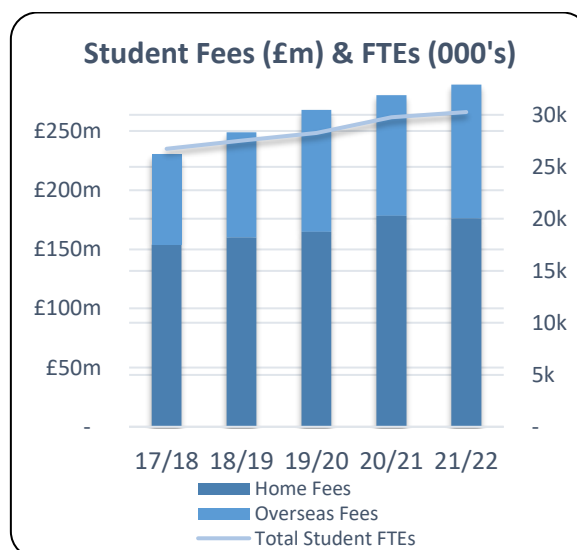
The financial statements for the year ended 31 July 2022 consolidate the results of the University, its subsidiary companies University College Cardiff Consultants Limited and International Learning Exchange Limited ("Taith") and, the joint ventures of Compound Semiconductor Centre Limited and Cardiff Medicentre.

### Income up 3.6% to £634m

2021/22 saw total income grow from £612.2m (restated – see note 29 in the financial statements) to £634.2m largely due strong growth in research income (up £13m or 11% to £125m), tuition fee income (up £9m or 2.9% to £289m) and residence, catering, and conference income (up £5m or 22% to £28m).



2021/22 saw a 2.9% increase in tuition fees and education contracts which while better than 2020/21 was not as high as we had anticipated. This was, however, offset by higher research and income relating to commercial services offered by the Institution.





## Financial Review

Our student body of 30,267 students is made up as follows:

Student Numbers	2021/22	2020/21
Undergraduates	22,485	21,655
Postgraduate Taught	5,985	5,867
Postgraduate Research	1,797	2,241
<b>Total</b>	<b>30,267</b>	<b>29,763</b>
Home	24,073	24,080
Overseas	6,194	5,683
<b>Total</b>	<b>30,267</b>	<b>29,763</b>

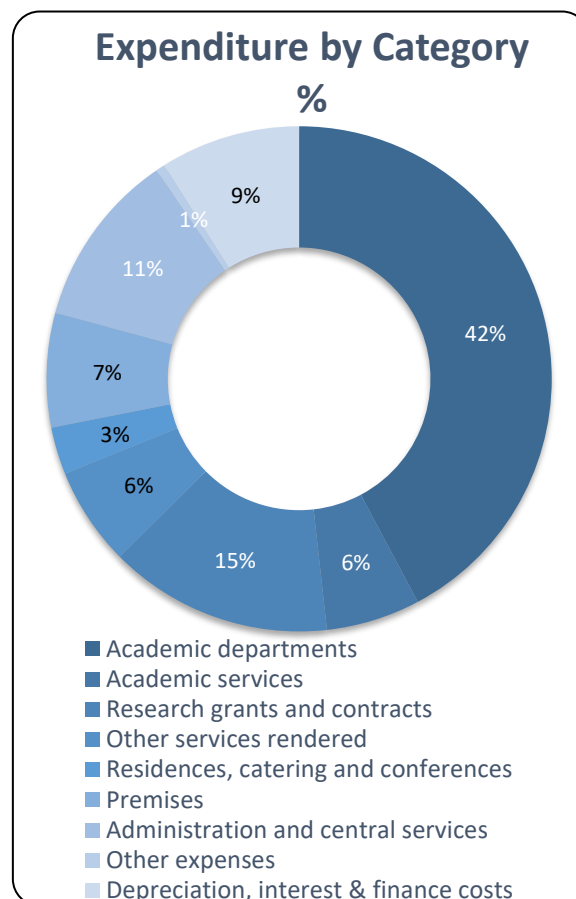
Whilst recurrent grant income from HEFCW increased by £13m to £75m overall funding reduced by £11m. This reduction reflected the withdrawal of Welsh Government COVID-19 funding for the sector to support students, staff, and facilities as we emerged from the worst of the pandemic.

Research activity returned to a growth during this financial year generating £125m of income although new awards secured in the year fell slightly.

Other income recovered from the impact of the pandemic with services rendered to UK Government and other sources growing strongly as well as residences catering and conferencing activity.

### Active management of expenditure continued throughout the year.

Total expenditure, excluding the USS pension provision, increased by 5.0% to £606.5m. The increase in expenditure is largely attributable to the institution returning to near pre-COVID-19 operating environment.



Staff costs grew by 3.0% in the year which was less than income grew despite the payment of a £750 one off payment to all staff up from the £250 paid in 2020/21. These payments reflected the exceptional commitment and dedication of staff during the pandemic. Average staff full time equivalent (fte) numbers increased by 4% to 6,032 mainly in academic areas as we strove to improve student experience and to deliver our research commitments. Staff costs as a proportion of income was 53.5% and remained broadly in line with the previous year (53.8%).

Operating expenses increased by £17.5m to £212.9m in the year as the Institution gradually returns to a normal operating environment, whilst investing further in supporting staff and students, and continuing to maintain a safe campus whilst COVID-19 variants still circulate the general UK population.

## Pension provisions increased

The Universities Superannuation Scheme (USS) of which Cardiff is an employer member provides pensions for academic and professional staff. The University's financial statements reflect the actuarial valuation as of 31 March 2020, when the scheme had a deficit of £16.1Bn (up from £3.6Bn in 2018).

This has resulted in an increase of £118m in the provision to £199m. This was anticipated in last year's financial report as the valuation was published after the accounting date but before the signing date of the accounts. Whilst the situation remains volatile the funding position of the USS has improved since March 2020 with interim valuation positions indicating that scheme's deficit decreased, reflecting the changes to benefits which were introduced in April 2022 and the current interest rate environment. The next valuation is due to be undertaken in March 2023 and we remain cautiously optimistic for a better valuation outcome at that point.

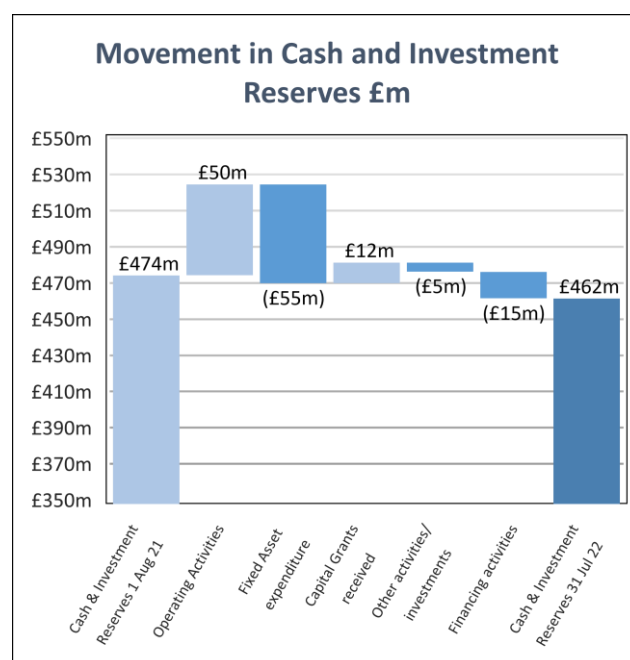
Following the completion of the Cardiff University Pension Scheme's 2019 valuation the University undertook a strategic review of the defined benefit scheme. This resulted in a consultation with members to close the scheme to new entrants and to amend the benefits structure. The changes to the Scheme were approved by Council and were implemented from 1st January 2022 along with a defined contribution scheme for new entrants.

## Operating cash surplus of £50m retained to support investment

The University retained an operating cash surplus in the year of £50m or 7.9% of income. After servicing debt, further fixed asset expenditure and depositing funds into investments, the cash and cash equivalent reserves of the University decreased by £52.2m to £96.4m (see Statement of Cashflows on Page 52)

At 31 July 2022 the University's available cash reserves and investments totalled £461m (2021 £474m), although this includes £64m ring-fenced as the Bond Repayment Fund (see Note 24).

The University is in a strong position financially to deal with any future financial challenges.



## Campus upgrade programme substantially complete

Following last year's record level of annual capital spend at £133.1m the campus upgrade programme was substantially completed in 2021/22. This year saw the opening of Abacws, our new School of Mathematics and School of Computer Science and Informatics, the Centre for Student Life, an upgraded Bute Building to accommodate the Welsh School of Architecture. sbarc|spark, our new innovation centre and the Translational Research Hub new home to the Cardiff Catalysis Institute and Institute for Compound Semiconductors.

## Investments

2020/21 proved a false dawn for the recovery of the world economy, with war in Ukraine and the ensuing economic turbulence and uncertainty driving down financial markets globally during 2021/22 from where they finished the prior year. As a result, our investment balances reduced by £11.6m by the year end. During the year the University incurred a net interest cost of £7.5m an increase of £0.2m on the prior year.

A full year's interest was due on the bond issued in February 2021 accounting for the increase in interest payable of £1.5m offset by increased investment income of £1.2m.

During the year the University has become a partner in SETSquared, the world's top-ranked university-business incubator. This will add significantly to our ambition to turn research into real-world economic and social enterprises.

### Borrowings

Borrowings at the year-end totalled £427.1m of which the public bond totalled £421.2m. This incurs interest of 3.0% p.a. and is repayable in 2055. Moody's have assessed the bond as A1 with a stable outlook.

The University has, to date, set aside £64m of reserves into a bond repayment fund that is invested on a total return basis with the objective of being able to fund the repayment of the £400m bond in 2055.

The University has a three year £20m Revolving Credit Facility with Lloyds Bank to cover working capital requirements. To date this facility has not been used and expires in July 2024.

### Strong Balance Sheet

At 31 July 2022 the University's consolidated net assets had reduced 4.1% to £649m (2021 £676m) of which £292m or 45.1% represented unrestricted reserves.

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

### Financial sustainability

In the short-term global economic headwinds and the geo-political situation will continue to mean that financial performance will continue to be difficult to forecast and deliver. Higher inflation rates will filter into our operating costs especially in energy and pay. There is a continued threat of industrial action which could impact upon our ability to deliver our objectives. Likely higher interest rates are unlikely to impact upon our borrowing costs but could continue to depress returns on our investment portfolios. We expect that if higher interest rates are sustained it may have a positive impact upon our pensions costs and liabilities. Despite these challenges the University remains in robust financial health with an excess of £450m of cash, cash equivalents and investments held by the University.

In the medium to longer term, we continue to expect to achieve student growth in the highly competitive international market. It is essential that we are able to continue to attract and retain talented students from both the UK and overseas to support our scholarly activities across a diverse range of academic disciplines. In order to do so, we will continue to invest in our strategy to deliver a world-leading, research excellent, educationally

outstanding university, driven by creativity and curiosity. The significant investment we have made to deliver a world-class campus will enable us to achieve this vision alongside continued investment in our employee's professional development.

Our key performance financial metric is to deliver an operating surplus before investment income and depreciation in excess of 12% of income. This enables us to generate sufficient cashflow to

maintain and enhance the University's facilities and retain reserves that are sufficient to weather any reasonably foreseeable economic challenges.

The University continuously scans the risk horizon and regularly updates its risk register. All risks are rated in terms of impact and likelihood, risk mitigation actions are logged and monitored. The risk register is discussed and monitored at University Executive Board, Finance & Resources and Audit & Risk Committee and at Council. The principal risks to the University and how they are being mitigated are shown in the tables on pages 40 to 41.

The University's capital commitments of £5.0m (2021 £44.1m) are significantly less at the reporting date than the prior year as a result of the estates upgrade being substantially complete by the year end. Our operating lease commitments at £39.6m (2021 £42.4m) are also less as the University seeks to divest itself of leased premises where possible.

### Significant risks still ahead

Despite successfully managing the challenges of the pandemic the University still faces significant uncertainties and risks. Future U.K. and Welsh Government policy could have a major impact on the funding of higher education. The global response to the pandemic and geopolitical tensions may affect the international student market while at home the sector faces major challenges on inflation, pay and pensions.

We remain focused on delivering an excellent student experience alongside our five priorities of the health and wellbeing of our staff and students, maintaining financial sustainability, improving student satisfaction and experience, supporting research grants and contracts, and continuing to contribute to our civic mission.

### A cautious financial outlook

Whilst we face some significant political and economic risks and continued uncertainty about the global pandemic, we remain cautious but optimistic about the future.

The successful completion of our major capital investment programme creates some exciting opportunities for our teaching and research activities.

We have been encouraged by the strong demand from students to study at Cardiff and we will continue to focus on providing students with a positive experience in a safe campus environment.

This will require continued investment in teaching support. We expect expenditure to increase as we return to more on-campus activities. The loss of one-off income support during the pandemic will put added pressure on our financial performance that will require continued strong financial management.

The University has a strong balance sheet and sufficient liquidity to deal positively with the uncertainties and opportunities that the future holds.



Darren Xiberras  
Chief Financial Officer



John Shakeshaft  
Chair of Finance  
& Resources  
Committee

24 November 2022

### Environmental Reporting

#### Environmental reporting

Cardiff University is committed to leadership in sustainability and improving our environmental performance. Our vision is towards building an inclusive, sustainable, and resilient future for our community and to bring about environmental benefits not only to Cardiff and Wales but to the wider world. It is crucial to develop environmental sustainability as an integral part of our values and to embed the United Nations Sustainable Development Goals into all aspects of our academic and operational activities.

We will promote sustainability through education, dissemination, and direct participation, enabling students and staff to make positive changes to our environmental impact, in particular our declaration of a Climate Emergency and our aim to become carbon net zero (Scopes 1 and 2) by 2030. We will empower our students, graduates, and staff to become sustainable citizens who make a positive contribution to society and are active within their communities. We will ensure sustainable development is a key consideration in all major decision making, promote sustainability issues and principles with all staff, students and stakeholders and enable the application of our innovative research to improve global sustainability.

Our underpinning goals are adapted from the United Nations Sustainable Development Goals, the Welsh Government's Environment Act and the Welsh Government's Well-being of Future Generations Act, Well-being Goals. These are as follows:

- A prosperous University - An innovative, productive, and low carbon community which recognises the limits of the global environment and therefore uses resources efficiently and proportionately including acting on climate change
- A resilient University - A University which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic, and ecological resilience, embedding the capacity to adapt to change
- A healthier University - A University which provides facilities for and encourages staff and students to make healthier food, lifestyle, and travel choices which in turn help to improve wellbeing and reduce pollution both locally and globally.

- A globally responsible University - A University which will take account of the impact of its' activities on global sustainable development and global well-being. We will purchase clean
- energy and adopt responsible consumption practices for all goods and services we procure and use. We will also actively enable our innovative research to improve global sustainability.

