

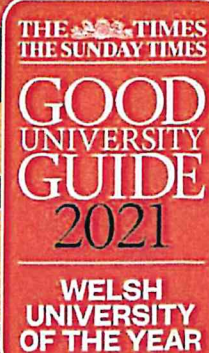


Cardiff
Metropolitan
University

Prifysgol
Metropolitan
Caerdydd

2020 - 2021

ANNUAL REPORT & FINANCIAL STATEMENTS



Charity Name:

Cardiff Metropolitan University

Charity Registration Number:

1140762

Registered Office

Maritime House

Llandaff Campus

Cardiff CF5 2YB

www.cardiffmet.ac.uk

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Report of the Board of Governors

Public Benefit Statement

Cardiff Metropolitan University seeks to advance higher education and research within South East Wales, Wales, the UK and internationally. Its charitable objective is to inspire and enable individuals, organisations and communities to succeed through innovation in high quality learning, research and enterprise. The benefit of this charitable objective is derived through the intellectual development of individuals and by providing the opportunity for them to enter professional life in many fields of public and private provision. The beneficiaries are the public at large to whom education is open. The University's provision has been aligned with the Welsh Government's strategy for higher education and serves the public benefit by contributing to regional regeneration, preservation of the environment and promotion of social justice.

The University offers courses in a range of subjects including health and social care, teacher education and environmental management with over 50 professional bodies accrediting its courses. It also engages with partners in business, the public sector and communities in a variety of ways. Specifically, during 2020/21 the University:

- (a) Undertook Sport Development for Cardiff City Council. The University, through Cardiff Met Sport, is working with the Council, Cardiff City FC, Sport Wales and Disability Sport Wales to increase sports participation and the quality of the experience across the city. The project, which places particular emphasis upon addressing key themes including disability, gender, and disadvantaged groups, is also contributing to the strengthening of Cardiff Met's relationships with all of the city's primary and secondary schools and supports thousands of hours of student work placement and volunteering opportunities.
- (b) Participated as a part of its widening access programme, in the First Campus Initiative which encourages the importance of learning amongst community first areas and schools in SE Wales.
- (c) Administered and supported a £12m pan Wales advisory and implementation service in food technology related initiatives, including areas such as technical, microbiological, hygiene and product development to help clients (SMEs) achieve measurable outputs and clear financial, environmental and skill-based benefits and to maximise business performance.
- (d) Worked with Welsh Government to provide Knowledge Transfer Centres as an effective interface between academia and Welsh business - providing access to research, development, expertise, facilities and knowledge to a wide range of technology led businesses.
- (e) Used its sports facilities to provide junior academies for local children and training facilities for all levels of athlete, thereby supporting world class participants in a range of national and international sports.
- (f) Operated a Community Borrower Scheme which provides the public with direct access to the University's library collections, enabling them to borrow books or other audio-visual education materials.
- (g) Actively promoted the National Young Ambassador programme which aims to inspire young people to become leaders through sport and physical activity.
- (h) Hosted sustainability events to bring together and engage our campus community with our neighbours and surrounding communities. These 'Community Days' promote partnership with many local charity and school groups and small businesses, and include activities such as Repair Cafes, Farmers Markets, Litter Picks etc. The University is also a key sponsor of the City's public cycle network, hosting cycle hubs at each of its campuses and providing 5,000 free memberships for its community.
- (i) Continued to support and provide funding towards the City's Student Liaison Officer, a role that supports Cardiff's universities and provides volunteering opportunities in the city, helping in local communities.

Report of the board of Governors (continued)

Public Benefit Statement (continued)

- (j) Donated 100kg of dry and frozen food to the Cardiff food bank.
- (k) Saw the return of the award-winning School Holiday Enrichment Programme (SHEP). SHEP is a school-based education programme that provides food and nutrition education, physical activity, enrichment sessions and healthy meals to children in areas of social deprivation during the school summer holidays. Since the programme's launch in 2016, the number of schools enrolled has continued to grow year-on-year.
- (l) Secured funding through Cardiff & Vale University Health Board to improve the provision of Exercise Referral across Cardiff, strengthening the relationship between primary care, social prescribing, exercise referral and community physical activity. The programme is contributing towards the Move More Eat Well strategy across Cardiff & Vale of Glamorgan.
- (m) Participated in Step In - an innovative project developed between Cardiff Met Sport and the Police & Crime Commissioner office, the programme diverts young people aged 11-18 years away from youth justice services and into more positive opportunities via sport and physical activity.

During the year, Welsh domiciled students of the University were able to access the Assembly Learning Grant and English domiciled students the Maintenance Grant; the University also offered its own bursaries. Various other schemes were also available to assist students to access higher education and the University administered a discretionary contingency fund for those who required financial support to continue their studies. The University offered a wide range of accredited taster sessions at outreach centres and bespoke projects designed to raise the aspirations amongst disadvantaged/under-represented communities.

In common with other charitable higher education corporations in the UK, the University is overseen by a Board of Governors, the majority of whom are non-remunerated and otherwise independent of the University. The Board of Governors includes staff and student representation.

Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988 the Board of Governors of Cardiff Metropolitan University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (effective from 1 January 2015) and in accordance with applicable Accounting Standards. In addition, within the terms and conditions of the Financial Management Code issued by the Higher Education Funding Council for Wales, the Board, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University, of the surplus or deficit and cash flows for that year.

In preparing these financial statements, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

Report of the board of Governors (continued)

Responsibilities of the Board of Governors (continued)

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Management Code with the Funding Council and any other conditions which the Funding Council 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 prevent and detect fraud;
- secure the economical, efficient and effective management of the University resources and expenditure.

By order of the Board



Professor C Carmichael Aitchison

President & Vice-Chancellor

9 December 2021

Report of the board of Governors (continued)

Operating and Financial Review

Scope of the Financial Statements

These financial statements relate to the year ended 31 July 2021 and represent the twenty ninth Annual Report of the University since its incorporation in 1992. The financial statements consolidate the main activity of the University with that of its subsidiary companies and have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102.

Principal Activities

The principal activity of the University is the provision of higher education from campuses in Cardiff and through collaborative activities elsewhere in the UK and overseas. The University's portfolio extends across undergraduate, postgraduate and research activities and is complemented by training, consultancy and other commercial spin offs which are provided to local, national and international organisations. The University also provides conferencing and residential services, together with sports and catering facilities, for students and external users. Many of these commercial activities are carried out through a subsidiary company Cardiff Met Company Ltd, which gifts the taxable profit back to the University through the Gift Aid scheme.

Financial and Investment Strategy

The University last reviewed and updated its Financial Strategy during July 2018. This Strategy has the key objectives of growing and diversifying income; promoting long-term sustainability; and operating efficiently and effectively. The Strategy includes challenging performance objectives in support of the University's aspirations for the future.

Results for the Year

The year started in an uncertain manner due to the coronavirus pandemic and continued in much the same way throughout, with the second national lock-down adding a new layer of uncertainty and disruption mid-way through the year. Despite this, the university delivered a very strong financial performance and is appreciative of the additional in-year Covid related grant funding that was provided by the Welsh Government to the Welsh higher education sector. The group's income increased by £15.2m to £122.3m (2020: £107.1m), assisted by the receipt of the aforementioned Welsh Government funding which amounted to circa £10m. The financial results for the year show that the university delivered an accounting surplus of £2.861m (2020: Deficit of £1.286m) and generated an operational cash surplus of £18.1m (2020: £8.6m). In the period since the introduction of FRS 102 during 2015/2016 there has been a stark presentational divergence between the strength of the University's operational cash generation and its accounting result. This distortion of the financial results has resulted from the continuing need to account for pension deficit charges in relation to two of the university's three staff pension schemes, namely, the Cardiff & Vale of Glamorgan Pension Scheme (CVGPS), and the University Superannuation Scheme (USS). The combined impact of the pension deficit charges arising from these two schemes amounted to £10.9m (2020: £5.2m) during the year. These charges do not impact on operational cash generation however, and as such the university was able to significantly increase its accumulated cash reserves. The financial results for the year demonstrate very solid performance, especially when viewed from the perspective of operating during a pandemic which had a significant impact on several of the group's income streams including residences, catering, conferencing, the hire of sports facilities and parking.

Report of the board of Governors (continued)

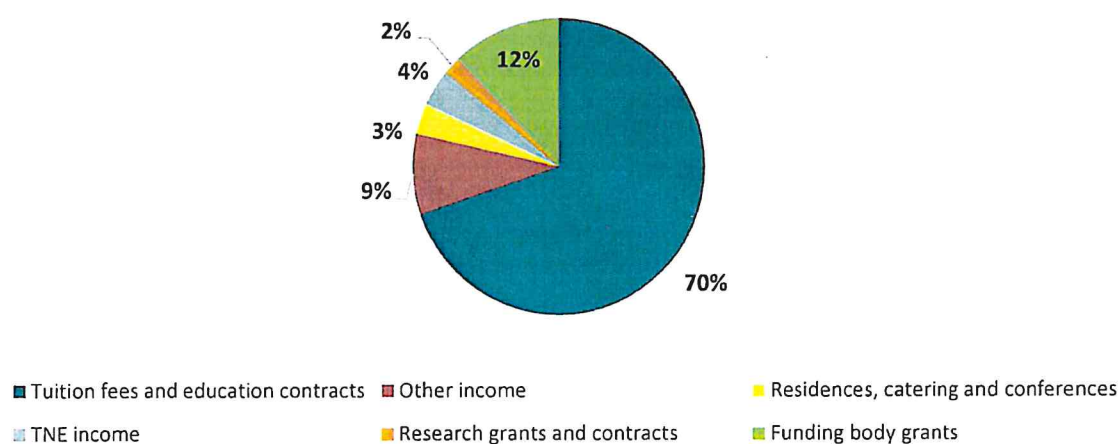
Operating and Financial Review (continued)

Results for the Year (continued)

Summary of Results	2020/21 £000	2019/20 £000
Income	122,289	107,124
Expenditure	119,428	108,410
Surplus/(Deficit) for the year	2,861	(1,286)
Add back		
Depreciation	4,339	4,770
Pension Provision Charges	10,863	5,151
Cash Through Operations	18,063	8,635

The group's main income stream is derived from tuition fees from UK and EU undergraduate and postgraduate students that together amounted to £66.5m and accounted for 54% of total income. When international fees and educational contracts are included, this rises to 74% of turnover; this is consistent with the previous year. Full time undergraduate tuition fees for UK students remained capped at £9k during the year resulting in no inflationary uplift to the value of the fee.

