



Cardiff
Metropolitan
University

Prifysgol
Metropolitan
Caerdydd

Annual Report & Financial Statements

2021 - 2022



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 delivers professionally recognised degrees, together with impactful research and innovation, in art and design, business and management, education and public services, sport and health sciences, and technologies and engineering. Cardiff Metropolitan University is proud to have been awarded the Time Higher UK and Ireland University of the Year for 2021-22.

The University seeks to advance higher education and research within Southeast 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 2021/22 the University:

- Undertook Sport Development for Cardiff City Council. The University, through Cardiff Met Sport, is working with the Council, Sport Wales National Governing Bodies of Sport and Professional sport Clubs 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.
- We re-launched our Open Campus programme which is a partnership between Met Sport, CSSHS and Cardiff City Council. This year alone the programme engaged 11,000 pupils from across the City.
- 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.
- 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.
- 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.
- Used its sports facilities to provide junior sport programmes for local children and training facilities for all levels of athlete, thereby supporting world class participants in a range of national and international sports. We also re-launched our Learn to Swim and School Swimming programmes on our Cyncoed campus
- 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.
- Actively promoted the National Young Ambassador programme which aims to inspire young people to become leaders through sport and physical activity.

Report of the board of Governors (continued)

Public Benefit Statement (continued)

- 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 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.
- Continued support and 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.
- Continued support for the Food and Fun (previously known as School Holiday Enrichment) Programme which 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.
- 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 contributes towards the Healthy Weight, Healthy Wales Strategy and Move More Eat Well strategy across Cardiff & Vale of Glamorgan.
- 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.
- In partnership with Public Health Wales, Met Sport delivered the Move More community health programme which included the Falls Management Exercise Programme, National Exercise Referral programme and the Active Leisure Scheme. All programmes are targeted at encouraging older adults to move more and improve their physical and mental health.

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

Report of the board of Governors (continued)

Responsibilities of the Board of Governors (continued)

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.

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
12 December 2022

Operating and Financial Review

Scope of the Financial Statements

These financial statements relate to the year ended 31 July 2022 and represent the thirtieth 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 reviewed and updated its Financial Strategy during July 2018. The 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. The Strategy will be subject to periodic review during the next financial year.

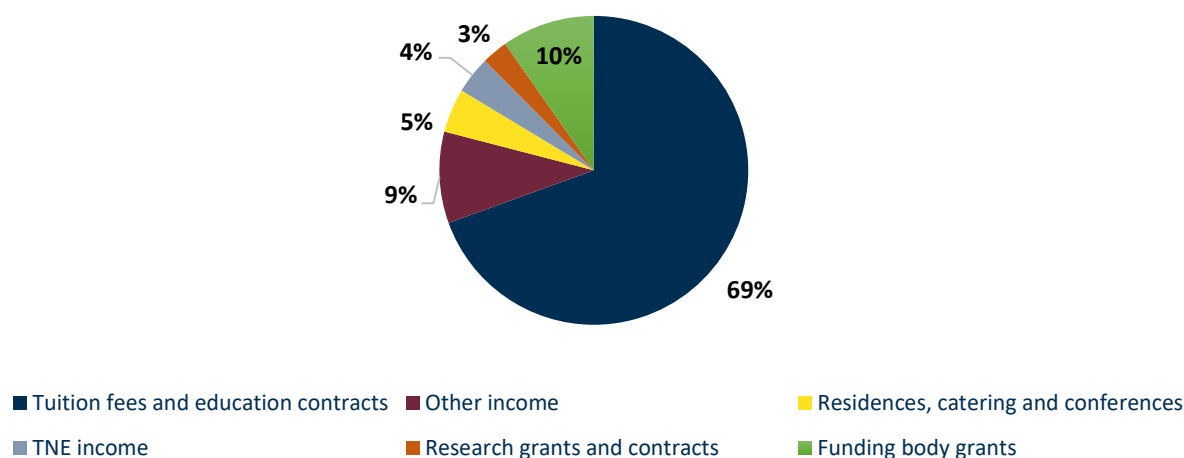
Results for the Year

The university delivered a very strong financial performance during the year, with the group's income increasing by £14.9m to £137.2m (2021: £122.3m). Although there was a much-reduced overall impact from the Covid pandemic during the year, the university's trading performance through its commercial and sporting operations continued to be impacted, with trading activity in these areas only gradually returning to pre-pandemic levels at the year end. The financial results for the year show that the university delivered an accounting deficit of £709k (2021: Surplus of £2.861m) and generated an operational cash surplus (as defined overleaf) of £19.5m (2021: £18.1m). In the period since the introduction of FRS102 during 2015/2016 there has been a stark presentational divergence between the strength of the University's operational cash generation and its accounting result, a trend that has continued during the current year. 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 £14.8m (2021: £10.9m) 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 period still impacted by the Covid pandemic.