Our aims, by 2023, are:

- We will reduce scope 1 and 2 emissions by at least 15%
- Any refurbishment projects in a building over £250,000 will show a net reduction in carbon emission of 30% compared to the original installation
- Carbon modelling will be initiated to establish lifecycle costings for all new buildings and assets based on the realistic life expectancy of each asset
- All operational University buildings and laboratories will take part in our environmental sustainability behavioural change programme - following the Green impact and LEAF programs.

#### Carbon emissions

An Environmental Sustainability Sub Committee chaired by the Deputy Vice-Chancellor has been established and will be responsible for taking forward our carbon net zero work over the coming years. We have updated our commitment to achieve carbon net zero for scope 1 (direct emissions) and 2 (indirect emissions) by 2030 and before 2050 for scope 3 (indirect emissions).

We will undertake annual emissions analysis and reporting to assess the impact of the carbon mitigation measures we implement.

#### Transport and Travel

An umbrella Travel Plan has been developed to manage the impact that travel generated by staff and students has on the local environment as well as addressing other objectives around health and wellbeing and the cost and convenience of travel.

A travel hierarchy is at the core of the Travel Plan which places active travel modes as the priority. The Travel Plan is based on the results of both a staff and student travel survey as well as an updated site audit and review of local transport provision and infrastructure.

A series of measures are included which will be delivered University-wide as well as site specific measures to improve access by sustainable modes to some buildings or sites.

### Environmental Reporting

Reporting of transport related carbon emissions is being developed to support the monitoring and evaluation of the success of the Travel Plan which will be implemented over the next five years. Specific focus is given to areas that are likely to generate the greatest impact including a review of the University fleet and addressing the amount of business travel that is undertaken.

#### Waste and Recycling

Following transformation of University Waste and Recycling facilities (having been successfully awarded £1m WG Circular Economy funding), there has been a significant increase in recycling, and a notable decrease in the quantity sent for energy recovery.

Having successfully transitioned to full material segregation at the point of disposal, we are ahead of many in Wales, creating less contamination and better quality recycle.

We have retendered and re-awarded our General / Domestic Waste and Recycling contract which was awarded to Biffa Waste Services, and we look forward to forging a successful partnership.

#### THE Impact Rankings

The Times Higher Education (THE) Impact Rankings provide the only global performance table that assess universities against the United Nations' Sustainable Development Goals (SDGs). Calibrated indicators provide comprehensive and balanced comparisons across three broad areas: research, outreach and stewardship.

The University increased its submission of evidence for six SDGs out of 17 in 2021 to 10 in 2022. The 2022 results ranked the University in the 101-200 band globally. Our overall score improved from 77.9% to 88.5%.

Three SDGs were ranked in the top 50 globally: SDG15: Life on Land (26); SDG16: Peace, Justice, and Strong Institutions (38) and SDG3: Good Health and Wellbeing (41). Four SDGs were ranked in the top 20 in the UK: SDG3: Good health and wellbeing (4); SDG15: Life on land (8); SDG14: Life below water (10); SDG16: Peace, justice, and strong institutions (11).

#### Education for Sustainable Development Champions Network

We have established networks for Education Sustainable Development Champions across our Colleges. The aim is to understand how sustainability is currently being embedded

throughout our curricula. A survey of current practices has identified over 80 case studies across our Schools that address a breadth of global challenges, enabling our students to engage with the relationship between their academic disciplines and all 17 of the UN Sustainable Development Goals (SDGs). Following this survey, the Champions will work towards the ambition that all our students will have the opportunity to engage with the SDGs during their time with us.

#### Ecosystem Resilience and Biodiversity Action Plan

The University's Ecosystem Resilience and Biodiversity Action Plan (ERBAP) was established in 2020 and included the Key Performance Indicator of enhancing biodiversity across 30% of the University's estate by 2023. In line with this ambitious aim, we have identified key sites across the University for enhancing green infrastructure by planting new trees. These trees will be sourced and planted during the winter of 2022, in collaboration with Cardiff City Council's Coed Caerdydd program, with the University contributing to the Council's aim to increase canopy cover across the city to 25% by 2030. We will continue to characterise our existing tree stock to fully understand the carbon we are currently sequestering and will continue to enhance the biodiversity across the estate with a network of low maintenance and no mow areas established by February 2023. In 2022, a team of Masters students in the School of Architecture produced a tree planting guide to ensure we plant the 'right trees in the right place', according to local green and grey infrastructure constraints across the estate. We have created enhance meadows and other wildlife friendly areas across Cathays Park and will commence a large characterisation and monitoring program in 2023.

#### Hedgehog Friendly Campus

The University was awarded Bronze Accreditation by the Hedgehog Friendly Campus campaign in January in recognition of the efforts of staff and students in making the campus a better habitat for the species.

Building on that work, in March, we were awarded an Earth Hour 2022 Community Activity Grant for our 'HogBuzz' campaign. This helped us continue to raise awareness about the campaign with staff and students, acquire more footprint tracking tunnels, two wildlife cameras, and wildflower seeds plus planting equipment. We also ran an event that included wildflower planting and hedgehog survey training sessions and continued to work on the development of our wildlife corner outside our Main Building.

We confirmed 12 sites with hedgehog presence on our campus and over the year have transformed certain areas to support hedgehogs and other species. This includes installing five hedgehog houses across our site and creating wildlife and wellbeing areas around parts of campus. This includes planting wildflowers, installing bug hotels and bird baths, creating hedgehog nesting/hibernation areas, log/leaf piles and hoverfly lagoons.

We also took our work out to the wider community, engaging with four primary schools in south Wales in online sessions and in-person, teaching children about hedgehogs and how to build hedgehog houses.

The University is now working towards the Silver Accreditation from the Hedgehog Friendly Campus campaign.

### **Changing Steps Cardiff**

Changing Steps is a free to join rewards programme funded by the University. It is designed to help staff and students get around more sustainably. It rewards sustainable travel for commuting and leisure trips to and from campus, and encourages regular walking, running, wheeling, and cycling activity for health and wellbeing.

99,428 active and sustainable journeys were recorded on the Changing Steps Cardiff app between 27 September 2021 and 17 June 2022, with an average of 182 journeys per participants. Walking was the most popular activity accounting for 78% of total activity with cycling and bus travel being 10% and 5% respectively.

## Public Benefit Statement

---

Cardiff University is a registered charity (no. 1136855). It exists to create and share knowledge and to educate for the benefit of all. Its Royal Charter, first granted in 1884, sets out its constitutional arrangements and objects. Embodied within the objects is the fundamental principle of the advancement of education, empowering the University to research, teach, examine, and award degrees. The objects also contain obligations to develop the character of students, promote health and welfare—especially in Wales—and contribute to social, cultural, and economic development. A member of the Russell Group of research-intensive universities, Cardiff University sees fundamental research as essential to human aspiration and critical to the development of cultural artefacts, technologies and services that improve the quality of life for all.

In setting and reviewing the University's objectives and activities, the University's Council has had due regard to the Charity Commission's guidance on the reporting of public benefit, particularly its supplementary guidance on the advancement of education. The Way Forward 2018–2023 (Recast Covid-19) sets out the University's strategic themes, which are summarised below.

### Education and Students

The University provides an educationally outstanding and consistently high-quality student experience, driven by creativity and curiosity, which seeks to enhance learning and support student life. During the unprecedented times of Covid-19, many aspects of our provision have been provided in a remote, online and now blended environment, and students have benefited from continued online support and education provision to allow them to progress, graduate and gain employment or further study. Our priorities remain to provide a high-quality student experience, maintain academic standards of our degrees, and ensure the safety and wellbeing of our staff and students. Building on our strong track record in widening participation, we continue to prioritise ensuring that students from a variety of backgrounds have access to the benefits of higher education, and this is also coupled with work on retention and student success. In our blended provision, combining face-to-face classroom methods with computer mediated activities or online provision, students are benefitting from a pedagogic high-quality approach to digital learning which permits them to succeed, and to continue on their inspiring education journey.

### Research and Innovation

Through its research, the University has been fast acting in its response and is actively contributing to Covid-19 recovery efforts both in relation to tackling the disease and combatting the wider societal challenges post-Covid-19. We have continued to support our staff and students during this difficult time, ensuring that where safe and possible to do so, research has continued allowing us to contribute towards tackling critical global issues that require cross disciplinary co-operation. For example, our researchers are addressing major challenges facing society, the economy, and the environment in Wales, in the UK and globally, delivering breakthroughs in areas such as mental health, compound semiconductors, astronomy, climate change and creative industries. The University has also established itself as the Home of Innovation with the implementation of a new innovation strategy ensuring that the impacts from its research make a difference, often working in partnership with business, public and third sector organisations. We are investing in bespoke facilities for innovative collaborations with industry, government, and wider society, and enhancing support for students to engage in innovation and entrepreneurial training. This ensures all members of Cardiff University can contribute to the growth of the knowledge economy. Aligned to our Civic Mission activities, our researchers also work with local communities, supporting new forms of education and socio-economic change in our region.

### International

The University is a global institution with over 9,500 (more than 25% of the total student body) international students (EU included) from more than 130 countries and formal links with more than 300 institutions worldwide. It collaborates with business and education partners all over the world, including formal strategic partnerships with Xiamen University and Beijing Normal University in China, University of Campinas in Brazil, University of Bremen in Germany, and University of Waikato in New Zealand. The University's strong links with institutions worldwide mean that many of its students have the opportunity to study, work, or volunteer abroad. It attracts the highest calibre of academics and researchers from around the world. International staff make up more than 30% of the academic body, enhancing the learning experience for students and bringing a global perspective to its research. Its researchers collaborate with partners worldwide to tackle global issues such as climate



## **Public Benefit Statement**

---

change adaptation for improved food and water security, mitigation of CO2 emissions through storage in coal deposits, and the genetic architecture of mental disorders.

### **Civic Mission**

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

## Statement of Corporate Governance

---

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 University's 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 2022.

Embodied within the Charter are fundamental principles such as the University's power to teach, examine, carry out research and award degrees. The Charter also gives Council its 'supreme authority', establishes Senate for 'ordering of the academic affairs', and establishes the President and Vice-Chancellor as 'the chief academic and executive officer' and Chair of Senate.

The University was registered as a charity in 2010 (1136855).

### Council

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

The Council is committed to conducting its business in accordance with the Nolan principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The Council complies with the Committee of University Chairs (CUC) Higher Education Code of Governance published in September 2020 and the CUC Audit Committee Code of Practice (May 2020), with a number of areas identified for enhancement during the coming year to strengthen the evidence for compliance, including documenting existing processes and policies, and approving the final part of the University Scheme of Delegation. The University has also adopted the Universities in Wales Governance Charter.

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

- (i) that there was no element of the CUC HE Code of Governance with which the University's practice was not consistent; and
- (ii) that the University's fundraising policies and practices are fully aligned with the Fundraising Regulator's requirements set out in the University's Code of Fundraising Practice. No fundraising complaints were received during the reporting period.

The University's commitment to all funders of the University, and additional commitments to philanthropic donors to the University is available on the University's website:

<https://www.cardiff.ac.uk/donate/other-ways-to-give/funders-rights>

The University undertakes regular Council effectiveness reviews with the last external review undertaken in 2021. The Report concluded that the University's overall governance effectiveness is satisfactory, with no material weaknesses. An action plan to support the implementation of the recommendations was approved by Council in July 2021 and, during 2021-22, progress to complete the actions has been monitored by the Governance Committee. The majority of actions have now been completed with the remainder on track for completion during 2022-23.

The Governance Committee also receives regular progress reports against outstanding recommendations from earlier reviews of governance, including the Universities in Wales Governance Charter (Camm Review) Commitment to Action. In light of these, the Council has reflected during 2021-22 on its culture as a governing body and that of the University more broadly and intends to put in place a cultural statement to ensure alignment between the Strategic Plan and working practices, and to integrate culture within its mechanisms for decision making and reporting.

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 Whistleblowing (Public Interest Disclosure) Policy to enable staff, students and other members of the University to raise concerns which are in the public interest.

Over the year, we have utilised the positive benefits of hybrid (virtual and face to face) working to communicate with key stakeholders on a variety of activities. Council Development sessions have involved the Students' Union, University Executive members, and Directors of Professional Services, to discuss developments such as international diversification, the impact of Covid-19, Key Performance Indicators, and culture. Representatives from Advance HE and HEFCW have also been involved in our development schedule. The governing body has been consulted on their preferences for future stakeholder engagement. The University Executive Board has undertaken a review of stakeholder engagement following approval by the Privy Council for the abolition of the Court, and the results from this have been shared with the Senate and the Council.

## Statement of Corporate Governance

---

The Council has a majority of members from outside the University (described as lay members). Council membership also includes staff and students. Council lay members are recruited in an open, fair and transparent manner and due regard is given to equality and diversity, the need to balance skills and expertise as well as geographical location.

With respect to boardroom diversity, we continue to build on our Strategic Equality Plan actions to promote and develop an inclusive (internal) culture and governance by addressing diversity of decision-making committees. We have improved our data capture, and guidance on inclusivity for committee meetings, and continue to use this to inform lay member recruitment and induction. We plan to develop this work further during 2022-23 by formalising our policy on diversity and membership. Council members also participated in a workshop on equality, diversity and inclusion to reflect on Council's role and priorities for the year. In 2021 we became a launch partner with Perrett Laver's Governor Apprenticeship Scheme, with our first governor apprentice successfully participating in the scheme during 2021-22. The scheme supports boardroom diversity by enabling a diverse and talented pool of candidates otherwise lacking in board room experience, to gain that experience.

The Nominations Sub-Committee (a sub-committee of the Governance Committee) is responsible for overseeing the recruitment process and recommending new lay members to Council for approval. Each year the Committee reviews a schedule of lay membership to review term end dates to consider succession planning. All vacancies for Independent Lay Members of Council are advertised externally, as well as being communicated to staff, students, and current members of Council, with expressions of interest particularly welcome from under-represented groups. In 2021-22, the University reviewed the process for recruiting a Chair and appointing a Vice-Chair, prior to the initiation of a recruitment campaign for a new Chair of Council. By revising its role description and using an external recruitment firm, the University was able to ensure a broad and diverse candidate pool could be reached. We have also reviewed and introduced a revised skills matrix which is used by the Governance Committee to inform the recruitment needs of Council.

Lay members do not receive any payment, apart from the reimbursement of expenses, for the work they do for the University. On appointment, Council members are required to complete a Register of Interests entry. The current Register of Interests is publicly available on our website:

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

Throughout the 2021-22 academic year, the Council met six times and approved a number of business cases, reviewed strategic direction and decision making across a number of university activities to include the establishment of the Cardiff University-led Cyber Innovation Hub, delivery of the Education and Student Sub-Strategy, and investment in the University and the estate. Council has continued to oversee the ongoing University response to the COVID-19 pandemic. Council held an extraordinary meeting to consider the appointment of the External Auditor following a competitive tender exercise that was held during the year. KPMG were appointed as the University's External Auditor from June 2022.