Income Analysis 2020-21



Report of the board of Governors (continued)

Operating and Financial Review (continued)

The Financial Outlook

The group invested £ 5.2m (2020: £6.2m) in its infrastructure during the year. Of this £2.3m was invested in the estate, of which £1.5m was invested in the second phase of the development of the School of Technologies. Three further phases are planned. Expenditure amounting to £2.9m was also invested in equipment, including circa £1.2m in IT infrastructure and corporate systems and circa £1.7m in the academic and professional service departments. These investments maintained the Consolidated Statement of Financial Position asset base, but it should be noted that due to the pandemic, capital expenditure during the year was lower than it would otherwise have been.

The current ratio strengthened during the year due to the strong operational cash generation, increasing to 1.97 (2020: 1.87); this, when combined with a net reduction in pension provisions, resulted in a £20m improvement in net assets and a matching strengthening of the Consolidated Statement of Financial Position. The working capital inflow from increasing creditors rose by £9m between 2019-20 and 2020-21.

Liquidity & Cash

The group's cash and short-term investment resources at the year-end amounted to £47.1m (2020: £30m). Investments in the estate and infrastructure during the year were funded entirely by cash generated from operating activities. Loan repayments during the year totalled £1.8m thereby reducing the group's long-term debt from £24.7m to £22.9m. This resulted in an improved gearing ratio, with long term debt as a % of income amounting to 18.7%. The strong cash base will underpin the university's future investment aspirations.

The Financial Outlook

During 2020-2021 the university charged FT home and EU undergraduate students an annual tuition fee of £9,000, as compared to the fee of £9,250 being charged in English institutions. The FT home and EU undergraduate tuition fee remains capped for 2021-2022 at £9,000 in Wales for the tenth consecutive year and at £9,250 in England.

Given that the real value of the FT undergraduate fee has eroded significantly during the past ten years, the continuing lack of indexation on one of the university's main income streams poses funding challenges for both the university and the HE sector in general. This is being exacerbated by current high levels of inflation and the associated risk of future salary inflation. The Westminster Government's response to the Augar report is still awaited and it remains possible that the aforementioned FT undergraduate tuition fee in England might be reduced from its current £9250. If this were to happen, it is possible that a similar reduction might be applied by the Welsh Government to the £9000 FT undergraduate fee in Wales.

In order to operate sustainably in these circumstances, the university continues to develop and implement ambitious plans to grow and diversify its income base through the development of new academic programmes and through investment in research and innovation activity, both to be provided through new and rejuvenated estate and infrastructure.

Charitable Status

The University became a Registered Charity (No. 1140762) on 10 March 2011.

Membership of the Board of Governors

The membership of the Board for the year 1 August 2020 to 31 July 2021 is set out on Page 16 of this report.

Independent Auditors

The external auditors for the year were PricewaterhouseCoopers LLP. The internal auditors for the year were Deloitte LLP.

Report of the board of Governors (continued)

Operating and Financial Review (continued)

Equality of Opportunity

The University works to ensure compliance with equality legislation and is committed to proactively integrating the principles of equality into all its activities. A Strategic Equality Plan has been agreed and implemented. The University is active in widening access to education, and in providing an inclusive approach to learning, teaching, and research.

Health and Safety at Work

The health, safety and wellbeing of staff and students are essential to the success of the University. The University's Health & Safety Committee considers all relevant aspects of health, safety and welfare. The Committee receives regular monitoring reports of periodic audits of schools/units health & safety management arrangements and of initiatives and/or issues emanating from school/unit health & safety meetings. Additionally, the Committee disseminates updates on legislation and guidance on good practice and monitors accident levels and staff attendance. The Minutes of the Committee are presented to the Resources Committee and health & safety reports also feature at the University's Audit Committee. An Annual Health & Safety Report is provided to the Board of Governors to enable it to meet its statutory obligation to ensure compliance with health & safety legislation.

In the lead up to the national lock-down that resulted from the coronavirus pandemic during March 2020, and in the period that has followed, the University has placed an increased emphasis on health and safety in the workplace. Measures were quickly put in place to ensure full compliance with all government coronavirus regulations and associated guidance to ensure that those staff who were required to work on-campus could continue to do so in a safe and socially distanced environment; and that those staff who could work from home were properly supported to do so.

Dealing with the future challenges can only be achieved through the continuing work and support of the University's staff and the Board of Governors wish to thank all staff for their efforts and commitment to the University throughout the year.

Modern Slavery and Human Trafficking Statement

Cardiff Metropolitan University is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business. The University's policies and procedures demonstrate its commitment to acting ethically and with integrity in all its business activities, ensuring compliance with the requirements of the Modern Slavery Act. The procurement function has had an 'Ethical Supply Chains' Policy in place since 2011. The Policy was reviewed and updated in 2020 to ensure it continues to reflect relevant good practice.

The University's workplace policies and procedures, which have been reviewed and amended to ensure they reflect the intent of the Welsh Government 'Ethical Employment in Supply Chain' Code of Practice. These policies and procedures demonstrate the University's commitment to acting ethically and with integrity in all its business relationships by ensuring that modern slavery and human trafficking do not occur within its UK and international workforces or business activities.

During the year covered by this report, the University committed to ensure that all staff pay grades are at or above the Real Living Wage. The University was accredited as a Living Wage employer by the Living Wage Foundation in November 2019 and has paid the Living Wage rate as a minimum to all staff since August 2018.

Criminal Finance Act Statement

Cardiff Metropolitan University and its subsidiary companies commit to ensuring that its employees, agents and other associated persons acting on its behalf are not facilitating tax evasion by another party. The University regularly reviews its risks and associated processes and procedures to ensure that all steps are taken to prevent tax evasion. The University includes the risk of tax evasion on its Risk Register. The risk is reviewed and updated 3 times a year. This includes the review of controls to mitigate risks. The University reviews its policies and

Report of the board of Governors (continued)

Operating and Financial Review (continued)

Criminal Finance Act Statement (continued)

guidance in relation to the Criminal Finance Act on a regular basis, in line with similar policies (Anti-Bribery, Counter Fraud and Corruption, Anti-Money Laundering policies and Financial Regulations).

Climate Change Impact Statement

Cardiff Metropolitan University is committed to minimising its impact on the climate and the environment. One of the key opportunities to achieve this is through efficient management of energy consumption across the university estate.

Energy Management within the Environment and Estates team means providing comfortable working, teaching and learning environments for all staff and students, while at the same time closely controlling the energy used. A network of electricity, gas and water sub-meters allows us to understand energy consumption within individual buildings.

The Environment and Estates teams are committed to making sure our campuses are developed with the health and wellbeing of staff and students in mind. A number of staff cycle and walk to work on a regular basis, and with the promise of a cycle superhighway running alongside our campus, a greener – more sustainable environment – is just around the corner.

We continuously looking at ways to reduce our impact, and our new cleaning tender requires the use of greener, more environmentally friendly cleaning products, our waste management tender needs to help us achieve our single-stream waste targets and our building improvements are all designed with sustainability in mind.



Professor C Carmichael Aitchison
President & Vice-Chancellor
9 December 2021

Corporate Governance Statement

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code both during the year and up to the date of approval of the financial statements. Its purpose is to help the reader of the annual report and financial statements understand how these principles have been applied.

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

The University's Board of Governors reviewed the University's Risk Management Policy and Risk Appetite and Tolerance Statement during 2020-21. This was in line with requirements to review the Risk Management Policy every three years and the Risk Appetite and Tolerance Statement on an annual basis. The review helped ensure that the risk management reporting was fully aligned to the University's Refreshed Strategic Plan and Key Performance Indicators.

The University's Board of Governors received termly reports on key Corporate Risks and reviewed the Risk Register. The University's Audit Committee considered all risk management reports prior to further consideration by the Board of Governors.

The University's Internal Auditors assessed the University's risk management arrangements during 2020-21 and provided an opinion that a 'moderate' level of assurance had been achieved. This was an improvement on 2019-20 where a 'limited' level of assurance had been provided. The University's Internal Auditors also assessed the University's corporate governance arrangements during 2020-21 and provided an opinion that a 'substantial' level of assurance had been achieved. This was an improvement on 2019-20 where a 'moderate' level of assurance had been provided. The Board of Governors will continue to keep its risk management and corporate governance arrangements under regular review. This accords with guidance for directors contained within the UK Corporate Governance Code.