Report of the board of Governors (continued)**Operating and Financial Review (continued)****Results for the Year (continued)**

Summary of Consolidated Results	2021/22 £000	2020/21 £000
Income	137,176	122,289
Expenditure	137,885	119,428
(Deficit)/Surplus for the year	(709)	2,861
Add back		
Depreciation	4,822	4,339
Pension Provision Charges	14,837	10,864
Annual Leave Accrual Movement	589	183
Operational Cash Surplus	19,537	18,246

The group's main income stream is derived from tuition fees from UK and EU undergraduate and postgraduate students that together amounted to £67.1m (2021: £66.5m) and accounted for 49% (2021: 54%) of total income. When international fees and educational contracts are included, this rises to £100.6m (2021: £90.2m) and 73% (2021: 74%) of income; 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 2021-22

Report of the board of Governors (continued)

Operating and Financial Review (continued)

The group invested £10.7m (2021: £5.2m) in its infrastructure during the year. Of this £6m was invested in the estate, including a £3m investment in the third phase of the development of the School of Technologies, two further phases are planned. Expenditure amounting to £4.7m was also invested in equipment, including circa £2m in IT infrastructure and corporate systems, with the balance of £2.7m being invested in the academic and professional service departments.

Net assets increased by £84.9m to £136.4m (2021: £51.5m). The increase in net assets was the result of two factors, namely, a reduction in the university's pension provisions of £71.1m to £48.7m (2021: £119.8m); and a net increase in the asset base of £13.8m brought about by the strong financial performance during the year.

Liquidity & Cash

The group's cash and short-term investment resources at the year-end amounted to £62.6m (2021: £47.1m). Investments in the estate and infrastructure during the year were funded entirely by cash generated from operating activities. Loan repayments during the year totalled £1.9m thereby reducing the group's long-term debt from £22.9m to £21.0m. This resulted in an improved gearing ratio, with long term debt as a % of income amounting to 15.3% (2021: 18.9%) . The strong cash base will underpin the university's future investment aspirations.

The Financial Outlook

During 2021-2022 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 2022-2023 at £9,000 in Wales for the eleventh 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. The erosion of the real value of the undergraduate fee has been accelerated during the past year by high levels of inflation, which in turn has put pressure on salary costs and industrial relations across the sector. At the present time there is no indication that any indexation will be applied to the FT undergraduate fee, or that the fee charged by Welsh institutions will be aligned to that charged by English institutions. Similarly, after a long period of record low interest rates, the continuing upward trend in Base Rate to combat inflation has increased the cost of borrowing, with further increases in interest rates expected. Should the university increase its borrowings in the future it is anticipated that the interest rate will be significantly higher than that pertaining in the recent past.

In order to operate sustainably in these circumstances, the university has updated its Strategy for the period 2022 to 2030, with a continuing focus on the growth and diversification of its income base through the development of new academic programmes and through further investment in research and innovation activity, all such activity to be supported by a £150m programme of investment in a 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 2021 to 31 July 2022 is set out on Page 13 of this report.

Over the reporting period, governors claimed £1,907 in expenses. This covered items such as mileage, public transport, and parking fees to enable travel to meetings and other activities on behalf of the University. No other payments are made to trustees. Information about related third party transactions can be found in note 7.

Independent Auditors

The external independent auditors for the year were PricewaterhouseCoopers LLP. The internal auditors for the year were TIAA Ltd.

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 welfare 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 sickness. The Minutes of the Committee are presented to the Academic Board and health & safety reports also feature at the University's Audit Committee. An Annual Health & Safety Report is provided to the Board of Governors through Resources Committee, to enable it to meet its statutory obligation to ensure compliance with health & safety legislation.

The University continued to implement the Covid 19 controls, in line with Welsh Government regulations and associated guidance, to ensure that staff, students and members of public were provided with a safe environment.

Modern Slavery and Human Trafficking Statement

Cardiff Metropolitan University is committed to improving our business practices to combat modern slavery or human trafficking in our supply chains or in any part of our business to ensure that we are not complicit in any human rights violations. 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 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 Impact Statement

Cardiff Metropolitan University is committed to minimising its impact on the climate and the environment. We are continuously looking at ways to reduce our impact with our Environmental Management System (EMS) (ISO 14001) which covers all University activities from energy and utilities to waste management and recycling. Most significantly,

Report of the board of Governors (continued)

Operating and Financial Review (continued)

Climate Impact Statement (continued)

the work includes embedding education for sustainable development in the curriculum, into research and enterprise activities and behavioural change / awareness.

One of the key opportunities to reduce our impact 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 University is committed to reporting on its progress towards meeting the targets set out in the Sustainability Policy and Strategy. The Sustainability Strategy provides a framework to cohere our ambitions and actions in relation to sustainability and sustainable development supported by the Sustainability Engagement Strategy. We publish an Annual Sustainability and Environment Report providing details of the University's successes in sustainability and the plans for the forthcoming year.

Climate Impact Public Benefit Statement

The University continued its focus on engagement as a key change mechanism, using its Community Days as a central piece to bring together the campus community with neighbours and local communities. The 'Community Days' promote sustainability partnerships, and include many charities and small businesses, a local Farmers Market, student entrepreneur traders, Cardiff Council Waste Management and University information stalls.