All new members of Council receive an induction to the University and their responsibilities as a member of the governing body. There is an annual development programme which focuses on sharing information and creates opportunities for discussion for Council members and the University's Executive Team. Feedback is collated from all members of Council to inform an annual development schedule. The induction pack has been reviewed to ensure the currency of the information provided to new members.

The Chair of Council holds an annual appraisal with all members of Council and this feedback is used to inform and improve the effectiveness of the governing body. The outgoing Chair of Council held appraisals during Summer 2021 and the new Chair, appointed during the year, will repeat this exercise in Autumn 2022. The Audit and Risk Committee also conducts an annual review of their effectiveness, which in 2021-22 was via a self-evaluation survey. The next Governance Effectiveness Review is planned for 2024.

### Accountable 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 and Conditions of Funding between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the Accountable Officer of the University and in that capacity can be summoned to appear before the Audit Committee of the Welsh Government.

### Management

As chief executive of the University, the Vice-Chancellor has responsibility for the development of institutional strategy, the identification and planning of new developments, and the shaping of the

## **Statement of Corporate Governance**

---

institutional ethos. The Deputy Vice-Chancellor, Pro Vice-Chancellors, University Deans and the senior professional officers all contribute in various ways to these aspects of the work, but ultimate authority rests with the Council.

## Council Membership

---

All of those persons listed below 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.

With effect from 01 January 2022, Mr Patrick Younge was appointed as the new Chair of Council.

Trustees appointed after 1 August 2022 and up to the signing of the annual report are included for information with no attendance reported for the 2021-22 academic year.

Member attendance is reviewed with the Chair of Council as part of the annual member appraisal process, unless already discussed during the year.

NAME	Category	Attendance at Council
1. Professor Rudolf Allemann	Employee	6/7
2. Professor Rachel Ashworth	Employee	6/7
3. Paul Baston	Employee	4/7
4. Professor Marc Buehner	Employee	4/7
5. Ricardo Calil (term ended on 31 Jul 22)	Employee	7/7
6. Hannah Doe, Students' Union (term ended on 30 Jun 22)	Student	5/6
7. Gina Dunn, Students' Union	Student	7/7
8. Judith Fabian	Lay	7/7
9. Professor Dame Janet Finch	Lay	6/7
10. Angie Flores Acuña (appointed from 1 Jul 22)	Student	1/1
11. Professor Ken Hamilton (term ended 31 Jul 22)	Employee	4/7
12. Michael Hampson	Lay	5/7
13. Chris Jones	Lay	5/7
14. Jan Juillerat, Vice Chair of Council	Lay	7/7
15. Jeremy Lewis (appointed from 1 Aug 22)	Lay	-
16. Dr Joanna Newman	Lay	3/7
17. Professor Stuart Palmer, Chair (term ended 31 Dec 21)	Lay	2/2
18. Suzanne Rankin (appointed from 28 Apr 22)	Lay	1/2
19. Professor Colin Riordan, Vice-Chancellor	Employee	6/6
20. Dr Pretty Sagoo	Lay	3/7
21. David Selway (appointed from 01 Aug 22)	Lay	-
22. John Shakeshaft	Lay	7/7
23. David Simmons (term ended 31 Jul 22)	Lay	3/7
24. Judge Ray Singh (term ended 31 Jul 22)	Lay	5/7
25. Dr Janet Wademan (term ended 31 Jul 22)	Lay	6/7
26. Professor Damian Walford Davies	Employee	5/7
27. Professor Stuart Walker (resigned 22 Feb 22)	Lay	3/4
28. Jennifer Wood (appointed from 01 Aug 22)	Lay	-
29. Agnes Xavier-Phillips	Lay	7/7
30. Patrick Younge, Chair of Council (appointed from 01 Jan 22)	Lay	5/5

## Council Membership

---

The University must adopt a definition of independence for lay membership of governing bodies to provide a robust approach to identifying and managing conflicts of interest<sup>1</sup>.

### How is independence defined and tested?

There are several circumstances which may prevent a person being appointed as an independent member of the governing body. The Governing Body's Nominations Sub-Committee has oversight of the appointment process and responsibility for considering these factors.

In response to the Universities in Wales Charter Commitment to Action, the University has adopted a Statement of Independence based on the Welsh Secretaries and Clerks Group guidance, including a Definition of Independence and Principles of Independence for lay membership. The University defines 'senior employees' as University Executive Board members in this context.

The robust process for ensuring independence through the recruitment and training of members is also set out in the Statement of Independence. When considering applications and interviewing prospective new governors, recruitment panels shall establish whether the individual has any relationships or statuses that might give rise to a conflict of interest or loyalty, as defined in the Principles of Independence and including being related to any senior employee of an organisation gaining a pecuniary advantage from the University.

The University's Statement of Independence is available on the University's governance webpages at:

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

### How does the governing body manage conflicts of interests?

A Register of Interests of all Council and Audit and Risk Committee members is maintained by the Secretary to Council and is available publicly on the University's governance webpages at:

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

If any member of a Committee has any pecuniary or other interest, direct or indirect, in any Contract or proposed Contract or other matter involving financial transaction, that interest shall be disclosed

to the Committee as soon as practicable. All Committees request that Members and Officers disclose any interests at the start of each Committee meeting, and the Member shall take no further part in the consideration or discussion of, or vote on, any position with respect thereto. A member of any Committee is not considered to have a pecuniary or personal interest in matters under discussion merely because he/she is a member of staff or student at the University.

As set out in the Statement of Independence section 4, the University Secretary (as Clerk to the governing body) is accountable for highlighting issues of independence or conflict to the Chair.

The University is committed to the highest standards of openness, probity, and accountability, and seeks to conduct its affairs in a responsible manner. The Whistleblowing (Public Interest Disclosure) Policy enables staff, students, and other members of the University to raise conflict of interest concerns which they feel have not been addressed through existing procedures.

---

<sup>1</sup> Source: The Governance Charter for Universities in Wales – Commitment to Action is available at <http://uniswales.ac.uk/media/Universities-of-Wales->

## Statement of Internal Controls

---

### 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 2022 and up to the date of approval of the financial statements and accords with HEFCW guidance.

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

The Audit and Risk Committee receives regular reports from the Internal Audit service. An independent opinion is provided on each report relating to the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. A summary of the work undertaken by the Internal Audit service is provided in an Annual Report. This provides an independent opinion on the adequacy and effectiveness of the University's arrangements for the provision of risk management, internal control, governance and value for money and data quality.

Considering the completion of the approved audit plan for 2021-22 and the supporting information; the University's arrangements for risk management,

control and governance, and value for money and data quality are adequate and effective.

The Vice Chancellor is the University's Accountable Officer, responsible for providing HEFCW with clear assurances that the institution has an effective policy of risk management. The University Secretary is the Chief Risk Officer, responsible for promoting effective risk management across the University.

The University Executive Board has responsibility for the management of risk across the University, assessing the University's risk appetite, updating the University's strategic risk register and reporting on risk to the Finance and Resources Committee, Audit and Risk 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.

The University produces a merged risk reporting structure which combines teaching and assessment, student life, research and operations with school/departmental/operational group systems, the focus of risk reporting being on the former. Risks identified in the strategic register are also cascaded down the hierarchy to ensure that any mitigating actions required are put in place.

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

## Statement of Internal Controls

---

### Principal Risks

Risk area	Risk description	Risk management
Student Recruitment	The University fails to recruit and retain a strategically desirable number, quality, and diversity of students, including high-quality EU and international students.	<p>The University's Recruitment and Admissions Strategy Group has delegated authority to take strategic actions in relation to recruitment, to ensure target entrants are met. Student numbers are reviewed and monitored by this group on a regular basis to ensure that the University Executive Board has clear sight of predicted enrolments.</p> <p>International scholarships have been extended to include further awards for India, Malaysia, and awards for EU domiciled students for all years of study introduced.</p> <p>Virtual recruitment events and an enhanced e-comms programme have been implemented as well as a return to face-to-face recruitment events.</p> <p>.Conversion activities including subject-specific offer holder communications/virtual tours, calling and Unibuddy campaigns which enable one-to-one interaction with applicants.</p>
Financial Sustainability	The University's operational costs, including the costs of repairing and maintaining the estate, and capital plans outweigh the income the University can generate or receives in grants, making it financially unsustainable.	<p>The University deploys detailed budget control and monitoring procedures are in place including zero-based budgeting.</p> <p>There are regular discussions between Recruitment and Admissions and Finance to model fee income.</p> <p>Research and Change projects are assessed for return on investment to ensure delivery on expected benefits.</p> <p>Integrated planning process has been launched to ensure delivery of robust academic and financial plans.</p> <p>All mitigating actions have resulted in a further improved financial position.</p>
Cyber Security	The University fails to prevent a cyber security incident	<p>Cardiff University has a multi-layered approach to Cyber Security.</p> <p>We are prepared for cyber-attacks through scenario planning and testing the effectiveness of both business continuity and disaster recovery contingency plans. The University is regularly audited by cyber experts and is currently accredited for both Cyber Essentials (this is cyber assurance provided by the National Cyber Security Centre) and PCI DSS compliance. The University has a compulsory all staff information security training module.</p> <p>We have protected the University through the use of best-in-class cyber security tools.</p> <p>We detect threats using the latest national and international threat intelligence data combined with a full suite of monitoring tools.</p>



## Statement of Internal Controls

---

### Principal Risks continued

Risk area	Risk description	Risk management
Regulatory Compliance	The University is in breach of regulations.	<p>A detailed Regulatory Compliance Risk Assurance Map has been completed and a follow-up review undertaken to outline the areas where additional measures would have the greatest impact on reducing the risk.</p> <p>In addition, the Assurance and Risk Group has overseen the creation of a risk assurance heatmap. This allows the University to readily identify the risks using the internal audit findings as to the level of assurance in place and the impact on the University should that risk crystallise.</p>
Net Zero	The University does not achieve its commitment to achieve reductions in its emissions to net zero by 2030 (scopes 1 & 2).	<p>The Strategic Environmental Sustainability Sub-Committee has identified the staffing required to enable a step-change; recruitment is under way for professional staff in this area now.</p> <p>Analysis of our biggest carbon emitting buildings was completed in summer 2022; we are now developing quick win projects to maximise impact of short-term initiatives.</p> <p>We are exploring Welsh Government backed loan schemes to enable investment into short- and medium-term carbon reduction plans.</p> <p>We are confirming the University carbon emissions baselines, aligned to Welsh Government reporting requirements by June 2023. A tree-planting programme in partnership with Coed Caerdydd is in train.</p> <p>We are finalising our carbon offset policy now and will draft our roadmap to Net Zero (scopes 1 &amp; 2) by 2030.</p> <p>The University is a member of Cardiff City Council One Planet Strategy Group and UUK groups relating to environmental sustainability.</p>

## Responsibilities of the Council of Cardiff University

---

In accordance with the University's Charter, the Council is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control.

The Council is responsible for ensuring the University and Group Financial Statements are 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), the University's Charter, the Accounts Direction issued by HEFCW, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (2019), the Charities Act 2011 and other relevant accounting standards.

Within the Terms and Conditions of Funding between the Higher Education Funding Council for Wales (HEFCW) and the Council of the University, the Council, through its Accountable Officer, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries and of the surplus or deficit, statement of movements on reserves and cash flows for that year. The Council is 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.

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

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Statement of Recommended Practice:

Accounting for Further and Higher Education (2019 edition).

- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

### The Council has taken reasonable steps to:

- ensure that funds from HEFCW, Welsh Government and other Funding Bodies are used only for the purposes for which they have been given and in accordance with the HEFCW Terms and Conditions of Funding; 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.

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

On behalf of the Council



**Professor Colin Riordan**

Accountable Officer  
24 November 2022



# Independent auditor's report

## To the Council of Cardiff University

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### 1. Our opinion is unmodified

We have audited the financial statements of Cardiff University ("the University") for the year ended 31 July 2022 which comprise the Consolidated and University Statements of Comprehensive Income, the Consolidated and University Statements of Changes in Reserves, the Consolidated and University Statement of Financial Position, and the Consolidated and University Statements of Cash-flow and related notes, including the Statement of Accounting Policies.

In our opinion 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 2022 and of the Group's and of the University's income and expenditure, gains and losses, changes in reserves, and cash-flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We have been appointed as auditor under the Charters and Statutes of the University and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk Committee.

We were first appointed as auditor by the Council on 7 July 2022. The period of total uninterrupted engagement is for the one financial year ended 31 July 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

#### Overview

<b>Materiality:</b>	£6.0 million
group financial statements as a whole	0.95% of Group total income

<b>Coverage</b>	100% of Group total Income
-----------------	----------------------------

#### Key audit matters

<b>Recurring risks</b>	Research Grants & Contract Income
------------------------	-----------------------------------

	Valuation of pension liabilities
--	----------------------------------

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<p><b>Group and University: Research Grants and Contract Income</b> (£125 million (2021:£113 million))</p>	<p><b>2021-22 income</b></p> <p>The University manages a significant number of projects from a range of public and private sources with a variety of contractual requirements in terms of the treatment of direct and overhead costs and other evidence/compliance requirements.</p> <p>Research grants and contracts income is accounted for under the performance model. Unless specifically disallowed, in most cases expenditure on the project funded by the grant is presumed to be the performance condition and therefore income is generally recognised in line with the related expenditure, including apportioned overhead costs. We consider there to be a significant risk of fraud and error in the recognition of research revenue largely due to inappropriate apportionment of overhead costs.</p> <p>There is a related risk of fraud and error in that non-compliance with grant terms and conditions could result in income not being recognised in line with relevant accounting standards. Non-compliance with grant terms and conditions may also result in the claw-back of funding by research funders</p>	<p>We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We obtained a transactional breakdown of all research expenditure in the year and tested a sample to assess whether the expenditure incurred was in line with the terms and conditions of the relevant contract and, where applicable, that overhead rates had been set at the level specified in the grant agreement.</li> <li>• For a sample of research projects with underlying milestones, we agreed the revenue recognised to invoices raised and cash receipts, and assessed whether the milestone had been met in accordance with the grant agreement.</li> <li>• We reviewed the reconciliation of research expenditure to corresponding research income and agreed that income had been accounted for in accordance with the requirements of the relevant accounting standards.</li> <li>• For a sample of research projects with large accrued and deferred income balances at year-end, we reviewed the grant agreements, cash received to date, and the payment profile to assess whether research expenditure and income had been accounted for in the appropriate accounting period.</li> <li>• We inquired with management as whether there were any disputes or significant issues on any projects that could impact on revenue recognition.</li> </ul> <p><b>Our results</b></p> <p>— The results of our testing were satisfactory and we considered the amount of research grants and contract income recognised to be acceptable.</p>