The University's Board of Governors commissioned an external periodic review of its effectiveness towards the end of 2019-20 to ensure that the University's governance arrangements were efficient, effective and fit for purpose. A comprehensive 'Board Effectiveness Review' was undertaken in 2020-21 by Halpin Partnership Ltd and the Board of Governors considered and accepted a detailed report with clear recommendations. The review recommendations advocated the following:

- (i) Modernisation of the University's Articles of Government and Instrument of Government;
- (ii) Implementation of a new University Scheme of Delegation;
- (iii) Introduction of the Senior Independent Governor role within the University's governance arrangements;
- (iv) Introduction of annual appraisal arrangements for the Chair and Governors;
- (v) Proposals on Board membership, skills, training and development with reference to equality diversity and inclusion;
- (vi) Proposals for improved business management arrangements for Board and Committee meetings;
- (vii) Increased Board focus on strategic and cultural aims of the University;
- (viii) Proposals to support effective working between the Board of Governors and the Executive, and;
- (ix) Proposals on how to implement key recommendations of the Governance Review of Universities in Wales (Camm Review).

The Board Effectiveness Review also considered the University's governance arrangements against a Governance Maturity Framework. The Framework has four levels: (i) Failing; (ii) Improving; (iii) Good; and (iv) Leading Edge. The review highlighted that the University's governance arrangements were '(ii) Improving'. Review recommendations will continue to be implemented during 2021-22 with a view to achieving '(iii) Good' rating by the end of the year. The University's Governance and Nominations Committee and the Board of Governors will monitor progress against implementation directly.

Corporate Governance Statement (continued)

The Chair of the Board of Governors resigned in March 2021 and was replaced by the Vice chair who acted as Chair in an interim capacity until the end of 2020-21. A number of other Governors resigned or retired during 2020-21. The University recruited a new Chair of the Board of Governors and six new Independent Governors towards the end of 2020-21 in readiness for 2021-22. The refreshed membership will help ensure that the Board of Governors and its Committees will have the required diverse range of skills and experience required to address future challenges in 2021-22 and beyond as the University moves forward with the development of its new Strategic Plan and recovers from the impact of the global pandemic.

The University continued in 2020-21 with the interim governance arrangements introduced in 2019-20 in response to meeting the challenges of the global pandemic. The University's Standing Orders remained suspended to allow monthly meetings of the Board of Governors (with the exception of August 2020, January 2021 and April 2021) and increased delegation to committees as permitted under the University's Articles of Government.

The Board of Governors continued in 2020-21 with a streamlined committee structure with (i) an Audit Committee; (ii) a Governance and Nominations Committee, (iii) a Remuneration Committee, and (iv) a Resources Committee. All committees were formally constituted with terms of reference and membership comprised exclusively or mainly of independent members of the Board of Governors. The Board of Governors and its committees had a clear schedule of meetings and an agreed work programme for 2020-21. Additional meetings were convened on an exceptional basis to meet the University's decision-making exigencies as required. All meetings of the Board of Governors and its committees were held remotely during 2020-21.

The University continued to operate a Combined Academic Board during 2020-21 to support streamlined and agile decision making in meeting the challenges of the global pandemic. Towards the end of 2020-21, the Board of Governors agreed to proposals for the Combined Academic Board to be disaggregated from the start of 2021-22 into a separate Academic Board and Management Board. The membership of both bodies was extensively reviewed as part of this process. Towards the end of 2020-21, the Board of Governors also agreed to proposals to re-establish its Strategic Planning and Performance Committee for 2021-22. The Committee will have a revised and extended remit covering strategic planning, performance and academic assurance.

Membership of the University's Audit Committee included two independent members through the course of 2020-21 who were not members of the Board of Governors and who thus provided additional externality to the Committee's deliberations. The University's senior executives attended meetings of the Audit Committee as necessary but were not members of it. The Audit Committee met three times during 2020-21 with attendance by the University's internal and external auditors as appropriate. The Committee considered detailed internal audit reports, which, as appropriate made recommendations for the University's systems of internal control and included management responses and implementation plans. The Committee also monitored adherence to regulatory requirements and considered reports from external auditors, the Higher Education Funding Council for Wales and other sources as they affected the University's business. The Committee met privately with the University's Internal Auditors before meetings and also met with the External Auditors as required.

The responsibility for embedding risk management across the institution and maintaining an overview of the key high-level institutional risks rested with the University's Combined Academic Board during 2020-21. The Board of Governors and the Combined Academic Board received reports setting out key performance indicators, identified risks, and related control measures. The Audit Committee received and examined regular Risk Management reports that helped to inform the future direction of the rolling internal audit programme. The Executive received regular reports from the University's internal and external auditors which included recommendations for improvement. The Audit Committee provided review and scrutiny of the arrangements for internal financial control. The Board of Governors' meeting agendas included regular items for the consideration of risk (including Covid-19 related risks); regular reports thereon were received from the Executive and the Audit Committee. The management of risk and implementation of appropriate risk management measures has been a significant priority for the University since the start of the pandemic. The Board of Governors has played a key role in ensuring that these arrangements were properly reviewed and scrutinised to achieve assurance.

Towards the end of 2020-21 the University's Audit Committee approved the award of the contract for the provision of the University's Internal Audit services to a new provider for an initial three year term from the start of 2021-22. A

Corporate Governance Statement (continued)

new programme of work has been developed for consideration by the Committee at an additional meeting at the start of 2021-22.

The Chair of the University's Audit Committee retired as an Independent member of the Board of Governors at the end of 2020-21 having served two full terms of office. The Board of Governors appointed a new Chair of the Committee in readiness for the start of 2021-22. The new Chair of the Committee is an Independent member of the Board of Governors who was also a member of the Audit Committee during 2020-21 and previous years.

The University's Governing Body has throughout 2020-21 adhered to the provisions of the Higher Education Code of Governance issued during the Spring Term of 2015.

Annual Remuneration Statement

The Board of Governors of Cardiff Metropolitan University oversee a separate Remuneration Committee and in line with its terms of reference the committee considers all aspects of remuneration to senior University staff.

Membership of the Remunerations Committee comprises;

- Independent Governor (Chair of Remuneration Committee)
- Independent Governor/ Chair of the Board of Governors
- 3 Independent Governors

The Remuneration Committee considers and determines matters relating to the remuneration and terms and conditions of senior staff at the University. It undertakes a scrutiny role and ensures that the remuneration arrangements for all senior post holders supports the University's strategic aims and enable the recruitment, motivations and retention of senior staff while also complying with the requirements of regulation and best practice.

The Remuneration Committee meets three times a year, reporting into the Governing Body. It presents an annual report to the Board of Governors which seeks to provide assurance to the governing body that the Remuneration Committee is effectively discharging its responsibilities.

The Remuneration Committee has delegated authority to consider and approve matters relating to the remuneration of senior staff (including the Vice-Chancellor) in accordance with the Senior Remuneration Policy Framework. While the Vice-Chancellor is listed as being 'in attendance' at meetings, the Remuneration Committee's terms of reference are clear that they will not be present during discussion relating to their own remuneration.

The Remuneration Committee undertook a significant review of its terms of reference at the end of academic year 2019/20 to ensure its remit was properly aligned to the CUC code of practice as well as HEFCW requirements. The review was completed in December 2019 ensuring that Cardiff Metropolitan University is fully compliant with this Code. As a result, the Remuneration Committee's Terms of Reference were updated, and a Senior Staff Remuneration Policy Framework was adopted. The Remuneration Committee operates in accordance with this Framework. It reviews a range of data and information including salary history, equality, diversity and inclusion, comparator benchmarking data, and individual performance against agreed objectives and success measures.

An annual pay policy statement is presented alongside the annual report to Board of Governors. This annual statement is published on the University's website and sets out:

- A list of post holders within the remit of the Committee;
- The University's policy on the remuneration of post holders within the remit of the Committee;
- The pay multiple of the Vice-Chancellor and the median earnings of the institution's whole workforce, and An explanation of the pay arrangements for all other staff

At the start of each academic year, the Vice-Chancellor's performance objectives, which include measures of success, are agreed and endorsed by the Remuneration Committee.

Termly performance discussions are held between the Chair of the Board of Governors and the Vice-Chancellor. An end of year performance review is completed, where feedback is sought from wider stakeholders.

A range of data and comparative information on the Vice-Chancellor's remuneration is presented to the Remuneration Committee and the Director of People Services attends the meeting to provide guidance.

The Chair of the Board of Governors presents a summary of the Vice-Chancellor's performance against the agreed objectives and success measures, along with a remuneration proposal. In considering the Chair of the Board of Governor's recommendation to the Committee and whether it is justified, the Committee reviews a range of data and information, including:

Annual Remuneration Statement (continued)

- The Vice-Chancellor's salary history;
- How the Vice-Chancellor's remuneration compares to that of other Vice-Chancellor's across institution comparator groups (by income & size);
- How the Vice-Chancellor's current salary compares to that of other staff at the University as a multiple of the Vice-Chancellor's basic salary compared with the median earnings of the University's whole staff;
- The Vice-Chancellor's and the University's performance over the review period; and
- The context in which the University operates

The period between 2018 and 2021 was remarkable. The University achieved good student outcomes, financial viability, growth and positive organisational culture. The University was awarded the Welsh University of the Year Award in 2021. These many achievements were even more significant, as they were delivered against the backdrop of the Coronavirus pandemic.