- Repair Cafes are held at both University campuses on a monthly basis, providing staff, students and the local community with the opportunity to have their broken items repaired for free. The cafes also provide advice and volunteering opportunities, and cycle servicing / security marking by a local charity and South Wales Police.
- The University is delighted to be designated as a Litter Pick Hub for the local area. This provides individuals and groups the opportunity to loan litter picking equipment for events in the City. Cardiff Met also hosts its own weekly Litter Picking events.
- The University is 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. Electric bike and car charging facilities will be expanded in 2022-23.
- The University continues to support and provide funding towards the City's Student Liaison Officer, Cardiff Digs, a role that supports Cardiff's universities and provides volunteering opportunities in the city, helping in local communities with neighbourly support and advice.
- The University was successful in the renewal of its Fairtrade University status, supporting both Fairtrade Cardiff and Fairtrade Wales networks. The award recognises a broad range of activities undertaken which work towards a more just, equitable and sustainable world for all. This includes working to raise awareness with students of the issues of ethical and sustainable consumption and increasing the availability of Fairtrade products in outlets.
- Cardiff Metropolitan University celebrated after climbing 63 places in the independent sustainability Green League table, ranking joint 5th in the UK (of 154 universities) and 1st in Wales. This is the only comprehensive and independent league table of UK universities ranked by environmental and ethical performance.

Commitment to Sustainability

In July 2022 the University Board approved a new University Strategy. A key element of this is ensuring that our commitment to sustainability and net zero remains at the forefront of our work; in our estate, operations, teaching and research.

Report of the board of Governors (continued)

Operating and Financial Review (continued)

Climate Impact (continued)

The University is now working on new planning to understand and meet its commitment of a net zero campus by 2030. A new Estates Masterplan is currently in development, to contribute to the University's Campus 2030 aspiration – providing a high quality, innovative and sustainable campus. Substantial investment in the coming years will focus on refurbishing and repurposing our current buildings and facilities, rather than building new, so reducing our carbon footprint.

The University takes its environmental responsibilities seriously and aims to manage its operations in ways that are environmentally sustainable, economically feasible and socially responsible. It continues to embed and raise environmental awareness through the development and training of its employees and enabling students to explore and develop values, skills and knowledge of sustainability through research, curricula and extra curricula activities. The aim is to develop a socially cohesive, environmentally responsible and all-inclusive work and study environment, which looks to engage staff, students and the wider community.

During 2021/2022 we significantly improved our position in the annual university Green League, rising to 5th in the UK and 1st in Wales. This highlights our success in a number of fields, including sustainability policy, environmental auditing and management, energy management, carbon reduction and sustainability engagement with our staff and students.

We are committed to improving the sustainability of our campus through a range of policies covering Business Travel, Ethical Investment & Banking, Ethical Supply Chains, Fairtrade, Sustainable Procurement, Clean Air, Energy and Carbon Management, Environment and Sustainability, Sustainable Food and Sustainable Seafood. We have reviewed our environmental and sustainability policies and strategies with staff and student consultation.

During the year we invested in a number of buildings on all our campuses, all focusing on improving student experience whilst reducing carbon emissions. Over £3m was invested in the next phases of the Cardiff School of Technology, including improved glazing, insulation and heating in a 1960s repurposed building. We continued our comprehensive programme of investing in LED lighting, mechanical ventilation and more efficient boilers and heating systems across all campuses.

We have continued to reduce our CO₂ emissions. This has resulted in a 65% reduction in emissions since 2005/2006, at the very top of sector performance. In the last two years our carbon emissions have reduced by 17.7% (2019/2020) and 13.5% (2020/2021). Whilst Covid had a significant impact on our estate, so reducing consumption, our reduction was higher than our peers.

The University is a member of EAUC (the Environmental Association of Universities and Colleges), IEMA (Institute of Environmental Management and Assessment) and has recently joined the One Cardiff Climate Emergency Board, working with partners throughout the region.

We have continued to grow our range of sustainability engagement initiatives for our staff and students, including Repair Workshops, Community Days, Green Workshops and Litter Picks. Carbon Literacy training courses have also been successfully piloted with staff and students.

Professor C Carmichael Aitchison

President & Vice-Chancellor

12 December 2022

Governors and Directorate

Governors

Independent Governors

Mr J Taylor (Chair)
Mr N Capaldi
Ms R Connolly
Ms K Fiagbe
Ms S Hendrickson-Brown
Mr P Matthews
Professor M Nimmo
Professor K Nnoaham
Ms M Owen-Jones
Mr C Pilgrim
Mr D Surdeau (resigned July 2022)
Ms A Thorne
Mr M Tossell
Dr C Turner
Mr S Waddington
Mr D Warrender

Period of Office

1 August 2021 to date
9 October 2018 to date
1 August 2021 to date
1 August 2021 to date
1 May 2020 to date
1 May 2020 to date
8 June 2020 to date
1 August 2021 to date
1 May 2020 to date
1 August 2021 to date
1 August 2021 to July 2022
1 August 2021 to date
1 August 2021 to date
1 August 2017 to date
27 November 2018 to date
27 November 2018 to date

President & Vice-Chancellor

Professor C Aitchison

1 October 2016 to date

Academic Board Governor

Vacancy
Ms K Palmer

1 August 2021 to 1 November 2021
1 November 2021 to date

Student Governors

Ms V Gonavaram (SU President)
Ms N Wrigley (SU Vice-President)