	The risk	Our response
<p><b>Group and Parent University: Pension Liability</b></p> <p><b>Group and Parent University:</b></p> <p>Cardiff University Pension Fund: Net Present value of funded defined benefit obligations £34.5 million (2021: £101.4 million)</p> <p><b>Group and Parent University:</b></p> <p>USS : Deficit recovery plan provisions £199 million (2021: £84 million))</p>	<p><b>Subjective valuation</b></p> <p>The Group is a member of a number of defined benefit schemes, including the Cardiff University Pension Fund (CUPF) and the Universities Superannuation Scheme (USS).</p> <p><b>Cardiff University Pension Fund (CUPF)</b></p> <p>The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the University's pension liability could have a significant effect on the financial position of the University.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the University in completing the year end valuation of the pension deficit and the year on year movements.</p> <p><b>Universities Superannuation Scheme (USS)</b></p> <p>While this is accounted for as a defined contribution scheme a provision is required to be recognised for the University's obligation to fund deficit payments.</p> <p>This valuation of this provision involves the selection of appropriate assumptions, most notably discount rate and payroll and headcount growth assumptions. The selection of these assumptions is inherently subjective and small changes in the assumptions used to value the group's USS pension liability could have a significant effect on the financial position of the University.</p> <p>The USS pension liability at 31 July 2022 was £199 million. This was based on the valuation set out by the USS review panel at the time. A non adjusting post-Balance Sheet event was disclosed reflecting the impacts of the 2020 scheme valuation, which could result in a significant increase in the provision when a new deficit recovery plan based on the 2020 valuation is agreed and implemented.</p>	<p>We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Our actuarial expertise:</b> We used our own actuarial specialists to challenge the key assumptions and estimates used in the calculation of the retirement benefit obligations (and USS provision); and performed a comparison of key assumptions against our own benchmark ranges derived from externally available data and against those used by other universities reporting on the same period.</li> <li>• <b>Assessing external actuaries' credentials:</b> We assessed the competence and independence of all external actuaries engaged by the Group.</li> <li>• <b>Reviewed non actuarial assumptions:</b> We reviewed the non-actuarial assumptions used in the USS provision calculation such as payroll and headcount increases and compared assumptions to Group forecasts for appropriateness.</li> <li>• <b>Assessing transparency:</b> We considered the adequacy of the Group's disclosure in respect of retirement benefits, in particular the gross defined benefit obligation and USS provision and the sensitivity of the obligation to the assumptions used.</li> </ul> <p><b>Our results</b></p> <p>We found the resulting estimates of the CUPF and USS retirement benefit obligations to be acceptable.</p>

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £6.0 million, determined with reference to a benchmark of group total income for 2021/22 of £634 million, of which it represents 0.95%.

Materiality for the University financial statements was set at £5.95 million, determined with reference to a benchmark of University total income for 2021/22 of £632 million, of which it represents 0.94%.

We consider total income, rather than a surplus-related benchmark, to be the appropriate benchmark as the University is a not-for-profit organisation.

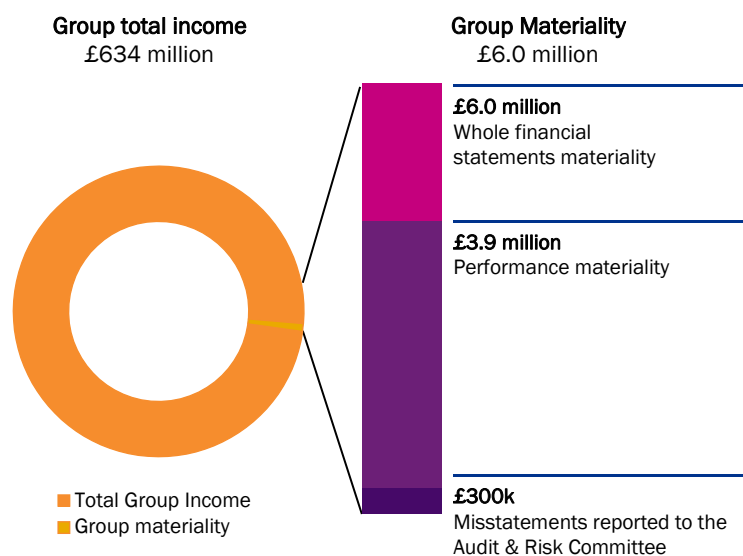
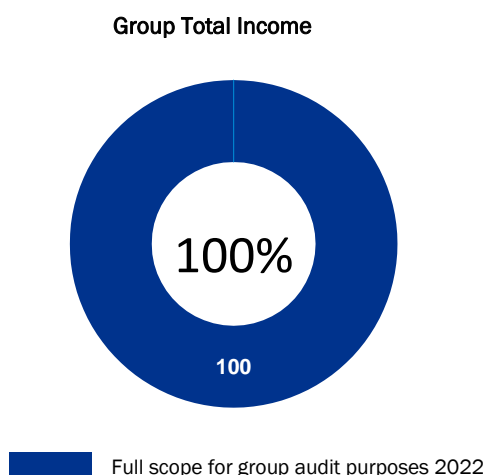
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £3.9 million for the group and £3.9 million for the University. We applied this percentage in our determination of performance materiality based on this being our first year audit.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £300k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

We treated the group as one single component.



### 4. Going concern

The Council has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group's and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and University's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and University's available financial resources over this period were:

- A reduction in tuition fee income
- Impact of inflation on underlying cost base;

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

Our conclusions based on this work:

- We consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group’s risk register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and unusual cash and borrowing journals.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Audit and Risk Committee and other management (as required by auditing standards), and discussed with the management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation, higher education related legislation and regulation), taxation legislation, pensions and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety legislation, employment and social security legislation and the higher education regulatory requirements of the Higher Education Funding Council for Wales (HEFCW), recognising the regulated nature of the University’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



## 6. We have nothing to report on the other information in the Annual Report

The Council (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if, based solely on that work:

- we have identified material misstatements in the other information; or
- in our opinion the information given in the Financial Review, Statement of Corporate Governance, and Statement of Internal Control (which together constitutes the Trustees' Annual Report for the financial year) is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

## 7. We have nothing to report on the other matters on which we are required to report by exception

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

- the University has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.
- We have nothing to report in these respects.

## 8. Respective responsibilities

Council's responsibilities

As explained more fully in its statement set out on page 42, Council is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Group and 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 it either intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## REPORT OF OTHER LEGAL AND REGULATORY REQUIREMENTS

### 9. Reporting on other legal and regulatory requirements

We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2021/22 issued by the HEFCW ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income, where appropriate, has been applied in accordance with paragraph 145 of the HEFCW's Financial Management Code (FMC);
- Funding Council grants have been applied in accordance with terms and conditions attached to them and used for the purposes for which they were received, including the Terms and Conditions of Funding;
- the requirements of HEFCW's Accounts Direction have been met.

### 10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council in accordance with Section 4 of the Charters and Statutes of the University and with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act.

Our audit work has been undertaken so that we might state to Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.

**Jonathan Brown**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants. KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

19 December 2022





# Consolidated and Institution Statements of Comprehensive Income and Expenditure

Year ended 31 July 2022

		Consolidated		Institution	
	Note	2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Income			Restated (See Note 29)		Restated (See Note 29)
Tuition fees and education contracts	2	323,510	314,500	323,510	314,500
Funding body grants	3	98,893	109,464	98,893	109,464
Research grants and contracts	4	125,427	112,648	125,427	112,648
Other income	5	79,369	68,455	76,833	67,246
Investment income	6	5,729	4,376	5,725	4,376
Donations and endowments	7	1,239	2,738	1,239	2,738
<b>Total Income</b>		<b>634,167</b>	<b>612,181</b>	<b>631,627</b>	<b>610,972</b>
Expenditure			Restated (See Note 29)		Restated (See Note 29)
Staff costs	8	339,213	329,331	338,760	329,331
Staff costs – Voluntary Severance Scheme	10	9	482	9	482
Staff costs – increase/(decrease) in USS pension scheme provision	10,21	118,781	2,394	118,781	2,394
Other operating expenses	10	212,897	195,439	211,012	194,286
Depreciation	11	40,041	40,644	40,041	40,644
Interest and other finance costs	9	14,372	12,498	14,372	12,491
<b>Total Expenditure</b>	<b>10</b>	<b>725,313</b>	<b>580,788</b>	<b>722,975</b>	<b>579,628</b>
<b>Operating (deficit) / surplus before other gains and losses</b>		<b>(91,146)</b>	<b>31,393</b>	<b>(91,348)</b>	<b>31,344</b>
Impairment of tangible fixed assets	11	-	(2,061)	-	(2,061)
Impairment of non-current assets	12,14	(6)	(2,000)	-	(5,160)
Gain on sale/disposal of non-current investments	12	2,181	726	2,181	726
(Loss)/Gain on valuation of investments	15,23	(11,574)	34,463	(11,574)	34,463
Share of surplus/ (deficit) in joint venture	12,22	641	(3,769)	-	-
<b>(Deficit)/Surplus for the year</b>		<b>(99,904)</b>	<b>58,752</b>	<b>(100,741)</b>	<b>59,312</b>
<b>Other Comprehensive Income</b>					
Impairment on the revaluation of assets	11	-	(2,889)	-	(2,889)
Actuarial gain/(loss) in respect of pension schemes	25	72,095	3,000	72,095	3,000
<b>Total comprehensive (deficit) / surplus for the year</b>		<b>(27,809)</b>	<b>58,863</b>	<b>(28,646)</b>	<b>59,423</b>
Represented by:					
Endowment comprehensive income for the year		88	6,544	88	6,544
Restricted comprehensive expenditure for the year		-	(188)	-	(188)
Unrestricted comprehensive (expenditure) / income for the year		(27,897)	52,507	(28,734)	53,067
		<b>(27,809)</b>	<b>58,863</b>	<b>(28,646)</b>	<b>59,423</b>

All items of income and expenditure relate to continuing activities.

The Notes on page 53 to 87 form part of these financial statements.

**Consolidated and Institution Statements of Changes in Reserves**  
**Year ended 31 July 2022**

Consolidated	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2020	38,938	348	252,423	325,896	617,605
Surplus / (deficit) from the income and expenditure statement	6,544	(188)	52,396	-	58,752
Other comprehensive expenditure	-	-	111	-	111
Total comprehensive surplus/(deficit) for the year	6,544	(188)	52,507	-	58,863
Transfers between revaluation and income and expenditure reserve	-	-	9,167	(9,167)	-
Balance at 31 July 2021	45,482	160	314,097	316,729	676,468
Surplus / (deficit) from the income and expenditure statement	88	-	(99,992)	-	(99,904)
Other comprehensive income	-	-	72,095	-	72,095
<b>Total comprehensive surplus/(deficit) for the year</b>	<b>88</b>	<b>-</b>	<b>(27,897)</b>	<b>-</b>	<b>(27,809)</b>
Transfers between reserves	-	-	6,118	(6,118)	-
<b>Balance at 31 July 2022</b>	<b>45,570</b>	<b>160</b>	<b>292,318</b>	<b>310,611</b>	<b>648,659</b>
Institution	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2020	38,938	348	254,130	325,896	619,312
Surplus / (deficit) from the income and expenditure statement	6,544	(188)	52,956	-	59,312
Other comprehensive expenditure	-	-	111	-	111
Total comprehensive surplus/(deficit) for the year	6,544	(188)	53,067	-	59,423
Transfers between revaluation and income and expenditure reserve	-	-	9,167	(9,167)	-
Balance at 31 July 2021	45,482	160	316,364	316,729	678,735
Surplus / (deficit) from the income and expenditure statement	88	-	(100,829)	-	(100,741)
Other comprehensive income	-	-	72,095	-	72,095
<b>Total comprehensive surplus / (deficit) for the year</b>	<b>88</b>	<b>-</b>	<b>(28,734)</b>	<b>-</b>	<b>(28,646)</b>
Transfers between reserves	-	-	6,118	(6,118)	-
<b>Balance at 31 July 2022</b>	<b>47,570</b>	<b>160</b>	<b>293,748</b>	<b>310,611</b>	<b>650,089</b>

The Notes on page 53 to 87 form part of these financial statements.

**Consolidated and Institution Statements of Financial Position**  
**Year ended 31 July 2022**

	Note	Consolidated		Institution	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Non-current assets</b>					
Tangible fixed assets	11	949,055	934,275	949,055	934,275
Investments	12	9,249	7,598	7,630	6,146
		958,304	941,873	956,685	940,421
<b>Current assets</b>					
Stocks	13	296	296	296	296
Trade and other receivables	14	60,245	46,794	61,121	47,649
Investments	15	365,051	325,592	365,051	325,592
Cash and cash equivalents	16	96,365	148,587	89,438	147,637
		521,957	521,269	515,906	521,174
Creditors: amounts falling due within one year	17	(168,757)	(166,708)	(162,620)	(166,325)
Net current assets		353,200	354,561	353,286	354,849
<b>Total assets less current liabilities</b>					
		1,311,504	1,296,434	1,309,971	1,295,270
<b>Creditors: amounts falling due after more than one year</b>					
	18	(424,324)	(427,721)	(424,324)	(427,721)
Pension provisions	21	(233,452)	(188,814)	(233,452)	(188,814)
Other provisions	22	(5,069)	(3,431)	(2,106)	-
<b>Total net assets</b>		<b>648,659</b>	<b>676,468</b>	<b>650,089</b>	<b>678,735</b>
<b>Restricted Reserves</b>					
Income and expenditure - endowment reserve	23	45,570	45,482	45,570	45,482
Income and expenditure - restricted reserve		160	160	160	160
<b>Unrestricted Reserves</b>					
Income and expenditure - unrestricted		292,318	314,097	293,748	316,364
Revaluation reserve		310,611	316,729	310,611	316,729
<b>Total Reserves</b>		<b>648,659</b>	<b>676,468</b>	<b>650,089</b>	<b>678,735</b>

The Notes on page 53 to 87 form part of these financial statements.