The Vice Chancellor's remuneration and median pay ratio for the financial year 2020-2021 are detailed in note 7 of the notes to the accounts.

Governors and Directorate

Governors

Period of Office

Independent Governors

The Baroness Finlay of Llandaff (resigned March 2021) (Chair)
 Mr N Capaldi (Co Vice-Chair) (Interim Chair from March 2021)
 Mr S Waddington
 Mr D Warrender
 Mrs S Goodson (Co Vice-Chair) (resigned March 2021)
 Mr M Fishwick (resigned March 2021)
 Ms S Hendrickson-Brown
 Mr U Hussain MBE (retired July 2021)
 Ms R Marks MBE (retired April 2021)
 Mr P Matthews
 Professor M Nimmo
 Ms M Owen-Jones (Interim Co Vice-Chair from March 2021)
 Dr C Turner (Interim Co Vice-Chair from March 2021)

1 August 2018 to March 2021
 28 November 2018 to date
 28 November 2018 to date
 28 November 2018 to date
 1 August 2017 to March 2021
 1 May 2020 to March 2021
 1 May 2020 to date
 1 August 2015 to 31 July 2021
 1 May 2020 to 31 April 2021
 1 May 2020 to date
 8 June 2020 to date
 1 May 2020 to date
 1 August 2017 to date

President & Vice-Chancellor

Professor C Aitchison

1 October 2016 to date

Academic Board Governor

Dr K Thirlaway

1 October 2018 to 31 July 2021

Student Governors

Mr M Pavuluri (SU President)
 Ms K Davies (SU Vice-President)

1 August 2020 to 31 July 2021
 1 August 2019 to 31 July 2021

Co-opted Governor

Mr W G Davies

1 December 2015 to date

Staff Governors

Dr M James (Academic)
 Mr D Yearwood (Professional Services)

15 October 2020 to date
 28 November 2019 to date

Co-opted External Member of the Audit Committee

Mr A Piper
 Ms L Winstone

Secretary & Clerk to the Governors

Ms C Fraser

27 January 2020 to date

Designated Senior Postholders

Professor S Hanton	PVC Research & Innovation
Professor J Boddington	PVC Student Engagement
Professor L Robinson	PVC Partnerships & External Engagement
Mr D Llewellyn	Chief Officer (Resources)

23 April 2012 to date
 18 September 2017 to date
 2 October 2017 to date
 1 January 2020 to date

Key Performance Indicators

The University utilises a number of Key Performance Indicators (KPIs) to assist in the monitoring of the University against its objectives. The University's Key Performance Indicators are shown below.

Students	
Numbers	Outcomes
<ul style="list-style-type: none"> • 9,701 applications • 8,047 total undergraduates • 3,272 total postgraduates • 15% overseas students 	<ul style="list-style-type: none"> • 76% of students are satisfied (NSS 2021) • 84.5% achieved a First or 2:1 degree (20-21) • 68.4% of graduates are in professional level work or further study 15 months after completion of course (17-18) • Cardiff Metropolitan University is placed 63rd out of 130 universities in the Complete University Guide 2022

Staffing	
<p>Total Staff (FTE) 1,319</p>	<p>Academic Staff (FTE) 549</p>

Key Performance Indicators (continued)

Student Key Performance Indicators

KPI	Undergraduate degree success – Proportion obtaining 1st/2:1 class degree	
Measuring	Success in supporting students in their learning experience	
Year	2020-21	2019-20
	84.5%	80.0%

KPI	Student Satisfaction	
Measuring	Student Satisfaction	
Year	2020-21	2019-20
	76%	85%

KPI	Staff / Student Ratio	
Measuring	Number of Students per academic staff member	
Year	2020-21	2019-20
	17.7	18.5 restated

Key Performance Indicators (continued)

Diversity - Students

KPI	Percentage of students from disadvantaged backgrounds	
Measuring	Success at attracting under-represented groups into higher education, through Welsh Index of Multiple Deprivation (WIMD)	
Year	From WIMD Areas	Not from WIMD Areas
20/21	40%	60%
19/20	40%	60%

KPI	Percentage of Male and Female Students	
Measuring	Gender balance	
Year	Male	Female
20/21	46%	54%
19/20	46%	54%

KPI	Proportion of students who are BME	
Measuring	Participation rates of BME students at the University	
Year	BME	White
20/21	24%	76%
19/20	24%	76%

KPI	International Students	
Measuring	Ability to attract international students / promote student diversity	
Year	Home/EU	Overseas
20/21	85%	15%
19/20	84%	16%

Key Performance Indicators (continued)

Diversity – staff

KPI	Gender	
Measuring	Gender balance of Staff (Headcount)	
Year	Male	Female
2021	42%	58%
2020	42%	58%

KPI	Females in senior roles	
Measuring	Female staff members in senior roles	
Year	2021	2020
	30 (36.1%)	26 (33.8%)

Student Numbers – 2020-21

All Students		Home/EU	Home/EU FTE	Overseas	Overseas FTE	Total	Total FTE
Undergraduate	Full-time	7,194	6,959	378	336	7,572	7,295
	Part Time	472	116	3	1	475	117
	Total	7,666	7,075	381	337	8,047	7,412
Postgraduate Taught	Full-time	1,170	1,042	1,240	889	2,410	1,931
	Part Time	583	180	11	36	594	216
	Total	1,753	1,222	1,251	925	3,004	2,147
Postgraduate Research	Full-time	79	66	26	21	105	87
	Part Time	143	55	20	10	163	65
	Total	222	121	46	31	268	152
Total		9,641	8,418	1,678	1,296	11,319	9,711

Independent auditors' report to the Governing Body of Cardiff Metropolitan University (the "institution")

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2021, and of the group's and parent institution's income and expenditure, gains and losses, and changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the Consolidated & University Statements of Financial Position as at 31 July 2021; the Consolidated & University Statements of Comprehensive Income & Expenditure, the Consolidated & University Statements of Changes in Reserves and the Consolidated Cash Flow Statement for the year then ended; the Statement of Principal Accounting Policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent institution's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Governing body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Governing body with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Report of the Board of Governors

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

Responsibilities for the financial statements and the audit

Responsibilities of the Governing Body for the financial statements

As explained more fully in the Responsibilities of the Board of Governors set out on page 4, the Governing Body is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Governing Body is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the institution/industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health & safety and employment legislation together with the Higher Education Funding Council for Wales ('HEFCW') Financial Management Code, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011, the Statement of Recommended Practice – Accounting for Further and the Higher Education Funding Council for Wales Accounts Direction (W21/19HE). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the group. Audit procedures performed included:

- Reviewing committee meeting minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk manual journals, in particular those having unusual account combinations;

- Reviewing the appropriateness of the assumptions used by the group in estimating the value of defined benefit pension scheme deficits; and
- Obtaining third party confirmations of all the group's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the institution's Governing Body as a body in accordance with section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992 and section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of the Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

In our opinion, in all material respects:

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

Sufficiency of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
14 December 2021

Statement of Principal Accounting Policies

1 Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102; the Accounts Direction issued by the Higher Education Funding Council for Wales and the Charities Act 2011. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets). The principal accounting policies have been applied consistently except as where described otherwise and are set out below.

2 Basis of Consolidation

The consolidated financial statements include Cardiff Metropolitan University and its wholly owned subsidiary undertakings, Cardiff Met Company Ltd and Cardiff Metropolitan Education Services (Beijing) Ltd. In addition, the University holds a majority (55%) share interest in a spin out company Fovo Technology Ltd, the balance of the shares being held by two of the University's academics. This company's activity is also consolidated into these financial statements. However, the non-controlling interest of the minority shareholders in the net assets and surplus of the company are highly immaterial to the University group. These non-controlling interests have therefore not been presented. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or significant influence over policy decisions. Intra-group sales and profits are eliminated fully on consolidation.

3 Income Recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount, income receivable is shown net of the discount. Fee scholarships are treated as a discount and are deducted from income.

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

a) Grant Funding

Grant funding including funding council grants; research grants from government sources; and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Consolidated Statement of Financial Position and released to income as the conditions are met.

b) Donations and Endowments

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

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restrictions applied to the individual endowment fund.

Statement of Principal Accounting Policies (continued)

3 Income Recognition (continued)

b) Donations and Endowments (continued)

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

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

c) Capital Grants

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

4 Accounting for Retirement Benefits

The University operates three pension schemes for University staff; the Cardiff and Vale of Glamorgan Pension Fund (CVGPF), the Teachers' Pension Scheme (TPS) and the Universities Superannuation Scheme (USS). The CVGPF and USS are funded schemes.

The CVGPF is valued every three years by a professionally qualified actuary using the projected unit method, the rate of contribution payable being determined by the Administering Authority on the advice of the actuary.

The TPS is subject to an actuarial valuation every five years by the Government Actuarial Department using the age entry method. The rate of contribution for the TPS is determined by the Teachers' Pension Agency on the advice of the actuary.

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

However, in accordance with FRS102, a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

a) Defined Contribution Plan

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

b) Defined Benefit Plan

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

Statement of Principal Accounting Policies (continued)

Accounting for Retirement Benefits (continued)

b) Defined Benefit Plan

of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

5. Employment Benefits

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

6. Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. 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.

8. Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

9. Fixed Assets

a) Land and Buildings

Certain items of land and buildings that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation, less accumulated depreciation and accumulated impairment losses.

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

Freehold 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 of between 20 and 75 years.