1 August 2021 to 31 July 2022
1 August 2021 to 31 July 2022

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

1 August 2021 to date
1 August 2019 to 31 July 2022

Secretary & Clerk to the Governors

Ms C Fraser

27 January 2020 to date

Designated Senior Postholders

Professor R Langford	Deputy Vice Chancellor
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)

September 2021 to date
23 April 2012 to date
18 September 2017 to date
2 October 2017 to 31 August 2021
1 January 2020 to date

The University's Board of Governors

Independent Governors



John Taylor CBE
*Chair of the Board
Chair of Strategic Planning &
Performance Committee*



Dr Christopher Turner
*Vice-Chair of the Board
Chair of Remuneration
Committee*



Menai Owen-Jones
Vice-Chair of the Board



Nick Capaldi OBE
*Senior Independent Governor
Chair of Governance &
Nominations Committee*



Scott Waddington
Chair of Audit Committee



David Warrender
Chair of Resources Committee



Róisín Connolly
Independent Governor



Karen Fiagbe
Independent Governor



Sheila Hendrickson-Brown
Independent Governor



Paul Matthews
Independent Governor



Professor Myra Nimmo
Independent Governor



Professor Kelechi Nnoaham
Independent Governor

Independent Governors (cont.)

Christopher Pilgrim
Independent Governor



David Surdeau
Independent Governor



Alison Thorne
Independent Governor



Matthew Tossell
Independent Governor

Staff & Student Governors

Professor Cara Aitchison
President & Vice-Chancellor



Dr Malcolm James
Academic Staff Governor



Kirsty Palmer
*Academic Board
Representative Governor*



Denn Yearwood
*Professional Services Staff
Governor*



Venky Gonavaram
*Student Governor
SU President: Community &
Affairs*



Naomi Wrigley
*Student Governor
SU Vice-President: Student
Voice*

Corporate Governance Statement

The University is committed to high standards of corporate governance. The University is a higher education corporation formed by statute and has charitable status. The University wants to demonstrate that its governance is undertaken in an open and accountable manner and that it complies with best practice within the higher education sector.

The University has adopted the Governance Charter for Universities in Wales (published February 2020) and is working on the implementation of the Governance Charter for Universities in Wales and reviewing the Commitment to Action.

This Statement describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code (published July 2018) 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 carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. 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 governors discharge this responsibility through the following elements:

- Effective review by the governing body and relevant committees, particularly, Audit Committee, Governance and Nominations Committee and Resources Committee.
- Ensuring that effective control systems are in place which includes policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems.
- An effective internal and external audit service.
- The identification and management of risk embedded in all business systems.

The University is required to comply with the Committee of University Chairs Higher Education Code of Governance (published September 2020). The University's approach for the effective management of risk is set out below:

- The University focuses on the active management of risk as an integral part of the management process within all parts of the organisation.
- The University clearly identifies various risks to the achievement of its objectives through its risk management framework. These risks may be strategic or operational and may present potential implications for the University's reputation, its financial position or its routine operations.
- The University integrates risk management into the annual planning process which helps the Executive to determine and co-ordinate the University's academic and other activities.
- The University proactively encourages all managers to consider risk implications of each major decision, contract or project as a normal part of their everyday work.
- The Executive endeavour to identify and focus on immediate and transient risks with strategic implications, as well as on the more permanent and substantial risks which are identified in the University's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Executive work with the five Deans of School and Directors of Professional Services departments to encourage and support effective risk management as part of routine management of the organisation, and specifically to help them identify, evaluate, manage and report risk.
- The Board requires the Audit Committee to review the University's risk register on a termly basis. This is then reported to the Board. The risk register identifies significant risks and contains details of: risk definition; risk owner; risk likelihood; risk impact; overall risk Red Amber Green 'RAG' rating; response to risk – treat, tolerate or terminate; mitigating actions; risk trend – increase, decrease or unchanged; risk manager; and risk proximity.
- The Audit Committee agreed an Audit Strategy and an Internal Audit Plan for 2021-22 at the start of the financial year with its Internal Auditors. The Internal Audit Plan set out the proposed risk-based approach to

Report of the board of Governors (continued)

Corporate Governance Statement (continued)

- internal control, the audit strategy methodology and the rolling programme of audits that covered business, operational and compliance risks as well as financial risk.
- The Audit Committee regularly reviews the adequacy of the process of risk management at the University as it continues to be developed.

The University, through its Audit Committee appointed new Internal Auditors at the start of 2021-22 financial year for an initial period of three years. The appointment was made following the expiry of the contract with the previous internal audit services provider after a period of six years. The new contract was awarded following a full external tender exercise. The Audit Committee approved an Internal Audit Charter as part of its Audit Strategy and Internal Plan for 2021-22. This was in line with Public Sector Internal Audit Standards (PSIAS). Processes, systems and ways of to support effective audit work at the University were successfully embedded during the course of the year.

The new Internal Auditors assessed the University's risk management arrangements during 2021-22 and provided an opinion that a 'reasonable' level of assurance had been achieved. This was an improvement on previous years where a 'moderate' level of assurance had been achieved in 2020-21 and a 'limited' level of assurance had been achieved in 2019-20.