The financial statements on pages 49 to 90 were approved by Council on 24 November 2022 and were signed on its behalf on 19 December 2022 by:



**Patrick Young**  
Chair of Council



**Professor Colin Riordan**  
Vice-Chancellor



**Darren Xiberras**  
Chief Financial Officer

## Consolidated and Institution Statements of Cash-flow

Year ended 31 July 2022

	Note	Consolidated		Institution	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>			Restated		Restated
(Deficit)/Surplus for the year		(99,904)	58,752	(100,741)	59,311
Adjustment for non-cash items					
Depreciation	11	40,041	40,644	40,041	40,644
Impairment of fixed assets	11	-	2,061	-	2,061
Impairment of non-current investments	12	6	-	-	3,160
Share of operating (surplus)/deficit in JV's	12,22	(641)	3,769	-	-
Correction to non-current investment costs	12	-	401	-	401
Non-cash pension charges	21	116,733	4,505	116,733	4,505
Increase in stock	13	-	(1)	-	(1)
(Increase)/decrease in debtors	14	(13,451)	5,208	(13,472)	5,139
Increase in creditors	17,18	6,662	29,345	908	29,468
Increase in other provisions		2,106	-	2,106	-
Adjustment for investing or financing activities					
Capital grant income	3,5	(16,577)	(31,166)	(16,577)	(31,166)
Investment income	6	(5,729)	(4,376)	(5,725)	(4,376)
Interest payable	9	11,980	10,448	11,980	10,441
New endowments	7	(267)	(288)	(267)	(288)
Gain on disposal of non-current investments	12	(2,181)	(726)	(2,181)	(726)
Loss/(gain) on current investments	12,15	11,574	(34,463)	11,574	(34,463)
Net cash inflow from operating activities		50,352	84,113	44,379	84,109
<b>Cash flows from investing activities</b>					
Capital grant receipts		11,562	26,346	11,562	26,346
Investment income	6	5,729	4,376	5,729	4,376
(Increase)/ decrease in deposits	15	(51,033)	(75,205)	(51,033)	(75,205)
Payments made to acquire fixed assets	11	(54,821)	(133,071)	(54,821)	(133,071)
Non-current investment acquisitions	12	(2,312)	(571)	(2,312)	(571)
Non-current investment disposal proceeds	12	3,009	2,224	3,009	2,224
Net cash (outflow) from investing activities		(87,866)	(175,901)	(87,870)	(175,901)
<b>Cash flows from financing activities</b>					
Interest paid	9	(12,433)	(10,854)	(12,433)	(10,847)
Endowment cash received	7	267	288	267	288
Repayments of amounts borrowed	17,18	(2,542)	(2,251)	(2,542)	(2,251)
Bond issue	18	-	128,217	-	128,217
Net cash inflow/ (outflow) from financing activities		(14,708)	115,400	(14,708)	115,407
Increase in cash and cash equivalents in the year		(52,222)	23,612	(58,199)	23,615
Cash and cash equivalents at beginning of the year		148,587	124,976	147,637	124,022
Cash and cash equivalents at end of the year	16	96,365	148,587	89,438	147,637

The Notes on page 53 to 87 form part of these financial statements

## **1. Statement of Principal Accounting Policies**

### **Basis of preparation**

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

The Group and University's activities, together with the factors likely to affect its future development, performance, and position, are set out in the Financial Review which forms part of the Board of Council's Report. The Council's Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Council consider to be appropriate for the following reasons.

- The Council has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements.
- After reviewing these forecasts, the Council is of the opinion that, taking account of severe but plausible downsides, the Group and parent Institution will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Consequently, Council is confident that the Group and parent Institution will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

### **Basis of consolidation**

The consolidated financial information consolidates the financial statements of the Institution and its subsidiary undertakings University College Cardiff Consultants Limited and International Learning Exchange Programme Limited for the financial year to 31 July. It does not include those of the University Students' Union, or the Cardiff Partnership Fund Limited as the Council does not exercise control over their financial and operating activities.

Uniform accounting policies are adopted throughout the Group. Joint ventures are accounted for using the equity method.

### **Recognition of income**

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

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

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

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

### **Grant funding**

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

### **Donations and endowments**

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the Institution is entitled to the funds and is retained within the separate restricted reserve until such time that it is utilised in line with such restrictions.

Donations with no restrictions are recognised in income when the Institution 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 endowment.

## **1. Statement of Principal Accounting Policies (continued)**

restrictions applied to the individual endowment funds.

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

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

### **Capital grants**

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

### **Provision for doubtful debts**

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

### **Pension schemes**

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

#### **Universities Superannuation Scheme**

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with

other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

#### **Defined contribution plan:**

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

#### **Defined benefit plan:**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the Institution's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the Institution. The Institution 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 Institution 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) Pension 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

# Notes to the Financial Statements

## Year ended 31 July 2022

### 1. Statement of Principal Accounting Policies (continued)

rates determined by HM Treasury. This is accounted for as a defined contribution scheme. To comply with The Pensions Act 2008, the Institution also uses the NEST defined contributions pension scheme for eligible non-contractual workers.

#### Employment benefits

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

#### Foreign currencies

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

#### Operating leases

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

#### Fixed assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Freehold and Long Leasehold property assets in existence on the transition to the FRS102 (1<sup>st</sup> August 2014) were measured on the basis of deemed cost, being market fair value or deemed cost of replacement.

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

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

#### Land and buildings

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

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, in years, as follows:

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

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.

#### Plant & Equipment

Plant and 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 new build or major building infrastructure 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.

Capitalised plant and equipment are stated at cost and depreciated over their expected useful life of between four and ten years, for equipment, as appropriate, and fifteen years for plant / equipment associated with building infrastructure (e.g. boilers, air-conditioning, or alarm systems).

Assets under construction are not depreciated until brought into use.

Fully depreciated equipment is written off 10 years after acquisition.

#### Investments

Non-current asset investments are held on the Balance Sheet at cost less impairment.

Joint ventures are carried at cost less impairment in the Institution's financial statements.

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

#### Stocks

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

# Notes to the Financial Statements

## Year ended 31 July 2022

---

### 1. Statement of Principal Accounting Policies (continued)

#### 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 Institution has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the statement of comprehensive income.

#### Taxation status

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

##### (i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is

measured at present value of the future receipts discounted at a market rate of interest.

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

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

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

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

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the surplus or deficit, except those 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.



# Notes to the Financial Statements

## Year ended 31 July 2022

---

### 1. Statement of Principal Accounting Policies (continued)

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 Institution, are held as a permanently restricted fund which the Institution must hold in perpetuity.

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

The bond repayment fund, a designated reserve, was created in 2019/20 for the purpose of being able to give a reasonable likelihood of being able to meet the bond repayment of £400m, due on 7 December 2055 (note 24).

#### Significant estimates and judgements

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

##### (i) Recoverability of debtors

The normal (post-COVID-19) accounting policy for the assessment of recoverability of debtors and the subsequent doubtful debt impairment provisioning regarding the collection of students fees and Commercial and Research debt has been applied.

As a result of measures put in place during the COVID-19 pandemic, our dunning procedures have continued, and students have been required to clear their current fees before progressing to another academic year. For students who have completed their course but have fees outstanding their full

certification is withheld until their fee debt is cleared, in line with Institution Tuition fee policy.

Overall, post- COVID-19, the Institution's ability to collect debt from our students, UK and international Commercial and Research clients has improved which has lessened the risk in recovering the debt, with the exception of specific debts. We continue to monitor closely overseas debt and act as appropriate.

#### Estimate

##### Tuition fee debt

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

The resulting aggregated debt impairment provision is reduced by subsequent fee settlements received after 31 July 2022 from debtors within these same categories. All other tuition fee debt is deemed recoverable.

Tuition fee debt at 31 July 2022 was £5.1m (2021: £6.3m) (see Note 14), of which £4.8m (2021: £6.2m) was overdue. After applying our debt impairment policy, £4.7 (2021: £5.7m) was deemed at risk, subject to doubtful debt impairment provision of £4.3m (2021: £4.7m) after assessment of receipts received after 31<sup>st</sup> July 2022.

##### Commercial and Research Debt

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

Overall, Commercial and Research debt at 31 July 2022 was £16.9m (2021: £11.5m) (see Note 14).

After applying the modified doubtful debt impairment policy £1.2m is assessed at risk (2021: £1.0m) and subject to doubtful debt impairment provision.

##### (ii) Leasehold Property Dilapidations

The Institution has recognised its future estimated obligation to return short term leasehold properties to their original state on the termination of the lease arrangement, based on the current market works cost estimate provided by a professional property surveyor on assessing the current status of each relevant building.

As at the 31 July 2022, it is assumed that the Institution will exit each lease on the relevant date as there are no plans or indications to counter this view.

The resulting estimated provision(s) will be subject to future annual review for both relevance, i.e. future

## **1. Statement of Principal Accounting Policies (continued)**

plans to exit or renew, and to the application of inflation, based on relevant industry cost price indexation data.

Future cost inflation fluctuations will be recognised in the Statement of Comprehensive Income and Expenditure as a repairs and maintenance cost.

### **(iii) Retirement benefit obligations**

#### **Estimate – CUPF and LGPS**

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

Pension costs under FRS 102 are assessed in accordance with the advice of independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries.

The assumptions are based upon information supplied to the actuaries by the Institution, supplemented by discussions between the actuary and management, where relevant. The assumptions are documented in Note 25.

As at 31 July 2022, the LGPS fund, under FRS102 accounting treatment, resulted in a pension asset. The asset has not been recognised as such on the Statement of Financial Position, as there is no automated entitlement to a refund from the scheme.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

#### **Estimate - USS**

As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability in the balance sheet. The provision is currently based on USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. These contributions are re-assessed within each triennial valuation of the scheme. The provision is based on management's estimate of future salaries inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in Note 25.

#### **Judgement - USS**

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme.

The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit result in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102.

Council is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**2. Tuition Fees and Education Contracts**

**Consolidated and Institution**

	2022 £'000	2021 £'000
		Restated
UK and European Union Undergraduate	156,378	154,288
UK and European Union Postgraduate	13,246	17,234
Overseas (including part-time)	113,334	102,096
Part Time (UK and European Union)	6,389	6,670
	289,347	280,288
Education contracts	16,490	16,068
Research training support grants	10,053	10,491
Non-credit bearing fees	7,620	7,653
	323,510	314,500

2021 Restated: Refer to Note 29.

**3. Funding Body Grants**

**Consolidated and Institution**

	2022 £'000	2021 £'000
		Restated
Recurrent grant	75,263	62,925
Specific grants	9,053	19,912
Capital grants - buildings	5,968	12,907
Capital grants - equipment	8,609	13,720
	98,893	109,464

2021 Restated: amounts have been reclassified between the four line items to better reflect the nature of the grant. There is no overall impact on the total funding body grants for the year ended 31 July 2021 from this.

**4. Research Grants and Contracts**

**Consolidated and Institution**

	2022 £'000	2021 £'000
		Restated
Research Councils	41,833	37,888
UK-based charities	22,857	18,004
UK Government bodies	37,553	33,384
UK Industry	6,563	6,433
European Commission	8,828	9,189
Overseas	5,708	6,319
Other grants and contracts	2,085	1,431
	125,427	112,648

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**5. Other Income**

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
		Restated		Restated
Other services rendered:				
UK Central Government	22,662	18,336	22,662	18,336
UK Health Authorities	6,919	7,258	6,919	7,258
UK Industry	964	1,092	964	1,092
European Union	1,468	1,049	1,468	1,049
Overseas	78	167	78	167
UK Universities	533	396	533	396
Other Sources	7,608	5,570	7,608	5,570
Total other services rendered	40,232	33,868	40,232	33,868
Residences, catering and conferences	27,788	22,774	27,788	22,774
Exempt VAT recoverable	632	2,008	632	2,008
Other capital grants	2,000	4,539	2,000	4,539
Government Job Retention Scheme	-	400	-	400
Other income	8,717	4,866	6,181	3,657
	79,369	68,455	76,833	67,246

**6. Investment Income**

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Income from investments	4,465	3,151	4,462	3,151
Income from endowment investments (Note 23)	1,264	1,225	1,264	1,225
	5,729	4,376	5,725	4,376

**7. Donations and Endowments**

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
New endowments (Note 23)	267	288	267	288
Donations with restriction	-	210	-	210
Unrestricted donations	972	2,240	972	2,240
	1,239	2,738	1,239	2,738

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**8. Staff Costs**

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Staff costs:</b>				
Wages and salaries	258,247	251,928	257,897	251,928
Social security costs	27,370	25,356	27,336	25,356
Other pension costs	53,596	52,529	53,527	52,529
	339,213	329,813	338,760	329,813

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

	Consolidated		Institution	
	2022 FTE	2021 FTE	2022 FTE	2021 FTE
<b>Average staff numbers by major category:</b>		Restated		Restated
Clinical and non-clinical academic and academic related	4,599	4,389	4,591	4,389
Technical services	219	214	219	214
Administrative support	981	962	971	962
Operational services	233	236	233	236
	6,032	5,801	6,014	5,801

The institution's wholly owned subsidiary, International Learning Exchange Limited (Taith) is included in the Consolidation position of above disclosures.

**Key management personnel compensation**

The Institution considers that key management personnel are the 12 individuals (2021: 12) who serve as members of the University Executive Board having authority and responsibility for planning, directing, and controlling the activities of the Institution. Staff costs include compensation paid to key management personnel.

	2022 £'000	2021 £'000
Key management personnel compensation	1,959	1,833

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

**Compensation for loss of office to higher paid employees**

No compensation payments were made to higher paid employees in year (2021: nil)

## Notes to the Financial Statements

Year ended 31 July 2022

### 8. Staff Costs (continued)

#### Other higher paid staff

The remuneration of higher paid staff (excluding the Vice Chancellor) reflected in the ranges below exclude employer pension contributions, bonuses, and compensation for loss of office but include payments made on behalf of the NHS in respect of its contractual obligation to Institution staff under separate NHS contracts of employment. These payments are excluded from the Institution's Income and Expenditure account. Of the 151 staff earning in excess of £100,000 in 2022 (2021: 149), 43 (2021: 53 Restated) include such payments on behalf of the NHS.

Salary Band	2022 NHS No.	2022 Other No.	2022 Total No.	2021 NHS No. Restated	2021 Other No. Restated	2021 Total No. Restated
£100,000 - £104,999	1	33	34	1	23	24
£105,000 - £109,999	-	21	21	1	21	22
£110,000 - £114,999	1	10	11	3	8	11
£115,000 - £119,999	2	8	10	4	8	12
£120,000 - £124,999	7	6	13	7	3	10
£125,000 - £129,999	1	5	6	1	7	8
£130,000 - £134,999	2	9	11	2	7	9
£135,000 - £139,999	2	4	6	3	4	7
£140,000 - £144,999	5	4	9	8	4	12
£145,000 - £149,999	4	2	6	4	1	5
£150,000 - £154,999	3	-	3	3	1	4
£155,000 - £159,999	2	-	2	3	5	8
£160,000 - £164,999	1	2	3	1	-	1
£165,000 - £169,999	1	1	2	3	3	6
£170,000 - £174,999	3	1	4	2	-	2
£175,000 - £179,999	2	-	2	3	-	3
£180,000 - £184,999	4	-	4	1	-	1
£185,000 - £189,999	1	2	3	3	1	4
£200,000 - £204,999	1	-	1	-	-	-
	43	108	151	53	96	149

## Notes to the Financial Statements

Year ended 31 July 2022

### 8. Staff Costs (continued)

Emoluments of the Vice Chancellor	2022 £'000	2021 £'000
Salary	289	271
Bonus	1	-
Benefits-in-kind	20	22
	<hr/>	<hr/>
	310	293
Pension Death in Service Enhanced Opt-out contribution only	16	5
	<hr/>	<hr/>
	326	298

The benefits-in-kind received by the Vice Chancellor are as follows (£000s):

Private medical insurance	1	1
Permanent accommodation	19	21

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

The Vice-Chancellor's Reward Scheme involves:

- an annual review of base pay in relation to the market; and
- a long-term lump sum non-pensionable performance-related bonus payment linked to the achievement of the Way Forward 2018-2023.