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

Statement of Principal Accounting Policies (continued)

9. Fixed Assets (continued)

b) Equipment

Equipment costing less than £5,000 per individual item is written off to the Consolidated Statement of Income and Expenditure in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight-line basis over its useful economic life of between 3 and 10 years. Equipment purchased for research projects is treated and depreciated on the same basis as other equipment expenditure.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Consolidated Statement of Financial Position.

c) Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

10. Intangible Assets

Software development costs are capitalised and amortised on the straight-line basis over an estimated useful life of between five and ten years. Amortisation of such developments commences when brought into use.

Intellectual property: The Group is developing software technology relating to new ways of creating and interacting with digital images. Costs that are directly attributable to the design and testing of the technology are recognised as an intangible asset when the following criteria are met;

- It is technically feasible to complete the underlying software so that the technology will be available for use,
- Management intends to complete the development and to sell or licence the use of the technology,
- It can be demonstrated that the technology will generate probable future economic benefits at least equal in value to the Consolidated Statement of Financial Position carrying value,
- Adequate technical and financial resources to complete the development and to sell or licence the technology are available, and
- The expenditure attributable to the development of the technology can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intellectual property is amortised over its estimated useful life commencing at the date that development is complete, and the technology is available for sale or licensing.

11. Investments

Non-current asset investments are held on the Consolidated Statement of Financial Position at amortised cost less impairment.

Investments in subsidiaries are carried at cost less impairment in the University's financial statements.

Current asset investments are held at on the Consolidated Statement of Financial Position at amortised cost less impairment.

12 Stock

Stocks are stated at the lower of cost or net realisable value and is measured using an average cost formula.

Statement of Principal Accounting Policies (continued)

13 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, with a notice period of 3 months or less, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

14 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

- a) The University has a present obligation (legal or constructive) as a result of a past event;
- b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Consolidated Statement of Financial Position but are disclosed in the notes.

15 Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, it is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 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.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation. No charge for taxation has been included in respect of the Subsidiary Companies' activities since the entire taxable profit of these companies is transferred to the University under the Gift Aid scheme.

Deferred tax is provided in full on timing differences which result in an obligation at the Consolidated Statement of Financial Position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

16 Reserves

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

Statement of Principal Accounting Policies (continued)

16 Reserves (continued)

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

17 Critical accounting judgements and estimation uncertainty

Pension schemes: assumptions used in the calculation of the USS and C&VPF pension deficit provisions represent a key accounting estimate based on the sensitivity of assumptions (note 17 and note 22).

Employee Leave Accrual: under FRS102 the University recognises a liability for employee holiday pay at the financial year end. A number of departments and schools within the University have been sampled to derive typical holiday usage, this has then been applied to the University as a whole. There is a level of uncertainty when applying the sample to the whole. The leave accrual is contained within creditors less than 1 year (note 14).

Intangible assets, critical judgements: The Group is developing software technology relating to new ways of creating and interacting with digital images. The criteria used for the recognition of development and other costs as an intangible asset requires an assessment of future events including the technical feasibility that the technology will be available for use such that future economic benefits will be generated. The Group considers that the testing performed to date and the initial feedback from potential users of the technology supports the recognition of the intangible asset.

Intangible assets, key accounting estimates and assumptions: The Group considers whether its intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation at market value or the future cash flows and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Consolidated & University Statements of Comprehensive Income & Expenditure

Year Ended 31 July 2021

	Note	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	90,242	90,228	84,179	84,128
Funding body grants	2	14,772	14,769	3,512	3,512
Research grants and contracts	3	2,429	2,150	2,272	1,750
Other income	4	14,726	13,029	16,986	14,936
Investment income	5	117	117	148	148
Donations	6	3	-	27	14
Total income		122,289	120,293	107,124	104,488
Expenditure					
Staff costs	7	80,186	78,045	70,922	68,676
Exceptional severance costs	7	-	-	-	-
Other operating expenses		31,954	31,270	29,919	28,653
Depreciation	10	4,339	4,311	4,770	4,742
Interest and other finance costs	8	2,950	2,950	2,799	2,799
Total expenditure	9	119,428	116,576	108,410	104,870
Surplus/(Deficit) for the year		2,861	3,718	(1,286)	(382)
Actuarial gain/(loss) in respect of pension schemes	22	17,470	17,470	(53,330)	(53,330)
Total comprehensive income/(expense) for the year		20,331	21,188	(54,616)	(53,712)
Represented by:					
Unrestricted total comprehensive expense for the year attributable to the Group and University		20,331	21,188	(54,616)	(53,712)
		20,331	21,188	(54,616)	(53,712)

All items of income & expenditure relate to continuing activities.

Consolidated & University Statements of Changes in Reserves Year Ended 31 July 2021

<u>Consolidated</u>	Total Reserves £'000
Balance at 1 August 2019	85,716
Deficit for the year	(1,286)
Other comprehensive expense	(53,330)
Total comprehensive expense for the year	(54,616)
Balance at 31 July and 1 August 2020	31,100
Surplus for the year	2,861
Other comprehensive expense	17,470
Total comprehensive expense for the year	20,331
Balance at 31 July 2021	51,431
<u>University</u>	
Balance at 1 August 2019	86,693
Deficit for the year	(382)
Other comprehensive expense	(53,330)
Total comprehensive expense for the year	(53,712)
Balance at 31 July and 1 August 2020	32,981
Surplus for the year	3,718
Other comprehensive expense	17,470
Total comprehensive expense for the year	21,188
Balance at 31 July 2021	54,169

All reserves are unrestricted.

Consolidated & University Statements of Financial Position

As at 31 July 2021

		As at 31 July 2021		As at 31 July 2020	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible assets	10	162,765	162,736	162,298	162,242
Intangible assets	11	1,346		912	-
Investment in subsidiaries	12		3,150	-	2,150
Current assets					
Stock	13	33	29	83	80
Trade and other receivables	14	9,850	12,663	7,147	9,216
Investments	15	23,855	23,855	14,023	14,023
Cash and cash equivalents	20	23,268	20,642	16,003	13,780
		57,006	57,189	37,256	37,099
Less: Creditors: amounts falling due within one year	16	(28,898)	(28,118)	(19,853)	(18,997)
Net current assets		28,109	29,071	17,403	18,102
Total assets less current liabilities		192,219	194,957	180,613	182,494
Creditors: amounts falling due after more than one year	17	(21,024)	(21,024)	(22,850)	(22,850)
Provisions					
Pension provisions	19	(119,764)	(119,764)	(126,663)	(126,663)
Total net assets		51,431	54,169	31,100	32,981
Unrestricted reserves					
Income and expenditure reserve		51,431	54,169	31,100	32,981
Total reserves		51,431	54,169	31,100	32,981

The Financial Statements on pages 30 to 52 were approved by the Board of Governors on 9 December 2021 and signed on its behalf by



John Taylor (CBE)
 (Chair of the Board of Governors)



Professor C Carmichael Aitchison
 (President & Vice-Chancellor)

Consolidated Cash Flow Statement

Year ended 31 July 2021

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities		
Surplus/(Deficit) for the year	2,861	(1,286)
Adjustment for non-cash items		
Depreciation	4,339	4,770
Decrease in stock	51	66
(Increase)/Decrease in debtors	(2,702)	(1,001)
Increase in creditors	9,046	341
Difference between pension charge and cash contributions	8,848	4,304
Adjustment for investing or financing activities		
Investment income	(117)	(148)
Interest payable	2,950	2,799
Net cash inflow generated from operating activities	25,276	9,845
Cash flows from investing activities		
Redemption of investments	14,022	13,053
Investment income	117	148
Payments made to acquire fixed assets	(5,240)	(6,794)
Purchase of investments	(23,855)	(14,022)
Net cash outflow from investing activities	(14,956)	(7,615)
Cash flows from financing activities		
Interest paid	(1,227)	(2,799)
Repayments of amounts borrowed	(1,828)	(1,820)
Net cash outflow from financing activities	(3,055)	(3,619)
Increase/(Decrease) in cash and cash equivalents in the year	7,265	(2,389)
Cash and cash equivalents at beginning of the year	16,003	18,392
Cash and cash equivalents at end of the year	23,268	16,003
Increase/(Decrease) in cash and cash equivalents in the year	7,265	(2,389)
Reconciliation of net cash flow to movement in net debt		
Increase/(Decrease) in cash in the year	7,265	(2,389)
Increase in short term deposits	9,833	969
Net cash outflow from financing	1,828	1,820
Movement in net debt in the year	18,926	400
Net funds at 1 August	5,788	5,388
Net at 31 July	24,714	5,788

Notes to the Financial Statements

Year Ended 31 July 2021

	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Full-time home and EU students	65,328	65,328	60,805	60,805
Full-time & part time international students	14,268	14,268	14,107	14,107
Part-time home and EU students	1,133	1,133	1,077	1,077
Transnational education income	4,863	4,863	3,668	3,668
Education contracts with NHS & Coleg Cymraeg	3,980	3,980	3,700	3,700
Research training support grants	670	656	822	771
	90,242	90,228	84,179	84,128
	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Funding body grants				
Recurrent grant				
Higher Education Funding Council for Wales	3,177	3,174	2,194	2,194
Specific grants				
Specific initiative grants	11,595	11,595	1,318	1,318
	14,772	14,769	3,512	3,512
	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Research grants and contracts				
Research councils	208	208	214	214
Research charities (UK and overseas)	57	42	119	100
Government (UK and overseas)	1,845	1,707	1,454	1,311
Industry and commerce (UK and overseas)	319	193	485	125
	2,429	2,150	2,272	1,750
	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4 Other income				
Other services rendered	8,930	7,605	9,160	7,904
Residences operations	3,345	3,345	3,729	3,729
Catering and conferencing operations	760	723	1,654	1,378
Other EU grant income	185	185	346	346
Other operating income	1,506	1,171	2,097	1,579
	14,726	13,029	16,986	14,936
	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Investment income				
Other investment income	117	117	148	148
	117	117	148	148