The Board is of the view that there was an ongoing process for identifying, evaluating and managing the University's significant risks in place for the year ended 31 July 2022 and that this process is still in place up to the date of approval of the Financial Statements and Annual Review. The process is regularly reviewed by the Board and accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Finance Directors Group.

The University's new Internal Auditors did not directly assess the University's corporate governance arrangements as part of the Internal Audit Plan for 2021-22. A 'substantial' level of assurance had been achieved in 2020-21. 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 as amended by the British Finance Directors Group.

Summary of the University's Structure of Corporate Governance

The University's Board of Governors comprises members appointed in accordance with the University's Articles and Instrument of Government. The majority of Governors are lay independent members with relevant knowledge and experience in business and the professions. The role of the Chair of the Board is separated from the University's Vice Chancellor. Those matters specifically reserved to the Board for decision are set out in the University's Articles and Instrument of Government. This is supported by a wider governance framework which includes the University's agreed Scheme of Delegation, terms of reference for individual committees and financial regulations. The Board holds to itself the responsibilities for the ongoing strategic direction of the University, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board met seven times during 2021-22. During this time the Board operated five governor-level Committees, these were:

- Audit Committee
- Governance and Nominations Committee
- Remuneration Committee
- Resources Committee
- Strategic Planning and Performance Committee

All committees were formally constituted with terms of reference and membership comprised exclusively or mainly of independent members of the Board. The Board and its committees had a clear schedule of meetings and an agreed

Report of the board of Governors (continued)

Corporate Governance Statement (continued)

Summary of the University's Structure of Corporate Governance (continued)

work programme for 2021-22. Additional meetings were convened on an exceptional basis to meet the University's decision-making exigencies as required. All meetings of the Board and its committees were held remotely during 2021-22 with the exception of the Board meeting held in July 2022. This was the first in-person Board meeting to be held since the onset of the global pandemic.

Statement of Internal Control

The Audit Committee reviews the process for ensuring the effectiveness of the financial and other (non-academic) internal control systems. In doing this, the Audit Committee makes recommendations on the appointment of internal audit, reviews their reports, including follow up reports on implementation and the scope and effectiveness of their work. The Audit Committee also makes recommendations on the appointment of external audit and reviews the financial statements of the University prior to submission to the Board. The Audit Committee reviews the management letter and receives and considers progress reports on areas of significant risk identified by the Executive. In addition, the Audit Committee receives and considers reports from the Higher Education Funding Council for Wales as they affect the University's business and monitors adherence with regulatory requirements.

The Board appointed a new Chair of the Audit 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 already an experienced member of the Committee. In addition to the Chair and two Independent members, the Audit Committee also included two external co-opted members through the course of 2021-22 who were not members of the Board and who thus provided additional externality to the Committee's deliberations. In line with previous years and Financial management Code requirements, no Audit Committee members were permitted to serve on the Resources Committee. Whilst senior members of the Executives attended meetings of the Audit Committee as and when required, they were not members of the Committee.

The Audit Committee met four times during 2021-22 with attendance by the University's internal and external independent auditors as appropriate. The Committee also met privately with the University's Internal Auditors before each meeting and also met with the External independent Auditors as required.

Board Effectiveness Review

The Board 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 considered and accepted a detailed report with clear recommendations. Through the course of 2021-22 significant progress was made on the implementation of review recommendations with much of the work overseen by the Governance and Nominations Committee, this included:

- Modernisation of the University's Articles of Government and Instrument of Government – draft new versions were approved by the Board for proposed consideration by Welsh Government and Privy Council.
- Implementation of a new University Scheme of Delegation – a new Scheme was approved by Board in July 2021 in readiness for 2021-22. The Scheme was further reviewed by Board in July 2022 in readiness for 2022-23.
- Introduction of the Senior Independent Governor (SIG) role within the University's governance arrangements – the Board appointed the Chair of Governance and Nominations Committee as SIG in October 2021.
- Introduction of annual appraisal arrangements for the Chair and Governors – these arrangements were introduced for 2021-22 with all governors' appraisals being completed during June, July and August 2022.
- Proposals on Board membership, skills, training and development with reference to equality diversity and inclusion – A total of 10 new members were appointed to the Board in 2021-22. This included a new Chair, 6 new lay Independent Governors, 2 new Student Governors and 1 Academic Board Representative

Report of the board of Governors (continued)

Corporate Governance Statement (continued)

Board Effectiveness Review (continued)

- Governor. The Governance and Nominations Committee oversaw work on the recruitment process and the related programme of induction, training and development during 2021-22. The Committee recognised the importance of EDI in its work and will be developing further proposals to further promote and support Governor EDI during 2022-23. This will accord with guidance recently developed by the Welsh HE sector.
- Proposals for improved business management arrangements for Board and Committee meetings – these were introduced throughout the course of the year and included the establishment of agenda setting pre-meetings with chairs of committees, introduction of Board and Committee work programmes, and the completion of governors' evaluation of committee performance.
- Increased Board focus on strategic and cultural aims of the University – the Board established a Strategic Planning and Performance Committee at the start of 2021-22. The Committee provided effective support to the Board in the development of the University's new Strategic Plan for 2022-2030 titled 'Strategy 2030'. Throughout the year the Board considered various areas covered by the new Strategic Plan via a mix of formal meetings and briefing sessions (including vision, values, thematic priorities, strategic priorities, enablers and proposed key performance indicators). The new Strategic Plan was approved by the Board in July 2022.
- Proposals to support effective working between the Board and the Executive – this included approval and publication of a Statement of Relationship between the Board and the Executive in line with best practice in February 2022. This also included induction, training and development joint activity between the Board and the Executive, briefings throughout the year and an awayday in July 2022.
- Proposals on how to implement key recommendations of the Governance Review of Universities in Wales (Camm Review) – The Board formally adopted the Review and the related Wales Governance Charter in May 2021. The Governance and Nominations Committee reviewed progress on the implementation of Review recommendations at each of its meetings during 2021-22.