The scheme builds on the principles of the Senior Salary Review process as outlined in the Senior Staff Pay Policy and is designed as a long-term incentive plan to reward and retain the Vice-Chancellor with a view to delivery of the Way Forward Strategy 2018-23

The Remuneration Committee determines the remuneration according to several factors including, but not limited to:

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

Each year, the Remuneration Committee receives a report by the Chair of Council on the Vice Chancellor's Performance Development Review (which includes input from Council members) and agreed objectives for the following year.

This information will also support the final performance review against the Vice Chancellor's 5-year Reward Scheme. This Scheme runs to 2023 at which point any performance payment will be made. The Vice Chancellor does not receive any annual performance payments.

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

The Vice-Chancellor's basic salary is 7.2 times (2021: 7.0 times) the median pay of all staff, where the median pay is calculated on a full-time equivalent basis for the salaries and wages paid by the Institution.

The Vice-Chancellor's total remuneration is 7.6 times (2021: 7.6 times) the median total remuneration of all staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Institution.

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

## Notes to the Financial Statements

Year ended 31 July 2022

---

### 9. Interest and Other Finance Costs

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bond interest & finance costs	11,594	9,915	11,594	9,915
Bank loan interest	386	526	386	526
Other interest & finance costs	-	7	-	-
	11,980	10,448	11,980	10,441
Net charge on pension schemes (Note 21)	1,640	1,430	1,640	1,430
Unwind of discount on USS pension provision (Note 21)	752	620	752	620
	14,372	12,498	14,372	12,491

---



## Notes to the Financial Statements

Year ended 31 July 2022

### 10. Analysis of Expenditure by Activity

Consolidated	Staff	Other	Interest	Total	Total
	costs	operating	Payable	2022	2021
	£'000	£'000	£'000	£'000	£'000
					Restated
Academic departments	200,188	55,847	-	256,035	236,621
Academic services	20,409	16,136	-	36,545	37,022
Research grants and contracts	54,281	32,629	-	86,910	81,576
Other services rendered	14,005	24,229	-	38,234	32,143
Residences, catering and conferences	5,271	13,096	386	18,753	11,827
Premises	7,014	37,334	-	44,348	46,742
Administration and central services	37,860	30,336	-	68,196	67,361
Other expenses	4,625	3,290	11,594	19,509	21,865
Pension fund adjustments	(4,440)	-	2,392	(2,048)	2,111
	339,213	212,897	14,372	566,482	537,628
Depreciation (note 11)				40,041	40,644
Staff costs – Increase in USS pension scheme provision (note 21)				118,781	2,394
Staff costs – Voluntary Severance Scheme				9	482
Total per Statement of Comprehensive Income and Expenditure				725,313	580,788
<b>Institution</b>					
	Staff	Other	Interest	Total	Total
	costs	operating	Payable	2022	2021
	£'000	£'000	£'000	£'000	£'000
					Restated
Academic departments	200,188	55,847	-	256,035	236,621
Academic services	20,409	16,136	-	36,545	37,022
Research grants and contracts	54,281	32,629	-	86,910	81,576
Other services rendered	14,005	24,229	-	38,234	32,143
Residences, catering and conferences	5,271	13,096	386	18,753	11,827
Premises	7,014	37,334	-	44,348	46,742
Administration and central services	37,860	30,336	-	68,196	67,361
Other expenses (see Page 66)	4,172	1,405	11,594	17,171	20,705
Pension fund adjustments	(4,440)	-	2,392	(2,048)	2,111
	338,760	211,012	14,372	564,144	537,268
Depreciation (note 11)				40,041	40,644
Staff costs – Increase in USS pension scheme provision (note 21)				118,781	2,394
Staff costs – Voluntary Severance Scheme				9	482
Total per Statement of Comprehensive Income and Expenditure				722,975	579,628

Consolidated and Institution 2021 Restated:

The following line items have been restated for the year ended 31 July 2021 for both the consolidated and institution figures to better reflect the nature of the expenditure - academic services has been reduced by £14.4m, administration and central services has been increased by £35.1m and other expenses has been reduced by £20.7m. There is no overall impact on the amounts reported in the consolidated or institution statements of comprehensive income from these reclassifications.

In addition, Academic departments has increased by £7.6m due to the restatement of overseas agents' commission costs previously offset against tuition fee income (see Note 29).

## Notes to the Financial Statements

Year ended 31 July 2022

---

### 10. Analysis of Expenditure by Activity (continued)

	2022	2021
<b>Other operating expenses include:</b>		
External auditors' remuneration in respect of audit services	204	133
External auditors' remuneration in respect of audit-related services	2	12
External auditors' remuneration in respect of non-audit services	Nil	84
<b>Operating lease rentals</b>		
Land and buildings	2,973	3,180
Other	122	177

Other expenses include:

- a credit in staff costs of £2,876k (2021: charge of £3,407k) relating to the movement on the Employee Leave Accrual (Note 17)
- no costs associated with individuals placed on furlough (2021: £1,038k)
- costs associated with the Institution's COVID-19 Testing facility of £637k (2021: £1,659k).
- a release of £859k from the COVID-19 student claims provision, that is no longer required.

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**11. Tangible Fixed Assets**

**Consolidated and Institution**

	Land and Buildings		Assets in the Course of Construction £'000	Equipment	Total
	Freehold £'000	Long leasehold £'000		£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	473,175	284,516	254,382	193,516	1,205,589
Additions at cost	23,181	4,296	2,577	24,767	54,821
Disposals				(3,935)	(3,935)
Projects completed	242,462	12,011	(254,527)	54	-
<b>At 31 July 2022</b>	<b>738,818</b>	<b>300,823</b>	<b>2,432</b>	<b>214,402</b>	<b>1,256,475</b>
Valuation (i)	371,771	229,472	-	-	601,243
Cost	367,047	71,351	2,432	214,402	655,232
At 31 July 2022	738,818	300,823	2,432	214,402	1,256,475
<b>Accumulated depreciation</b>					
At 1 August 2021	63,914	50,197	-	157,203	271,314
Charge for year	12,930	8,933	-	18,178	40,041
Eliminated on disposal	-	-	-	(3,935)	(3,935)
<b>At 31 July 2022</b>	<b>76,844</b>	<b>59,130</b>	<b>-</b>	<b>171,446</b>	<b>307,420</b>
<b>Net book value</b>					
At 31 July 2022	661,974	241,693	2,432	42,596	949,055
At 31 July 2021	409,261	234,319	254,382	36,313	934,275

- (i) A full valuation of the Institution's Estate was carried out on 31 July 2014 by Cooke and Arkwright Chartered Surveyors in accordance with the RICS Valuation – Professional Standards January 2014 (the Red Book) to establish deemed cost. Of the total valuation of £609m, £557m was at fair value by depreciated replacement cost and £52m was at fair value.

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

Land and buildings include non-depreciated land of £118m (2021: £118m).

Spend on capital projects incurred and completed in year is recognised in freehold additions rather than through assets in the course of construction.

# Notes to the Financial Statements

Year ended 31 July 2022

## 12. Non-Current Investments

	Consolidated			Institution		
	Investment in joint ventures	Other Investments	Total	Equity investment in joint ventures	Other Investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	3,419	4,179	7,598	2,003	4,143	6,146
Additions	-	2,312	2,312	-	2,312	2,312
Disposals	-	(828)	(828)	-	(828)	(828)
Impairment of investments	-	(6)	(6)	-	-	-
Share of operating deficit in joint ventures	173		173	-	-	
<b>Balance at 31 July 2022</b>	<b>3,592</b>	<b>5,657</b>	<b>9,249</b>	<b>2,003</b>	<b>5,627</b>	<b>7,630</b>

The Institution has investments in the following:

### University College Cardiff Consultants Limited (UC3)

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

### Compound Semiconductor Centre Limited

The Group's total investment in the joint venture has been fully impaired, including loan debt of £2m. In addition, the Institution recognises its share of the overall net liability of the joint venture and this is disclosed under Other Provisions in the Statement of Financial Position (see Note 22). The Institution's share of the net liability reduced in year as a result of our share of the net surplus in year of £468k.

### Cardiff Medicentre

The Institution holds an investment of £2,003k (2021: £2,003k) representing an 89% shareholding in Cardiff Medicentre with Cardiff and Vale UHB holding the remaining 11%. This Group's total investment after its share of operating surpluses is £3,592 (2021: £3,419k). This interest is treated as a joint venture as the Institution has joint control with Cardiff and Vale UHB.

### Mobeus

The Institution made an original commitment (in 2016) to invest £10m in the Mobeus Equity Partners IV fund and another £15m in the Mobeus Equity Partners V Fund during this financial year. Both funds contribute to the bond repayment fund for the repayment of the £400m bond capital in December 2055.

In the year, additions to IV Fund were £2,312k and divestments £828k on which a gain of £2,181k was realised (divestment proceeds of £3,009k) (2021: invested £538k). As at 31 July 2021, the investment fund is held at £5,551k (2020: £4,067k).

No investment in the V Fund was made in year, however, an investment of £1.2m was made on 12 September 2022.

Cash and cash equivalent balances relating to both Mobeus funds are combined to form part of the Bond Repayment Fund (Note 24).

### Cardiff Partnership Fund Limited

The Institution owns a 100% shareholding of £76k (2021: £76k) in the Cardiff Partnership Fund Limited, the holding company of the unincorporated Cardiff Partnership Fund Limited Partnership. This company is not consolidated on the basis that the Institution does not exercise control over the activities that rest with an independent board.

### SETsquared Partnership

In September 2021, the Institution joined the SETsquared Partnership, a Institution incubator network.

## Notes to the Financial Statements

Year ended 31 July 2022

### 12. Non-Current Investments (continued)

#### International Learning Exchange Programme Limited (“ILEP”)

Following the UK Government’s decision to withdraw from the Erasmus+ scheme, the Welsh Government announced a new learning scheme to continue to benefit staff and students from international exchanges in a similar way to Erasmus+, not just in Europe but also further afield. The scheme will run from 2022 to 2026. To safeguard transparency, the Institution agreed to operate the programme on behalf of the Welsh Government through a wholly owned subsidiary company.

ILEP was incorporated on 22 June 2021 and commenced operations on 1 August 2022.

### 13. Stocks

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Residences and Catering	86	83	86	83
Maintenance	107	101	107	101
Academic Departments	103	112	103	112
	296	296	296	296

### 14. Trade and other receivables

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>				
Trade Debtors:				
- Tuition fees	4,745	6,345	4,745	6,345
- Research grants & contracts	11,201	6,624	11,201	6,624
- Other Services	6,283	4,851	6,036	4,568
Less: Trade Debtors impairment provision (i)	(5,571)	(5,798)	(5,571)	(5,762)
Net Trade Debtors	16,658	12,022	16,411	11,775
Other Debtors	1,639	1,019	1,639	1,019
Amount due from subsidiary undertaking	-	-	1,480	1,102
Prepayments	4,159	287	3,802	287
Accrued Income				
- Research grants and contracts	25,213	24,833	25,213	24,833
- Other Income	12,576	8,633	12,576	8,633
Total Debtors	60,245	46,794	61,121	47,649

- (i) Further information regarding the judgements and estimates in relation to the impairment can be found in Note 1: Accounting Policies on Page 57 “Recoverability of debtors”.

## Notes to the Financial Statements

### Year ended 31 July 2022

#### 15. Current Investments

Consolidated and Institution	Endowment	Other	2022	2021
	Investments	Investments	Total	Total
	£'000	£'000	£'000	£'000
	(Note 23)			
Short term investment in shares	-	161,000	161,000	171,199
Short term bonds	-	68,446	68,446	67,782
Other short-term investments	43,715	36,075	79,790	74,320
Short term deposits	-	55,815	55,815	12,291
	43,715	321,336	365,051	325,592

The decrease in fair value of current investments in the year was £10,922k (2021: increase £34,661k).

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 2022 the weighted average interest rate of these fixed rate short term deposits was 1.54% (2021: 0.1%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 135 days (2021: 31 days). The fair value of these deposits was not materially different from the book value.

#### 16. Cash and Cash Equivalents

	Consolidated		Institution	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Operational bank accounts	55,143	73,360	48,216	72,410
Cash-in-hand	10	10	10	10
Money market funds	24,468	55,383	24,468	55,383
Cash funds held by investment fund managers	14,889	17,707	14,889	17,707
Cash fund held within endowment funds	1,855	2,127	1,855	2,127
	96,365	148,587	89,438	147,637

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**17. Creditors: amounts falling due within one year**

	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	19,730	10,952	19,693	10,569
Social security and other taxation	9,815	7,306	9,815	7,306
Sundry creditors	10,104	13,956	9,577	7,451
Deposits	142	235	142	235
Employees leave entitlement accrual (i)	14,280	17,157	14,280	17,157
Accruals	25,193	27,590	25,143	27,590
Deferred income (see below)	86,761	86,970	81,238	86,970
Unsecured loans	129	129	129	129
Secured loans	2,603	2,413	2,603	2,413
Amounts due to subsidiary undertakings	-	-	-	6,505
	168,757	166,708	162,620	166,325

**Deferred Income**

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

	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Tuition Fees	4,551	4,837	4,551	4,837
Research grants and contracts	47,518	50,133	47,518	50,133
Other Income	33,240	23,775	27,717	23,775
Capital grant income	1,452	8,225	1,452	8,225
	86,762	86,970	81,238	86,970

- (i) The Institution has continued to extend its policy to allow staff to carry-forward up to ten days holiday entitlement as a consequence of the continued impact of the COVID-19 pandemic. Previous year's exceptional circumstances that enabled critical operational staff to carry forward up to 10 additional days was withdrawn.

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

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

Consolidated and Institution	2022 £'000	2021 £'000
Deferred capital grant income	-	212
Unsecured loans (i)	1	130
Secured loan	3,134	5,737
Public Bond (ii)	293,956	293,831
Public Bond Tap (iii)	127,233	127,811
Total loans and long-term debt	424,324	427,509
	424,324	427,721

**Analysis of secured and unsecured loans**

Due within one year or on demand (Note 17)	2,732	2,542
Due between two and five years	3,135	5,867
Due in five years or more	421,189	421,642
Due after more than one year	424,324	427,509
	427,056	430,051

Included in loans are the following:

Lender	Term	Secured/ Unsecured	Interest rate %	Borrower	2022 £'000	2021 £'000
Welsh Government (i)	2023	Unsecured	-	Institution	130	259
Lloyds Bank/Scottish Widows(iv)	2024	Secured	8.853	Institution	3,462	5,175
Royal Bank of Scotland (v)	2025	Secured	See below	Institution	2,275	2,975
					5,867	8,409

- (i) The interest free Welsh Government loan is from their Invest-to-Save scheme for student transition, retention and success and will be repaid in full by November 2022.
- (ii) The 39-year public bond of £300 million was issued in February 2016 and is repayable in full on 7<sup>th</sup> December 2055. Interest is payable semi-annually at a coupon rate of 3.0% on 7<sup>th</sup> June and 7<sup>th</sup> December each year. The effective interest rate is 3.1%.
- (iii) A £100m bond tap was issued in February 2021 at a premium and is repayable in full on 7<sup>th</sup> December 2055. Interest is payable semi-annually at a coupon rate of 3.0% on 7<sup>th</sup> June and 7<sup>th</sup> December each year. The effective interest rate is 1.9%.
- (iv) Lloyds Bank originally advanced £17 million to the Institution to finance the cost of student residences. The loan is secured on Talybont South property and is repayable by 28 February 2024 on a reducing balance method. In 2013, Lloyds Bank transferred certain rights of the loan to Scottish Widows (part of the Lloyds Banking Group), however, Lloyds Bank act on behalf of Scottish Widows in the capacity of service provider.
- (v) Royal Bank of Scotland originally advanced £14 million to the Institution to finance the cost of Talybont Court. The loan is secured on Talybont Court and is repayable by 1 October 2025 by equal instalments of £0.7m per annum. Interest is payable on the loan at 0.225% above Base Rate.
- (vi) In July 2021 the Institution took out a 3-year unsecured Revolving Credit Facility with Lloyds Bank for £20m over three years. As at 31 July 2022, the facility had not been utilised.