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Donations				
Donations	3	-	27	14
	3	-	27	14

	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs				
Salaries	54,845	53,147	52,654	50,832
Social security costs	5,668	5,512	5,269	5,107
Other pension costs	10,532	10,245	9,870	9,608
Movement on USS provision	(22)	(22)	(1,394)	(1,394)
CVGPF costs in excess of contributions	9,163	9,163	4,523	4,523
Staff costs excluding exceptional severance costs	80,186	78,045	70,922	68,676

	Year Ended 31 July 2021 No.	Year Ended 31 July 2020 No.
Average staff numbers by major category:		
Academic	549	501
Administrative, support and projects	682	691
Technicians	33	36
Ancillary	55	77
	1,319	1,305

	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
Emoluments of the Vice-Chancellor		
Salary	251,679	Reclassified 248,679
Payments in lieu of pension contributions	42,450	41,786
	294,129	290,465

Vice-Chancellor remuneration as a multiple of the median	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Basic salary	Total remuneration	Basic salary	Total remuneration
			Updated	Updated
Vice-Chancellor	251,679	294,129	£248,679	£290,465
Median salary	39,152	40,014	£39,152	£39,774
Pay multiple	6.4	7.4	6.4	7.3

Refer to the University's Remuneration Statement page 14

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

7 Staff Costs (continued)

The President & Vice-Chancellor's basic salary is 6.4 times (2019/20 6.4 times) the median pay of staff. The median pay is calculated on a full-time equivalent basis of the salaries paid by the University to its staff. The President & Vice-Chancellor's total remuneration is 7.4 times (2019/20 7.3 times) the median total remuneration of staff. The median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff. Agency and atypical staff have been excluded from the above calculations, as full-time equivalent data is not available.

Higher Paid Staff	Year Ended 31 July 2021	Year Ended 31 July 2020
	No.	No.
£100,000 to £104,999	3	1
£105,000 to £109,999	2	1
£120,000 to £124,999	-	1
£125,000 to £129,999	2	2
£130,000 to £134,999	1	-
£135,000 to £139,999	1	1
	9	6

Payment of compensation for loss of office to higher paid staff was as follows;

	Year Ended 31 July 2021	Year Ended 31 July 2021	Year Ended 31 July 2020	Year Ended 31 July 2020
	£'000	Number of staff	£'000	Number of staff
Higher paid staff: loss of office	126	1	-	-

The Key Management Personnel are the University Vice Chancellor's Executive Group. It comprised; the Vice Chancellor, PVC (Research and Innovation), PVC (Student Engagement), PVC (Partnerships & External Engagement), Chief Officer (Resources), and the Secretary & Clerk to the Board of Governors.

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£'000	£'000
Key management personnel remuneration (excludes pension costs)	896	876

Due to the nature of the University's operations and the composition of the Board, it is inevitable that transactions will take place with organisations in which a Member of the Board or a senior member of staff may have an interest. The financial regulations require an individual to declare an interest and to withdraw from discussions should a conflict of interest potentially arise. Written assurances are obtained annually from all Governors and key personnel in respect of themselves and their close family. For the financial year to 31 July 2021 the returns state that there has been no undue influence between the University and related parties (as defined by FRS102).

In the 2020/21 financial year there were no declarations of interest from a related party under FRS102. In the 2019/20 financial year there was no declaration of interest from a related party under FRS102.

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

	Year Ended 31 July 2021 Consolidated £'000	Year Ended 31 July 2021 University £'000	Year Ended 31 July 2020 Consolidated £'000	Year Ended 31 July 2020 University £'000
8 Interest and other finance costs				
Loan interest	1,227	1,227	1,330	1,330
Net charge on pension scheme	1,723	1,723	1,469	1,469
	2,950	2,950	2,799	2,799
	Year Ended 31 July 2021 Consolidated £'000	Year Ended 31 July 2021 University £'000	Year Ended 31 July 2020 Consolidated £'000	Year Ended 31 July 2020 University £'000
9 Analysis of total expenditure by activity				
Academic and related expenditure	60,423	61,040	57,188	57,188
Administration and central services	21,918	20,704	23,912	22,425
Premises (including service concession cost)	8,432	8,432	9,247	9,219
Residences, catering and conferences	3,501	3,360	3,530	3,283
Research grants and contracts	1,675	1,545	1,734	1,295
Other expenses	19,096	21,495	12,799	11,460
HEFCW Covid-19 grant expenditure	4,383	-	-	-
	119,428	116,576	108,410	104,870
Other operating expenses include:				
External auditors' remuneration in respect of audit services	61	43	55	39
External auditors' remuneration in respect of non-audit services	13	13	59	50

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

10 Tangible Fixed Assets 2020/2021

		Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Consolidated				
Cost or valuation	At 1 August 2020	183,883	19,824	203,707
	Additions	2,316	2,489	4,805
	At 31 July 2021	186,199	22,313	208,512
Consisting of valuation at:	1 August 2014	72,268	-	72,268
	Cost	113,931	22,313	136,244
		186,199	22,313	208,512
Accumulated Depreciation	At 1 August 2020	27,718	13,691	41,409
	Charge for the year	2,200	2,139	4,339
	At 31 July 2021	29,918	15,830	45,748
Net book value	At 31 July 2021	156,281	6,483	162,765
	At 31 July 2020	156,164	6,133	162,298
University				
Cost or valuation	At 1 August 2020	183,883	19,536	203,419
	Additions	2,316	2,489	4,805
	At 31 July 2021	186,199	22,025	208,224
Consisting of valuation at:	1 August 2014	72,268	-	72,268
	Cost	113,931	22,025	135,956
		186,199	22,025	208,224
Accumulated Depreciation	At 1 August 2020	27,718	13,459	41,177
	Charge for the year	2,200	2,111	4,311
	At 31 July 2021	29,918	15,570	45,488
Net book value	At 31 July 2021	156,281	6,455	162,737
	At 31 July 2020	156,165	6,077	162,242

As at 31 July 2021, freehold land and buildings included £52.598m (2019: £52.598m) in respect of freehold land and is not depreciated.

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

	Consolidated £'000	University £'000
11 Intangible Assets		
Cost of Intellectual Property		
At 1 August 2020	913	-
Additions	433	-
At 31 July 2021	<u>1,346</u>	-
Net book value		
At 31 July 2021	<u>1,347</u>	-
Net book value		
At 31 July 2020	<u>913</u>	-

No amortisation has been charged in the period ended 31 July 2021. The additional intangible asset of £434k in 2020/21 represents the capitalisation of the intellectual property developed in Fovo Technology Ltd.

	University £'000
12 Investment in Subsidiary	
Cost or valuation	
At 1 August 2020	2,150
Additions	<u>1,000</u>
At 31 July 2021	<u>3,150</u>

The investments represent shares in group undertakings (note 23). During the financial year 2020/21 the University bought an additional 1,000,000 shares in Cardiff Met Company Ltd for £1m.

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

		At 31 July 2021		At 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000 Reclassified	University £'000 Reclassified
13 Stock					
General consumables (Catering & other)		32	29	83	80
		32	29	83	80
		At 31 July 2021		At 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000 Reclassified	University £'000 Reclassified
14 Trade and other receivables					
Amounts falling due within one year:					
Trade receivables		3,518	3,364	2,389	2,147
Prepayments and accrued income		6,332	6,243	4,758	4,529
Amounts due from subsidiary companies		-	3,056	-	2,540
		9,850	12,663	7,147	9,216
		At 31 July 2021		At 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Investments					
Term deposits		9,840	9,840	7,784	7,784
Corporate Bond		14,015	14,015	6,239	6,239
		23,855	23,855	14,023	14,023
		At 31 July 2021		At 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Creditors: amounts falling due within one year					
Secured loans		504	504	475	475
Unsecured loans		1,322	1,322	1,353	1,353
Trade payables		6,015	6,003	2,581	2,523
Social security and other taxation payable		1,383	1,377	1,377	1,377
Accruals and deferred income		19,674	18,912	14,067	13,269
		28,898	28,118	19,853	18,997
		At 31 July 2021		At 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Creditors: amounts falling due after more than one year					
Secured loans		944	944	1,448	1,448
Unsecured loans		20,080	20,080	21,402	21,402
		21,024	21,024	22,850	22,850
Analysis of secured and unsecured loans:					
Due within one year or on demand		1,826	1,826	1,828	1,828
Due between one and two years		1,832	1,832	1,826	1,826
Due between two and five years		4,090	4,090	4,570	4,570
Due in five years or more		15,102	15,102	16,455	16,455
Due after more than one year		21,024	21,024	22,850	22,850
Total secured and unsecured loans		22,850	22,850	24,679	24,679