At the time that the Board Effectiveness Review was undertaken in 2020-21 the University's governance arrangements were assessed against a Governance Maturity Framework. The Framework had four levels: (i) Failing; (ii) Improving; (iii) Good; and (iv) Leading Edge. At that time the review highlighted that the University's governance arrangements were rated as '(ii) Improving'. In February 2022 the University's governance arrangements were re-assessed as 'Improving to Good', with strong evidence to indicate that progress to 'Good' could be swiftly achieved.

Governance Charter for Universities in Wales and Commitment to Action

The Governance and Nominations Committee reviewed progress on the implementation of the Governance Charter for Universities in Wales and the related Commitment to Action at each of its meetings during 2021-22. Progress was regularly reported to Board via the Committee Chair and Summary Reports of the Committee's proceedings.

Induction, Development and Improving Effectiveness

The University Board constantly reviews its effectiveness through the Governance and Nominations Committee. The key measures carried out in 2021-22 are detailed in the section on 'Board Effectiveness Review' set out above. During 2021-22 there was an extensive focus on the induction, training and development of Board members as a total of 10 new members were appointed to the Board. This included a new Chair, 6 new lay Independent Governors, 2 new Student Governors and 1 Academic Board Representative Governor. The Governance and Nominations Committee had responsibility for the development of the Induction, Training and Development Programme to ensure that it was member-led and fit for purpose.

The Programme sought to address the corporate needs of the University as well as the specific interests of Governors. This helped to maintain and establish a high level of knowledge and understanding among each Governor on the HE environment, as well as the internal workings of the University.

Report of the board of Governors (continued)

Corporate Governance Statement (continued)

Induction, Development and Improving Effectiveness (continued)

The Committee recommended and approved the range and scope of induction and training provided. The programme provided during 2021/2022 included:

- Individual meetings between Governors and the Chair.
- Individual meetings between Governors and the Vice-Chancellor.
- Individual meetings between Governors, the University Secretary, and the Head of Governance.
- An informal in-person event and tour of Llandaff Campus.
- An in-person tour of Cyncoed Campus alongside a briefing on Estates Development Strategy.
- An in-person Governor Away Day; and
- Specific briefings on:
 - The Role of Governors in Higher Education.
 - Introduction to the University and the Vice Chancellor's Executive Group.
 - The University's Finance Structures and Subsidiaries.
 - The Prevent Duty.
 - Advancing Race Equality at Cardiff Met.
 - Provision of Welsh Medium Education.
 - The development of the new University Strategy titled 'Strategy 2030'.
 - The development of the new Estates Development Strategy and related Estates Masterplan.
 - Student Services.

Equality, Diversity and Inclusion

The Board through its Governance and Nominations Committee has the stated goal of achieving a Board that reflects the diversity of the region that it serves. The Board has achieved an effective gender balance over a number of years and also has improved levels of diversity. The Board's composition compares reasonably favourably with the HE sector. However, the Board recognises that further work is required on Governor EDI. This will be undertaken in 2022-23 and will accord with guidance recently developed by the Welsh HE sector to build on progress achieved to date. The work on Governor EDI will be used to inform future Board recruitment, including that for the next round in readiness for 2023-24.

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, motivation and retention of senior staff while also complying with the requirements of regulation and best practice.

The Remuneration Committee meets twice 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 reviews its terms of reference annually to ensure its remit was properly aligned to the CUC code of practice as well as HEFCW requirements. The review was completed in December 2021 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
 - The Vice-Chancellor's salary history;

Annual Remuneration Statement (continued)

- 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. The University was awarded the Time Higher UK and Ireland University of the Year 2021-22. 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 2021-2022 are detailed in note 7 of the notes to the financial statements.

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 for 2021-22 are shown below.