**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**19. Consolidated and Institution Reconciliation of Net Debt**

	Consolidated	Institution
	£'000	£'000
Net debt 1 August 2021	281,464	282,414
Movement in cash and cash equivalents	52,222	58,199
Repayment of secured loans	(2,413)	(2,413)
Repayment of unsecured loans	(129)	(129)
Other non-cash changes (bond interest)	(453)	(453)
Net Debt 31 July 2022	330,691	337,618
Change in net debt	49,227	55,204

Analysis of net debt	Consolidated		Institution	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Borrowings: amounts falling due within one year</b>				
Secured loans	2,603	2,413	2,603	2,413
Unsecured loans	129	129	129	129
(Note 17)	2,732	2,542	2,732	2,542
<b>Borrowings: amounts falling due after more than one year</b>				
Secured Loans	3,134	5,737	3,134	5,737
Unsecured loans	1	130	1	130
Public Bond	293,956	293,831	293,596	293,831
Public Bond Tap	127,233	127,811	127,233	127,811
(Note 18)	424,324	427,509	424,324	427,509
Less: Cash and cash equivalents	(96,365)	(148,587)	(89,438)	(147,637)
Net debt	330,691	281,464	337,618	282,414

## Notes to the Financial Statements

### Year ended 31 July 2022

## 20. Financial Instruments

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

	Note	Consolidated		Institution	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets at fair value through surplus or deficit investments in equity and listed bonds	15	309,236	313,301	309,236	313,301
		309,236	313,301	309,236	313,301
Financial assets that are debt instruments measured at amortised cost					
Trade receivables	14	16,658	12,022	16,411	11,775
Other receivables	14	1,639	1,019	3,119	2,121
Investments in short term deposits	15	55,816	12,291	55,816	12,291
		74,113	25,332	75,346	26,187
Financial liabilities measured at amortised cost					
Public Bond	18	293,956	293,831	293,956	293,831
Public Bond Tap	18	127,233	127,811	127,233	127,811
Loans	18	5,867	8,409	5,867	8,409
Trade creditors	17	19,730	10,952	19,693	10,569
Other creditors	17	10,246	14,188	9,719	7,683
Accruals	17	25,193	27,590	25,143	27,590
		482,225	482,781	481,611	475,893

## 21. Pension Provision

### Consolidated and Institution

	Obligation to fund deficit on USS Pension £'000	CUPF fund obligations (Note 25) £'000	LGPS fund obligations (Note 25) £'000	2022 Total Pension Provision £'000	2021 Total Pension Provision £'000
At 1 August 2021	84,066	101,393	3,355	188,814	187,309
Utilised in year	(4,677)	-	-	(4,677)	(3,754)
Additions/ (reductions)	118,781	(68,463)	(3,395)	46,923	3,209
Discount rate changes (Note 9)	752	1,600	40	2,392	2,050
At 31 July 2022	198,922	34,530	-	233,452	188,814

### USS deficit

The Institution has entered into an agreement (the Recovery Plan) that determines how each employer within the multi-employer scheme will fund the overall deficit. The Institution recognises a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in the Statement of Comprehensive Income. For key assumptions used in calculating the liability please refer to Note 25.

### LGPS Fund

As at 31 July 2022, the LGPS fund FRS102 actuarial report resulted in a pension asset £4,050k. The asset has not been recognised as such on the Statement of Financial Position, as there is no automated entitlement to a refund from the scheme. The £4,050k is eliminated by an additional asset valuation charge to Other Comprehensive Expenditure.

## Notes to the Financial Statements

### Year ended 31 July 2022

#### 22. Other Provisions

Consolidated	Share of net liability in joint venture £'000	Leasehold Property Dilapidations £'000	2022 Total £'000	2021 Total £'000
At at 31 August 2021	3,431	-	3,431	-
Additions / (Reductions)	(468)	2,106	1,638	3,431
<b>Closing balance</b>	<b>2,963</b>	<b>2,106</b>	<b>5,069</b>	<b>3,431</b>

Reduction is Share of net liability in joint venture represents the Group's share of operating surplus in the year of Compound Semiconductors Centre Limited – see Note 12.

Institution	Leasehold Property Dilapidations £'000	2022 Total £'000	2021 Total £'000
At at 31 August 2021	-	-	-
Additions / (Reductions)	2,106	2,106	-
<b>Closing balance</b>	<b>2,106</b>	<b>2,106</b>	<b>-</b>

Provision for Leasehold Property dilapidations recognised as per Note 1 Page 57.

#### 23. Endowment reserves

##### Consolidated and Institution

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2022 Total £'000	2021 Total £'000
Capital opening balance	2,807	22,997	25,804	1,559	27,363	23,943
Accumulated income	1,604	13,882	15,486	2,633	18,119	14,995
	4,411	36,879	41,290	4,192	45,482	38,938
New endowments	-	-	-	267	267	288
Income for year	123	1,028	1,151	113	1,264	1,225
Expenditure	(115)	(497)	(612)	(179)	(791)	(817)
	8	531	539	(66)	473	408
(Decrease) in market value	(64)	(527)	(591)	(61)	(652)	5,848
<b>Closing balance</b>	<b>4,355</b>	<b>36,882</b>	<b>41,237</b>	<b>4,332</b>	<b>45,570</b>	<b>45,482</b>
Represented by:						
Capital	2,762	22,481	25,243	1,511	26,755	27,363
Accumulated income	1,593	14,401	15,994	2,821	18,815	18,119
	<b>4,355</b>	<b>36,882</b>	<b>41,237</b>	<b>4,332</b>	<b>45,570</b>	<b>45,482</b>

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

---

**23. Endowment reserves (continued)**

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2022 Total £'000	2021 Total £'000
<b>Analysis by type of purpose:</b>						
Appeal Fund	-	95	95	-	95	94
Chairs	-	13,371	13,371	-	13,371	13,559
Lectures	-	1,115	1,115	-	1,115	1,101
Hardship Funds	12	2,314	2,326	555	2,881	2,862
Scholarships	-	9,736	9,736	460	10,196	10,070
Prizes	-	3,205	3,205	42	3,247	3,235
Research	-	1,649	1,649	2,598	4,247	4,178
General	4,343	5,397	9,740	677	10,417	10,383
	4,355	36,882	41,237	4,332	45,570	45,482
<b>Analysis by asset:</b>						
Current asset investments						
- investment units					43,716	43,355
Cash & cash equivalents					1,854	2,127
					45,570	45,482

**24. Bond repayment fund**

Cardiff University's 39-year public bond of £300m, issued in February 2016, along with the subsequent £100m tap issued in February 2021, will be redeemed at their principal amounts of £400m on 7 December 2055 and the Institution will have to repay this sum on that date.

In July 2019 Council approved the creation of a Bond Repayment Fund (BRF) which has as its sole objective to deliver £400m in cash in 2055.

The bond repayment fund forms part of the unrestricted funds in the statement of financial position.

The Institution has, to date, invested £50m (2021: £50m) on a total return basis to generate the repayment.

	2022 £'000	2021 £'000
Total fund value		
Cash held for investment	8,191	2,432
Current investments	50,470	51,472
Non-current investments	5,551	4,067
	64,212	57,971

## Notes to the Financial Statements

### Year ended 31 July 2022

## 25. Pension Schemes

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

- (i) Universities Superannuation Scheme (USS)
- (ii) Cardiff University Pension Fund (CUPF)
- (iii) Local Government Pension Scheme (LGPS)
- (iv) Cardiff University Pension Scheme (CUPS)
- (v) National Health Service Scheme (NHSPS)
- (vi) NEST workplace pension scheme

The nature of the schemes above are detailed below.

**Cardiff University Pension Scheme** is a new Defined Contribution Scheme effective from 1 January 2022 in co-ordination with the closure of the CUPF DB scheme to new members,

The tender for a DC Scheme to be available for new members was undertaken and Legal and General appointed to provide the scheme. The DC scheme allows members flexibility in contribution rates and a member could choose to contribute 0%, but still benefit from Institution contributions into the scheme. Any flexibility which allows members to pay zero or very low contributions may result in some members who have previously opted out of pension scheme (currently around 230 members) to opt in. The additional benefits of life insurance and income protection are currently at the final stages of procurement and will be available for members from 1st March 2022.

Elements of the DC scheme that will be offered.

Institution 10% fixed Member 6.5% default, option to reduce to 4%,2%,0% Life Insurance 5x basic salary, Income Protection.

The **NHSPS** which is contracted out of the State Second Pension (S2P). The notional assets of NHSPS are assessed by the Government. Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The employers' contribution rate payable by the Institution during the year ended 31 July 2022 remained unchanged at 14.38% of total pensionable earnings.

**NEST** is a defined contributions pension scheme for eligible non-contractual workers.

The total pension cost for the period was:	Consolidated		Institution	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Universities' Superannuation Scheme (USS)	36,730	35,647	36,662	35,647
Cardiff University Pension Fund (CUPF)	15,114	15,121	15,113	15,121
Local Government Pension Scheme (LGPS)	351	360	351	360
Cardiff University Pension Scheme (CUPS)	62	-	62	-
National Health Service Pension (NHSPS)	1,328	1,386	1,328	1,386
NEST	11	15	11	15
	53,596	52,529	53,527	52,529
USS minimum funding guarantee adjustment	118,781	2,394	118,781	2,394
	172,377	54,923	172,308	54,923

## 25. Pension Schemes (continued)

### (i) The Universities Superannuation Scheme

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

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost charged to the Consolidated Statement of Comprehensive Income is £36,730k (2021: £35,647k) including Pension Choice, but excluding the impact of the change in the deficit recovery plan, as shown in note 21.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The deficit recovery contributions due within one year for the institution are £13,150k (2021: £10,824k).

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (<https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>):

#### **CPI Assumption:**

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:

1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040

#### **Pension increases (subject to a floor of 0%):**

CPI assumption plus 0.05%

#### **Discount rate (forward rates):**

Years 1-10, CPI plus 0.14% reducing linearly to CPI less 0.73%.

Years 11-20, CPI plus 2.52% reducing linearly to CPI plus 1.55% by year 21.

Years 21 onwards, CPI plus 1.55%.

The main demographic assumption used relates to the **mortality assumptions**. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

#### **Mortality base table:**

101% of S2PMA "light" for males and 95% of S3PFA for females.

#### **Future improvements to mortality:**

CMI\_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

#### **The current life expectancies on retirement at age 65 are:**

	<b>2022</b>	<b>2021</b>
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

---

**25. Pension Schemes (continued)**

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	<b>2022</b>	<b>2021</b>
Discount rate	3.31%	0.89%
Pensionable salary – inflation - Year 1	6.00%	3.00%
Pensionable salary – inflation – remaining years	3.00%	3.00%
Pensionable salary – Headcount – Year 1	2.70%	5.00%
Pensionable salary – Headcount – remaining years	Nil	Nil

**The employers' contribution rates are as follows:**

1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

<b>Sensitivity</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
0.5% per annum decrease in discount rate	8,255	1,680
0.5% per annum increase in salary inflation over duration	8,211	1,637
0.5% per annum increase in salary inflation in year 1 only	938	408
0.5% increase in staff changes over duration	8,465	1,666
0.5% increase in staff changes year 1 only	968	400

**(ii) Cardiff University Pension Fund**

The pension fund is a defined benefit scheme, externally funded and is contracted out of the State Second Pension (S2P) pension provision. As at 1 January 2022, the fund was closed to new members.

The last formal triennial actuarial valuation of the schemes which have been concluded were performed by professionally qualified actuaries as at 31 July 2019.

Following consultation with members, a Deed of Amendment effecting the change to future benefits was executed by the Institution and the Trustees of the Fund. The change impacts the benefits accrued from an effective date of 1 January 2022. A summary of the changes to benefit accrual from this date is set out below:

- The actual rate reduced from 80ths to 85ths
- Pension increases reduced in line with CPI inflation up to a maximum of 2.5% p.a.; and
- The Normal Retirement Date increased from age 65 to age 66.

As these changes only impact benefits in relation to service from 1 January 2022, there is no impact on the Defined Benefit Obligation (DBO).

An estimated valuation of the defined benefit schemes was performed at 31 July 2021 by qualified actuary. The Fund deficit under FRS 102 has reduced from £101.4m at 31 July 2021 to £34.5m at 31 July 2022.

## 25. Pension Schemes (continued)

### Cardiff University Pension Fund (continued)

Under the latest Scheme of Contributions dated 30 December 2021, the University contributes the following:

- 21.7% of pensionable earnings in respect of all active CARE members who have elected to participate in salary sacrifice.
- 22.7% of pensionable earnings in respect of all non-CARE members who have elected to participate in salary sacrifice
- 15.2% of pensionable earning in respect of all other active members.

In addition, between 1 January 2022 and 31 July 2029, the University agrees to pay deficit contributions of:

- 8.2% per annum of total pensionable salary; and
- £1,000,000 per annum

The FRS 102 disclosures set out in the tables below are based upon this updated valuation.

The actuary has made Guaranteed Minimum Pensions (GMP) equalisation allowance and the result has been included with the scheme's' FRS102 disclosures.

### (iii) Local Government Pension Scheme

The pension fund is a defined benefit scheme, externally funded and is contracted out of the State Second Pension (S2P) pension provision.

The last formal triennial actuarial valuation of the schemes which have been concluded were performed by professionally qualified actuaries as at 31 March 2019.

During the accounting period, the Institution paid contributions to the CUPF of 19.2% of pensionable salaries (LGPS - 27.7% plus a cash lump sum of £1.0m). The Institution 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 sacrifices of pension contributions is not permitted in the LGPS scheme.

An estimated valuation of the defined benefit schemes was performed at 31 July 2022 by qualified actuary. The FRS 102 disclosures set out in the tables below are based upon this updated valuation.