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

18	Lender		Amount	Amount	Repayable by	Interest Rate	Borrower
	Secured and unsecured loans		As at July 2021	As at July 2020		%	
			£'000	£'000			
	RBS	Secured loan	612	714	2023	7.69	University
	RBS	Secured loan	836	1,210	2027	Variable	University
	Santander	Unsecured loan	10,200	10,800	2038	5.10	University
	Barclays	Unsecured loan	11,050	11,700	2038	5.10	University
	Salix	Unsecured loan	0	19	2020	0.00	University
	Salix	Unsecured loan	38	63	2022	0.00	University
	Salix	Unsecured loan	13	38	2021	0.00	University
	Salix	Unsecured loan	101	135	2024	0.00	University
			22,850	24,679			

The RBS loans are secured against the University's Plas Gwyn Campus and a part of the Cyncoed Campus

19 Pension Provisions

	Obligation to fund deficit on USS Pension £'000	Pension enhancement on termination £'000	Defined Benefit Obligations (Note 24) £'000	Total Pensions Provisions £'000
Consolidated and University				
At 1 August 2020	(1,813)	(3,370)	(121,480)	(126,663)
Utilised in year	-	290	-	290
(Addition)/release in year	9	(50)	(10,820)	(10,861)
Actuarial gain in year	-	40	17,430	17,470
At 31 July 2021	(1,804)	(3,090)	(114,870)	(119,764)

USS deficit

The obligation to fund the past service deficit of the University's Superannuation Scheme (USS) arises from a contractual obligation to fund benefits arising from past performance. This obligation is reassessed every three years using the scheduled triennial valuation of the scheme. In reassessing the value of the required provision during the current year management has used the March 2018 valuation of the scheme.

The latest available actuarial valuation of the scheme at 31 July 2021 was the March 2018 valuation. A valuation of the scheme at 31 March 2020 is currently being undertaken. It is anticipated that this valuation will add circa £2.7m to the scheme deficit.

	At 1 August 2020 £'000	Cash Flows £'000	At 31 July 2021 £'000
20 Cash and cash equivalents			
Consolidated			
Cash and cash equivalents	16,003	7,265	23,268
	16,003	7,265	23,268
	For the year ended 31 July 2021	For the year ended 31 July 2020	
	Consolidated	Consolidated	University
	£'000	£'000	£'000
21 Capital commitments			
Commitments contracted for	3,600	3,600	1,850
	3,600	3,600	1,850

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

22 Commitments under operating leases

At 31 July Cardiff Metropolitan University had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Not later than 1 year	217	217
Later than 1 year and not later than 5	372	589
	<u>589</u>	<u>806</u>

23 Subsidiary undertakings

Company	Principal Activity	Status
Cardiff Metropolitan Company Ltd	Undertakes non primary purpose trading activities which are non-charitable.	100% owned
Cardiff Metropolitan Education Services (Beijing) Ltd	Holding company for China Wholly Foreign-Owned Enterprise.	100% owned
Cardiff Metropolitan Education Consulting Service (Beijing) Ltd	Develop strategic partnerships with Chinese institutions.	100% owned
Fovo Technology Ltd	Developing a new technology that improves the nature of visual experience.	55% owned

24 Pension Obligations

The University participates in three separate pension schemes, each of which has its own membership eligibility criteria. The three schemes are; the Cardiff & Vale of Glamorgan Pension Fund (CVGPF) (principally administration and support staff); the Teachers' Pension Scheme (TPS) (principally academic staff); and the Universities Superannuation Scheme (USS) (a mixture of administrative and academic staff). All three schemes are defined-benefit schemes.

The contributions payable to the scheme were

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Contribution for TPS	5,168	4,777
Contribution for CVGPF	4,419	4,207
Contribution for USS	946	886
	<u>10,533</u>	<u>9,870</u>

The costs recognised within the University's staff costs for the year were

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cost for TPS	5,168	4,777
Cost for CVGPF	13,581	8,730
Cost for USS	924	(509)
	<u>19,673</u>	<u>12,998</u>

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

24 Pension Obligations (continued)

Cardiff & Vale of Glamorgan Pension Fund (CVGPF)

CVGPF is a local government superannuation scheme. The most recent full actuarial valuation was carried out as at 31 March 2019, and has been updated by independent actuaries to the Cardiff & Vale of Glamorgan Pension Fund to take account of the requirements of FRS 102 in order to assess the liabilities of the Fund as at 31 July 2020. The next triennial valuation of the fund will be reported during December 2022.

The principal assumptions used for the purposes of FRS 102 are as follows

	Year ended 31 July 2021	Year ended 31 July 2020	Year ended 31 July 2019
Discount rate	1.7%	1.4%	2.2%
CPI inflation	2.6%	2.2%	2.2%
Rate of increase to pensions in payment	2.6%	2.2%	2.2%
Rate of revaluation of pension accounts	2.6%	2.2%	2.2%
Rate of increase in deferred pensions	2.6%	2.2%	2.2%
Rate of general increase in salaries	3.6%	3.2%	3.2%

Mortality assumption

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	Year ended 31 July 2021	Year ended 31 July 2020	Year ended 31 July 2019
Assumed life expectancy at 65 years			
- retiring today male/(female)	22.3 (24.7)	22.2 (24.6)	22.1 (24.5)
- retiring in 20 years male/(female)	23.3 (26.1)	23.2 (26.0)	22.7 (25.6)

Asset Allocation	Value at 31 July 2021	Value at 31 July 2020
Equities	66.5%	61.1%
Property	6.6%	8.2%
Government bonds	10.1%	12.0%
Corporate bonds	15.2%	17.1%
Cash	1.6%	1.4%
Other	0.0%	0.2%
Total	100.0%	100.0%

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

24 Pension Obligations (continued)

Amounts recognised in income statement

	Year ended 31 July 2021		Year ended 31 July 2020	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Operating cost				
- current service cost	13,650	-	8,780	-
- curtailment cost	20	-	-	-
Financing Cost				
- interest on net defined benefit liability	1,660	50	1,330	70
Pension expense recognised in income statement	15,330	50	10,110	70

Amounts recognised in other comprehensive income

	Year ended 31 July 2021		Year ended 31 July 2020	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Asset gains/(losses) arising during the year	20,800	-	(3,400)	-
Liability (losses) arising during the year	(3,370)	(40)	(49,720)	(210)
Total recognised in other comprehensive income/(expense)	17,430	(40)	(53,120)	(210)

Changes to the fair value of assets

	Year ended 31 July 2021		Year ended 31 July 2020	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Opening value	117,220	-	114,590	-
Interest income on assets	1,671	-	2,560	-
Remeasurement gains/(losses) on assets	20,800	-	(3,400)	-
Contributions by the employer	4,510	290	4,260	290
Contributions by participants	1,770	-	1,660	-
Net benefits paid out	(2,950)	(290)	(2,450)	(290)
Closing value	143,020	-	117,220	-

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

24 Pension Obligations (continued)

Changes to the present value of the defined benefit obligation

	Year ended 31 July 2021		Year ended 31 July 2020	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Opening value	238,700	3,370	177,100	3,380
Current service cost	13,650	-	8,780	-
Interest expense on defined benefit obligation	3,330	50	3,890	70
Contributions by participants	1,770	-	1,660	-
Actuarial losses/(gains) on liabilities	3,370	(40)	49,720	210
Net benefits paid out	(2,950)	(290)	(2,450)	(290)
Past service cost/curtailment	20	-	-	-
Closing value	257,890	3,090	238,700	3,370

Reconciliation of funded status to Consolidated Statement of Financial Position

	At 31 July 2021		At 31 July 2020	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Fair value of assets	143,020	-	117,220	-
Present value of defined benefit obligation	(257,890)	(3,090)	(238,700)	(3,370)
Liability	(114,870)	(3,090)	(121,480)	(3,370)

Teachers' Pension Scheme (TPS)

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an Annual Account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

24 Pension Obligations (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme took place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers have paid a

contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The contribution rate prior to this was 16.48%.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Universities Superannuation Scheme

The University participates in the Universities' Superannuation Scheme. The Scheme is a hybrid pension scheme which provides benefits based on final pensionable salary for Final Salary members until 2016 (closed to new entrants in 2011); Career Revalued Benefits (CRB) up to an indexed salary threshold for new entrants since 2011 and for Final Salary members since 2016; and defined contribution benefits above the same salary threshold and for members wishing to make additional contributions. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. As a result the University is 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 and therefore, as required by section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a wholly defined-contribution scheme. The amount charged to the Consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme for the year. A liability is also recorded within provisions for any contractual commitment to fund past deficits within the scheme. Movements in this provision can also give rise to charges to the Consolidated Statement of Comprehensive Income and Expenditure as shown in note 19 above.

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

The scheme is valued triennially with the latest available complete actuarial valuation having been finalised during September 2019 as at 31 March 2018 (the valuation date). The 2018 valuation was the fifth valuation under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

24 Pension Obligations (continued)

technical provisions. At the 2018 valuation date, the value of the assets of the scheme was £63.7 billion and the valuation of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion, down from £7.5 billion at the 2017 valuation date and £5.3 billion at the 2014 valuation date. The assets were therefore sufficient to cover 95% of the benefits which had accrued to members after allowing for expected future increases in earnings, as compared to 89% at the 2017 valuation date. A valuation as at 31 March 2020 is currently being undertaken, it is anticipated that this will result in a material increase in the value of the scheme deficit.