Students	
Numbers	Outcomes
<ul style="list-style-type: none"> 9,692 applications 8,339 total undergraduates 4,132 total postgraduates 22% overseas students 	<ul style="list-style-type: none"> 72% of students are satisfied (NSS 2022) 76.7% achieved a First or 2:1 degree (21-22) 71.4% of graduates are in professional level work or further study 15 months after completion of course (18-19) Cardiff Metropolitan University is placed 72nd out of 130 universities in the Complete University Guide 2023
Staffing	
<p>Total Staff (FTE) 1,368</p>	<p>Academic Staff (FTE) 544</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	2021-22	2020-21
	76.7%	84.5%

KPI	Student Satisfaction	
Measuring	Student Satisfaction	
Year	2021-22	2020-21
	72%	76%

KPI	Staff / Student Ratio	
Measuring	Number of Students per academic staff member	
Year	2021-22	2020-21
	19.9	18.1 (restated)

Key Performance Indicators (continued)

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
21/22	40%	60%
20/21	40%	60%

KPI	Percentage of Male and Female Students	
Measuring	Gender balance	
Year	Male	Female
21/22	48%	52%
20/21	46%	54%

KPI	Proportion of students who are BME	
Measuring	Participation rates of BME students at the University	
Year	BME	White
21/22*	14%	86%
20/21	24%	76%

Diversity - Students

*Ethnicity field is a mandatory HESA field for UK and Channel Island domiciled students. It's not mandatory for non-UK students.

KPI	International Students	
Measuring	Ability to attract international students / promote student diversity	
Year	Home/EU	Overseas
21/22	78%	22%
20/21	85%	15%

Key Performance Indicators (continued)**Diversity – staff**

KPI	Gender	
Measuring	Gender balance of Staff (Headcount)	
Year	Male	Female
2022	41%	59%
2021	42%	58%

KPI	Females in senior roles	
Measuring	Female staff members in senior roles	
Year	2022	2021
	34 (36.2%)	28 (37.8%) (restated)

Student Numbers – 2021-22

All Students		Home/EU	Home/EU FTE	Overseas	Overseas FTE	Total	Total FTE
Undergraduate	Full-time	7,541	7,166	393	357	7,934	7,523
	Part Time	403	99	2	1	405	100
	Total	7,944	7,265	395	358	8,339	7,623
Postgraduate Taught	Full-time	1,055	940	2,305	1,678	3,360	2,618
	Part Time	486	180	10	60	496	240
	Total	1,541	1,120	2,315	1,738	3,856	2,858
Postgraduate Research	Full-time	66	55	24	16	90	71
	Part Time	155	65	31	14	186	79
	Total	221	120	55	30	276	150
Total		9,706	8,505	2,765	2,126	12,471	10,631

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 2022, 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 2022; the Consolidated & University Statements of Comprehensive Income & Expenditure, the Consolidated & University Statements of Changes in Reserves for the year then ended and the Consolidated Cash Flow Statement for the year then ended; and 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 5, 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 Higher Education 2019 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 article 13(2) of the institution's Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992 and section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

In our opinion, in all material respects:

- the requirements of HEFCW's accounts direction have been met;
- funds from whatever source administered by the 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
12 December 2022

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 FRS102. 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 Going Concern

The Financial Statements of the University are prepared on a going concern basis. The University is in a position of strong liquidity, cash balances are high and it utilises low level borrowing facilities. Together with strong expenditure controls, the University will have sufficient funds to continue to meet its liabilities as they fall due

4 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.

Statement of Principal Accounting Policies (continued)

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.

4 Income Recognition (continued)

b) Donations and Endowments (continued)

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

- Restricted donations - the donor has specified that the donation must be used for a particular objective;
- 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;
- 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;
- 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.

5 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

Statement of Principal Accounting Policies (continued)

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

c) CGGPF – Local Government Scheme

The Cardiff and Vale of Glamorgan Pension Fund is a defined benefits scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Contributions are set every three years as a result of the actuarial valuation of the fund required by the regulations. The latest actuarial valuation of the fund was carried out as at 31 March 2019 and has set contributions for the period from 1 April 2020 to 31 March 2023. The next triennial valuation will be as at 31 March 2022 and will set contributions for the period 1 April 2023 to 31 March 2026.

The actuary has completed calculations for pension accounting purposes based on the following items of data, which were received from the Cardiff and Vale of Glamorgan Pension Fund.

- The results of the valuation as at 31 March 2019, which was carried out for funding purposes and the results of the 31 July 2019 FRS102 report, which was carried out for accounting purposes.
- Estimated whole fund income and expenditure items for the period to 31 July 2022.
- Fund investment returns for the period to 30 April 2022 and market returns (estimated where necessary) thereafter for the period to 31 July 2022.
- Estimated fund income and expenditure in respect of the employer for the period to 31 July 2022.
- Details of any new early retirements for the period to 31 July 2022 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost; and
- Details of any settlements for the period to 31 July 2022.

The assets of the Fund are not segregated or separately allocated to employers within the fund. The asset balance included in the financial statements is therefore a notional allocation estimated by the actuary using the information referred to above. The allocation is rolled forward from that agreed when the employer was admitted to the Fund and is not recalculated at each triennial valuation.

6 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.

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

Statement of Principal Accounting Policies (continued)

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.

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.

Statement of Principal Accounting Policies (continued)

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.

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.

Statement of Principal Accounting Policies (continued)

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.

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 19 and note 24).

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 16).