The actuary has made GMP equalisation allowance and the result has been included with the scheme's' FRS102 disclosures.

In addition, the actuary, due to current levels of high inflation, has also made an allowance in the DBO for the expected impact of CPI inflation on the pension increase order of April 2023, which is expected to reflect CPI inflation for the year ending 30 September 2022. Therefore, allowance is made for CPI inflation between 30 September 2021 and the accounting date of 9.0% and is included within the CPI inflation assumption and reflects market expectations at the accounting date.

As at 31 July 2022, the LGPS fund FRS102 actuarial report resulted in a pension asset £4,050k. The asset has not been recognised as such on the Statement of Financial Position, as there is no automated entitlement to a refund from the scheme. The £4,050k is eliminated by an additional asset valuation charge to Other Comprehensive Expenditure.



**Notes to the Financial Statements**  
**Year ended 31 July 2022**

---

**25. Pension Schemes (continued)**

**Assumptions relating to CUPF and LGPS**

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

	<b>CUPF</b>	<b>LGPS</b>	<b>CUPF</b>	<b>LGPS</b>
	<b>At 31 July</b>	<b>At 31 July</b>	<b>At 31 July</b>	<b>At 31 July</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>% p.a.</b>	<b>% p.a.</b>	<b>% p.a.</b>	<b>% p.a.</b>
Price Inflation (RPI)	3.15	n/a	3.20	n/a
Price Inflation (CPI)	2.75	2.70	2.80	2.60
Rate of increase in salaries	2.75	3.70	2.80	3.60
Rate of increase of pensions in payment	2.75	2.70	2.75	2.60
Increases to deferred pensions before retirement	2.75	2.70	2.80	2.60
Discount rate	3.55	3.50	1.70	1.70

Key non-financial assumptions relate to member life expectancy at the accounting date, based on actual mortality experience of members within the Funds carried out as part of the latest formal actuarial valuations (see above), and allow for expected future mortality improvements, the accounting assessments are based on the life expectancy of male and female members at age 65 in normal health as shown below.

**COVID-19 disclosure**

CUPF actuary has not updated the mortality assumption as at 31 Jul 2022 to reflect the potential effects of Covid-19. This is mainly because there remains uncertainty of the Covid-19 impact on long-term mortality rates for pension scheme members. However, under LGPS, at the accounting date the assumed rates of future mortality have continued to increase to reflect a slightly more negative outlook as a result of the COVID-19 pandemic.

	<b>CUPF</b>	<b>LGPS</b>	<b>CUPF</b>	<b>LGPS</b>
	<b>At 31 July</b>	<b>At 31 July</b>	<b>At 31 July</b>	<b>At 31 July</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
Pensioner – male	21.5	22.1	21.2	22.3
Pensioner – female	24.2	24.6	23.8	24.7
Non-pensioner (currently aged 45) – male	22.1	23.2	22.2	23.3
Non-pensioner (currently aged 45) – female	25.3	26.0	24.7	26.1

Funder membership data summary at last actuarial valuation

	<b>CUPF</b>	<b>LGPS</b>
	<b>July 2019</b>	<b>March 2019</b>
Active members	1,811	40
Deferred members	1,485	96
Pensioners and dependants	1,023	231

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

---

**25. Pension Schemes (continued)**

	2022 CUPF	2022 LGPS	2021 CUPF	2021 LGPS
<b>Scheme Assets and Liabilities</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>The assets in the scheme at fair value were:</b>				
Equities	39.1	25.0	57.6	25.7
Property	-	3.0	-	2.6
Government bonds	-	3.4	-	3.9
Corporate bonds	22.3	2.9	26.9	5.9
Multi Asset Credit	-	1.9	-	-
Liability Driven Investments	51.0	-	57.6	-
Diversified Growth	85.7	-	87.2	-
Private Markets	31.3	-	32.0	-
Cash	1.8	1.1	6.0	0.6
Scheme assets at fair value	231.2	37.3	267.3	38.7
Asset derecognition actuarial loss adjustment	-	(4.1)	-	-
Scheme assets at fair value (Restated)	231.2	33.2	267.3	38.7
Scheme liabilities at present value	(265.7)	(33.2)	(368.7)	(42.1)
<b>Net pension asset/(liability) recorded within pension provisions (Note 21)</b>	<b>(34.5)</b>	<b>-</b>	<b>(101.4)</b>	<b>(3.4)</b>

**Analysis of the amount charged within Operating Surplus**

<b>Operating cost</b>				
Current service cost	14.0	0.4	13.3	0.4
Past service cost	-	-	-	-
Administrative expenses	1.0	-	0.9	-
Total operating cost:	15.0	0.4	14.2	0.4

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**25. Pension Schemes (continued)**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	CUPF	LGPS	CUPF	LGPS
	£m	£m	£m	£m
<b>Financing cost:</b>				
Interest expense on liabilities	6.2	0.7	4.9	0.6
Interest income on assets	(4.6)	(0.7)	(3.6)	(0.5)
<b>Total financing cost:</b>	<b>1.6</b>	<b>-</b>	<b>1.3</b>	<b>0.1</b>
<b>Total charge within Operating Surplus before tax</b>	<b>16.6</b>	<b>0.4</b>	<b>15.5</b>	<b>0.5</b>
<b>Amounts recognised in Other Comprehensive Income:</b>				
Actuarial losses/(gains) from assets	45.8	6.2	(24.8)	(5.7)
Actuarial losses/(gains) on liabilities	(115.4)	(8.6)	28.1	(0.6)
<b>Total loss/(gain) to Other Comprehensive Income before tax</b>	<b>(69.6)</b>	<b>(2.4)</b>	<b>3.3</b>	<b>(6.3)</b>
<b>Analysis of movement in deficit:</b>				
Deficit at beginning of year	101.4	3.4	92.1	10.4
Contributions by the Institution - normal	(10.2)	(0.3)	(9.5)	(0.2)
Contributions by the Institution - additional	(3.7)	(1.0)	-	(1.0)
Operating cost	15.0	0.4	14.2	0.4
Financing cost	1.6	-	1.3	0.1
Loss/(Gain) recognised in Other Comprehensive Income	(69.6)	(2.5)	3.3	(6.3)
<b>Deficit/(Surplus) at end of year</b>	<b>(34.5)</b>	<b>-</b>	<b>101.4</b>	<b>3.4</b>
<b>Changes to the present value of scheme liabilities:</b>				
Present value of scheme liabilities at start of the year	368.7	42.1	329.7	43.0
Current service cost	14.0	0.4	13.3	0.4
Past service cost	-	-	-	-
Interest expense on liabilities	6.2	0.7	4.9	0.6
Contribution by participants	0.2	-	0.2	-
Actuarial losses/(gains) on liabilities	(115.4)	(8.6)	28.1	(0.6)
Actual benefit payments	(8.0)	(1.3)	(7.5)	(1.3)
<b>Present value of scheme liabilities at the end of the year</b>	<b>265.7</b>	<b>33.2</b>	<b>368.7</b>	<b>42.1</b>
<b>Changes in the fair value of scheme assets:</b>				
Fair value of scheme assets at the start of the year	267.3	38.7	237.6	32.6
Interest Income on assets	4.6	0.7	3.6	0.5
Actuarial gains/(losses) on assets	(45.8)	(6.2)	24.8	5.7
Contributions by the Institution	13.9	1.3	9.5	1.2
Contributions by participants	0.2	-	0.2	-
Net benefits paid out	(8.0)	(1.3)	(7.5)	(1.3)
Expenses	(1.0)	-	(0.9)	-
<b>Fair value of scheme assets at the end of the year</b>	<b>231.2</b>	<b>33.2</b>	<b>267.3</b>	<b>38.7</b>

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

**Notes to the Financial Statements**  
**Year ended 31 July 2022**

**25. Pension Schemes (continued)**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	CUPF	LGPS	CUPF	LGPS
	£m	£m	£m	£m
<b>Actual return on scheme assets:</b>				
Interest income on scheme assets	4.6	0.7	3.6	0.5
Asset gain / (loss)	(45.8)	(6.2)	24.8	5.7
<b>Actual return on scheme assets</b>	<b>(41.2)</b>	<b>(5.5)</b>	<b>28.4</b>	<b>6.2</b>

**Sensitivity of movement in key assumptions**

The approximate impact of changing the key assumption on the present value of the funded defined benefit liabilities as at 31 July 2022 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

CUPF	Funded Defined Benefit Liability (£m)		
	+0.1% p.a.	Base figure	-0.1% p.a.
Discount Rate assumption	260.8	265.76300	270.8
Rate of general increase in salaries	270.2	265.7	261.8
Post-retirement Mortality assumption	- 1 year 256.8	Base figure 265.7	+1 Year 274.6
<b>LGPS</b>	<b>+0.1% p.a.</b>	<b>Base figure</b>	<b>-0.1% p.a.</b>
Discount Rate assumption	32.7	33.2	33.8
Rate of general increase in salaries	33.3	33.2	33.1
Rate of increase to pensions and rate of revaluation of pension accounts	33.7	33.2	32.8
Post-retirement Mortality assumption	- 1 year 34.2	Base figure 33.2	+1 Year 32.2

**Post balance sheet market movements**

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

## Notes to the Financial Statements

Year ended 31 July 2022

---

### 26. Capital Commitments

Consolidated and Institution	2022 £'000	2021 £'000
Commitments contracted at 31 July 2022	4,968	44,095

---

### 27. Operating Lease obligations

#### Consolidated and Institution

Future minimum lease payments due	Land and buildings £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
Not later than one year	2,899	101	3,000	3,036
Later than one year and not later than 5 years	8,866	91	8,957	10,003
Later than five years	27,616	-	27,616	29,382
Total lease payments due	39,381	192	39,573	42,421

---

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

## Notes to the Financial Statements

### Year ended 31 July 2022

#### 28. Related Party Transactions

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

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

Organisation	Council member or senior officer	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
Association of Commonwealth Universities	Prof C Riordan	-	7	-	-
British Council	Prof C Riordan	1,209	-	-	46
Cardiff & Vale University Health Board	Ms S Rankin	1,488	7,682	1,467	668
Cardiff Council	Ms C Morgan Dr J Wademan	43	329	-	85
Cardiff Productions Limited	Mr P Younge	-	7	-	-
Cardiff University Students' Union	Ms G Dunn Ms H Doe Ms A Flores Acuna	146	6,510	85	23
Compound Semiconductors Centre Limited	Prof R Allemann Mr D Xiberras	1,154	693	1,384	-
Digital Health & Care Wales/NHS Wales	Mr D Selway	-	10	-	3
Gower College, Swansea	Judge R Singh	-	60	-	-
Gwent Office of the Police and Crime Commissioner	Dr J Wademan	26	-	-	-
Hugh James Solicitors	Ms K Singh (daughter-in-law of) Judge R Singh	-	6	-	1
IDP Connect	Prof C Riordan	-	25	-	10
Institute of Cancer Research	J Shakeshaft	1	-	-	-
King's College London	Ms J Newman	-	182	89	-
Liverpool University	Prof Dame J Finch	-	16	-	-
Medical Research Council	Prof K Graham	9,515	4	-	-
Microsoft UK	Mr P Benjamin	-	76	-	-
Quality Assurance Agency	Ms Claire Morgan	-	102	-	-
Race Council Cymru	Judge R Singh	-	2	-	-
Russell Group	Prof C Riordan	-	83	-	-
The Conversation UK Limited	Ms J Newman	-	17	-	-
Universities UK	Prof C Riordan Prof U Khaliq	-	557	-	342
University of London	Prof U Khaliq Prof Dame J Finch	-	658	-	-
Welsh Government	Prof R Ashworth Prof K Graham	18,271	27	2,490	128

The Institution has taken advantage of Paragraph 33.1A of FRS 102 in that disclosures need not be given for transactions that have taken place between the parent and its wholly owned subsidiaries.

## Notes to the Financial Statements

### Year ended 31 July 2022

---

#### 28. Related Party Transactions (Cont'd.)

##### Trustee remuneration and expenses

No trustee received any remuneration or waived payment from the Institution during the year (2021: none).

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

	2022 £'000	2021 £'000
Expenses paid to 6 trustees in the year (2021: 7)	4	1

---

#### 29. Prior year adjustment

During 2022, the Institution discovered that overseas agent commission costs had been netted of against tuition fees and education contracts income within both the consolidated and institution financial statements. These amounts should have been presented gross and the comparative information has been restated accordingly. The effect of the adjustment is to increase both the tuition fee and education contracts income (Note 2) and operating expenses (Note 10) within the Statement of Comprehensive Income and Expenditure for the year ended 31 July 2021 by £7.6 million. There was no impact on total comprehensive surplus for the year ended 31 July 2021 or net assets as at 31 July 2021 for either the group or institution from this restatement.

##### Other restatements

Comparatives have been restated in notes 3, 8 and 10 to reclassify amounts between sub-captions. These reclassifications had no impact on the numbers reported in the primary statements. These can be found in notes 3 and 10.

## Notes to the Financial Statements

Year ended 31 July 2022

### 30. US Department of Education Financial Responsibility - Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, Cardiff University is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets.
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition).
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements.

The accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

#### Primary Reserve Ratio

Page	Line item - related disclosures	Expendable Net Assets	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
51	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		607,998		663,652
51	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		45,730		45,641
51	Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	949,055		934,274	
51	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment - pre-implementation		639,852		654,486
51	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase		306,717		30,356
51	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress		2,432		254,382
51	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities		233,452		188,814
51	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	424,324		427,509	
51	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation		424,324		427,509
51	Statement of Financial Position - Term endowments	Term endowments with donor restrictions		4,332		4,192
51	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity		41,238		41,289



## Notes to the Financial Statements

Year ended 31 July 2022

### 30. US Department of Education Financial Responsibility - Supplemental Schedule (Continued)

#### Primary Reserve Ratio (continued)

Page	Line item - related disclosures	Total Expenses and Losses	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
65	Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities		608,580		568,696
65	Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)		(53,390)		29,915
65	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)		(9,393)		35,189
65	Statement of Activities - Pension related changes other than periodic pension	Pension-related (credits)/ changes other than net periodic costs		(44,638)		(1,505)

#### Equity Ratio

Page	Line item - related disclosures	Modified Net Assets	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
51	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		607,998		633,662
51	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions		45,730		45,641
Page	Line item - related disclosures	Modified Assets	£'000	£'000	£'000	£'000
51	Statement of Financial Position - Total Assets	Total Assets		1,480,261		1,463,141

## Notes to the Financial Statements

Year ended 31 July 2022

---

### 30. US Department of Education Financial Responsibility - Supplemental Schedule (Continued)

#### Net Income Ratio

Page	Line item - related disclosures		Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
50	Statement of Changes in Reserves - total of movement shown for Income & Expenditure Reserve and Revaluation Reserve	Change in Net Assets Without Donor Restrictions		(27,891)		59,457
65	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains		634,079		598,238