Creditor Balances

Cardiff Metropolitan University's balances as at 31 July for each scheme are as follows:

	2021 £'000	2020 £'000
TPS	646	-
CVGPF	540	-
USS	113	-
	<u>1,299</u>	<u>-</u>

Year-end pension creditors were paid in full at 31 July 2020

Higher Paid Staff

	Year Ended 31 July 2021 University No.	Year Ended 31 July 2020 University No.
£100,000 to £104,999	3	1
£105,000 to £109,999	2	1
£120,000 to £124,999	-	1
£125,000 to £129,999	2	2
£130,000 to £134,999	1	-
£135,000 to £139,999	1	1
	<u>9</u>	<u>6</u>

	Year Ended 31 July 2021 University £'000	Year Ended 31 July 2021 University Number of staff	Year Ended 31 July 2020 University £'000	Year Ended 31 July 2020 University Number of staff
Higher paid staff: loss of office	126	1	-	-

Payment of compensation for loss of office to higher paid staff was as follows;

The Key Management Personnel are the University Vice Chancellor's Executive Group. It comprised; the Vice Chancellor, PVC (Research and Innovation), PVC (Student Engagement), PVC (Partnerships & External Engagement), Chief Officer (Resources), and the Secretary & Clerk to the Board of Governors.

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

24 Pension Obligations (continued)

	Year Ended 31 July 2021 University £'000	Year Ended 31 July 2020 University £'000
Key management personnel remuneration (excludes pension costs)	896	876

Due to the nature of the University's operations and the composition of the Board, it is inevitable that transactions will take place with organisations in which a Member of the Board or a senior member of staff may have an interest. All transactions in which they may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The financial regulations require an individual to declare an interest and to withdraw from discussions should a conflict of interest potentially arise. Written assurances are obtained annually from all Governors and key personnel in respect of themselves and their close family. For the financial year to 31 July 2021 the returns state that there has been no undue influence between the University and related parties (as defined by FRS102).

In the 2020/21 financial year there were no declarations of interest from a related party under FRS102. In the 2019/20 financial year there was no declaration of interest from a related party under FRS102.

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

25 US Federal Loans – Supplementary Schedule

Conversion to US GAAP format		
This schedule has been compiled from the Section 3 Example Financial Statements included in the Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations		
Line	Statement of Financial Position	
1	Cash and cash equivalents	47,123
2	Accounts receivable, net	3,518
3	Other debtors and Prepaid expenses	6,332
4	Related party receivables	-
5	Contributions receivable, net	
6	Student loans receivable, net	
7	Investments	-
8	Property, plant and equipment, net (includes Investment property & Heritage assets)	162,765
9	Lease right-of-use asset, net	-
10	Goodwill	-
	Other intangible assets	1,346
11	Inventories	33
12	Total assets	221,117
13	Line of credit - short term	-
14	Line of credit - short term for CIP	
15	Accrued expenses/Accounts payable	7,398
16	Accruals and Deferred revenue	19,674
17	Post-employment and pension liability	119,764
18	Line of credit - operating	
19	Other liabilities	-
20	Notes payable	
21	Lease right-of-use asset liability	-
22	Line of credit for long term purposes	22,850
23	Total liabilities	169,686
24	Net assets without donor restrictions	51,431
	Net Assets with Donor Restrictions	
25	Annuities	
26	Term endowments	
27	Life income funds	
28	Other restricted by purpose and time	-
29	Restricted in perpetuity	-
30	Total Net Assets with Donor Restrictions	-
31	Total Net Assets	51,431
32	Total Liabilities and Net Assets	221,117

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

25 US Federal Loans – Supplementary Schedule (continued)

Line	Statement of Activities	
	Changes in Net Assets Without Donor Restrictions	
	Operating Revenue and Other Additions	
33	Tuition and fees, net	90,242
34	Funding body income	14,772
35	Investment return appropriated for spending	117
36	Other income	14,729
37	Research income	2,429
38	Total Operating Revenue and Other Additions	122,289
	Operating Expenses and Other Deductions	
39	Education and research expenses	112,140
40	Depreciation and Amortization	4,339
41	Interest expense	2,950
42	Auxiliary enterprises	
43	Total Operating Expenses	119,429
44	Changes in Net Assets from Operations	2,860
	Non-Operating changes	
45	Investments, net of annual spending, gain (loss)	-
46	Other components of net periodic pension costs	17,470
47	Pension-related changes other than net periodic pension costs	
48	Change in value of split-interest agreements	
49	Other gains (losses)	-
50	Sale of fixed assets, gains (losses)	-
	Taxation	-
	Total Non-Operating Changes	17,470
51	Total Change in Net Assets	20,330
	Change in Net Assets With Donor Restrictions	
52	Contributions	-
53	Net assets released from restriction	
54	Change in Net Assets With Donor Restrictions	-
55	Change in Net Assets without restrictions	20,330
56	Net Assets, Beginning of Year	31,101
57	Net Assets, End of Year	51,431
	Note for Line 9 - Lease right-of-use assets	
A	Lease right-of-use assets - pre-implementation	0
B	Lease right-of-use assets - post-implementation	0
	Total	0

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

25 US Federal Loans – Supplementary Schedule (continued)

Note for Line 21 - Lease right-of-use asset liability		
A	Lease right-of-use asset liability - pre-implementation	0
B	Lease right-of-use asset liability - post-implementation	0
	Total	0
Note for Line 8 - Net Property, Plant and Equipment		
A	Pre-implementation Property, Plant and Equipment	157,958
B	Post-implementation Property, Plant and Equipment purchased with debt	
	FH LH L&B	-
	LH improvements	-
	Equipment	-
	Investment property	-
	Heritage assets	-
C	Const'n in P'gress	-
D	Post-implementation Property, Plant and Equipment - no debt	-
	Total	157,958
A	This is the ending balance on the last financial statement submission prior to the implementation of the regulations - Less and depreciation or disposals	
B	This is the balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt	
C	Asset value of the Construction work in progress	
D	Post-implementation Property, Plant and Equipment with no outstanding debt	
Note for Line 14,20 and 22 - Long-term debt for long term purposes		
A	Pre-implementation Long-term Debt	22,850
B	Allowable Post-Implementation Long-term Debt:	
	FH LH L&B	-
	LH improvements	-
	Equipment	-
	Investment property	-
	Heritage assets	-
C	Construction in progress - debt	-
D	Long-term debt not for the purchase of Property, Plant and Equipment or liability greater than assets value	-
	Total	22,850
A	This is the ending balance on the last financial statement submission prior to the implementation of the regulations - Less in repayments	
B	This is the lessor of actual outstanding debt or each asset value or the value of the asset	
C	All debt associated with Construction in progress up to the asset value for construction in process is included	
D	Long-term debt not for the purchase of Property, Plant and Equipment	

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

25 US Federal Loans – Supplementary Schedule (continued)

Supplementary schedule - Sterling £		
This schedule has been compiled from the Section 2 Example Financial Statements included in the Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations		
Lines	Expendable Net Assets	
24	Net assets without donor restrictions	51,431
30	Net assets with donor restrictions	0
4	Secured and Unsecured related party receivable	0
4	Unsecured related party receivable	0
8	Property, plant and equipment, net (includes Construction in progress)	162,765
FS Note line 8A	Property, plant and equipment - pre-implementation	157,958
FS Note line 8B	Property, plant and equipment - post-implementation with outstanding debt for original purchase	0
FS Note line 8D	Property, plant and equipment - post-implementation without outstanding debt for original purchase	0
FS Note line 8C	Construction in progress	0
9	Lease right-of-use asset, net	0
Excluded Line 9 Note Leases	Lease right-of-use asset pre-implementation	0
M9 Note Leases	Lease right-of-use asset post-implementation	0
10	Intangible assets	0
10	Intangible assets	1,346
17	Post-employment and pension liabilities	119,764
14,20,22	Long-term debt - for long term purposes	22,850
M24,20,22, Note Debt A	Long-term debt - for long term purposes pre-implementation	22,850
M24,20,22, Note Debt B	Long-term debt - for long term purposes post-implementation	0
M24,20,22, Note Debt C	Line of Credit for Construction in process	0
21	Lease right-of-use asset liability	0
Excluded Line 21 Note Leases	Pre-implementation right-of-use leases	0
Line 21 Note Leases	Post-implementation right-of-use leases	0
25	Annuities with donor restrictions	0
26	Term endowments with donor restrictions	0
27	Life income funds with donor restrictions	0
29	Net assets with donor restrictions: restricted in perpetuity	0
Total Expenses and Losses		
43	Total expenses without donor restrictions - taken directly from Statement of Activities	119,429
(35),45,46,47,48,49	Non-Operating and Net Investment (loss)	-17,587
(35),45	Net investment losses	-117
47	Pension-related changes other than net periodic costs	0

Notes to the Financial Statements (continued)

Year Ended 31 July 2021

25 US Federal Loans – Supplementary Schedule (continued)

	Modified Net Assets	
24	Net assets without donor restrictions	51,431
30	Net assets with donor restrictions	0
10	Intangible assets	0
4	Secured and Unsecured related party receivable	0
4	Unsecured related party receivable	0
	Modified Assets	
12	Total Assets	221,117
Excluded Line 9 Note Leases	Lease right-of-use asset pre-implementation	0
Excluded Line 21 Note Leases	Pre-implementation right-of-use leases	0
10	Intangible assets	0
4	Secured and Unsecured related party receivable	0
4	Unsecured related party receivable	0
	Net Income Ratio	
55	Change in Net Assets Without Donor Restrictions	20,330
38, (35), 50	Total Revenue and Gains	122,172



Cardiff
Metropolitan
University

Prifysgol
Metropolitan
Caerdydd