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 2022

	Note	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	100,635	100,623	90,242	90,228
Funding body grants	2	13,344	13,344	14,772	14,769
Research grants and contracts	3	3,752	3,536	2,429	2,150
Other income	4	19,223	17,210	14,726	13,029
Investment income	5	199	199	117	117
Donations	6	23	21	3	-
Total income		137,176	134,933	122,289	120,293
Expenditure					
Staff costs	7	91,504	89,089	80,186	78,045
Other operating expenses		38,447	37,523	31,953	31,269
Depreciation	10	4,822	4,794	4,339	4,311
Impairment of investment in subsidiary	12	-	3,850	-	-
Interest and other finance costs	8	3,112	3,112	2,950	2,950
Total expenditure	9	137,885	138,368	119,428	116,575
(Deficit)/Surplus for the year		(709)	(3,435)	2,861	3,718
Actuarial gain in respect of pension schemes	24	85,640	85,640	17,470	17,470
Total comprehensive income for the year		84,931	82,205	20,331	21,188
Represented by:					
Unrestricted total comprehensive income for the year attributable to the Group and University					
		84,931	82,205	20,331	21,188
		84,931	82,205	20,331	21,188

All items of income & expenditure relate to continuing activities.

Consolidated & University Statements of Changes in Reserves

Year Ended 31 July 2022

<u>Consolidated</u>	Total Reserves £'000
Balance at 1 August 2020	31,100
Surplus for the year	2,861
Other comprehensive income	17,470
Total comprehensive income for the year	20,331
Balance at 31 July and 1 August 2021	51,431
Deficit for the year	(709)
Other comprehensive income	85,640
Total comprehensive income for the year	84,931
Balance at 31 July 2022	136,362
<u>University</u>	
Balance at 1 August 2020	32,981
Surplus for the year	3,718
Other comprehensive income	17,470
Total comprehensive income for the year	21,188
Balance at 31 July and 1 August 2021	54,169
Deficit for the year	(3,435)
Other comprehensive income	85,640
Total comprehensive income for the year	82,205
Balance at 31 July 2022	136,374

All reserves are unrestricted.

Consolidated & University Statements of Financial Position

As at 31 July 2022

	Note	As at 31 July 2022		As at 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000 Reclassified	University £'000 Reclassified
Non-current assets					
Tangible assets	10	168,643	168,643	162,765	162,736
Intangible assets	11	1,834	-	1,346	-
Investment in subsidiaries	12	-	-	-	3,150
Current assets					
Stock	13	83	83	33	29
Trade and other receivables	14	11,056	13,229	9,914	12,728
Investments	15	30,278	30,278	23,855	23,855
Cash and cash equivalents	20	32,164	31,211	23,204	20,577
		73,581	74,801	57,006	57,189
Less: Creditors: amounts falling due within one year	16	(39,836)	(39,210)	(28,898)	(28,118)
Net current assets		33,745	35,591	28,108	29,071
Total assets less current liabilities		204,222	204,234	192,219	194,957
Creditors: amounts falling due after more than one year	17	(19,192)	(19,192)	(21,024)	(21,024)
Provisions					
Pension provisions	19	(48,668)	(48,668)	(119,764)	(119,764)
Total net assets		136,362	136,374	51,431	54,169
Unrestricted reserves					
Income and expenditure reserve		136,362	136,374	51,431	54,169
Total reserves		136,362	136,374	51,431	54,169

The Financial Statements on pages 36 to 62 were approved by the Board of Governors on 12 December 2022 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 2022

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000 Reclassified
Cash flow from operating activities		
(Deficit)/Surplus for the year	(709)	2,861
Adjustment for non-cash items		
Depreciation	4,822	4,339
(Increase)/Decrease in stock	(51)	51
Increase in debtors	(1,141)	(2,766)
Increase in creditors	10,932	8,125
Difference between pension charge and cash contributions	12,568	8,848
Adjustment for investing or financing activities		
Investment income	(199)	(117)
Interest payable	3,111	2,950
Capital grant income	(2,562)	(4,299)
Net cash inflow from operating activities	26,771	20,082
Cash flows from investing activities		
Capital Grants receipts	2,562	5,130
Redemption of investments	23,855	14,022
Investment income	199	117
Payments made to acquire fixed assets	(11,187)	(5,240)
Purchase of investments	(30,279)	(23,855)
Net cash outflow from investing activities	(14,850)	(9,826)
Cash flows from financing activities		
Interest paid	(1,135)	(1,227)
Repayments of amounts borrowed	(1,826)	(1,828)
Net cash outflow from financing activities	(2,961)	(3,055)
Increase in cash and cash equivalents in the year	8,960	7,201
Cash and cash equivalents at beginning of the year	23,204	16,003
Cash and cash equivalents at end of the year	32,164	23,204
Increase in cash and cash equivalents in the year	8,960	7,201
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year	8,960	7,201
Increase in short term deposits	6,424	9,833
Net cash inflow from financing	1,826	1,828
Movement in net debt in the year	17,210	18,862
Net funds at 1 August	24,650	5,788
Net at 31 July	41,860	24,650

Notes to the Financial Statements

Year Ended 31 July 2022

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Full-time home and EU students	66,050	66,050	65,328	65,328
Full-time & part time international students	24,009	24,009	14,268	14,268
Part-time home and EU students	1,068	1,068	1,133	1,133
Transnational education income	5,344	5,344	4,863	4,863
Education contracts with NHS & Coleg Cymraeg	3,610	3,610	3,980	3,980
Research training support grants	554	542	670	656
	100,635	100,623	90,242	90,228
	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Funding body grants				
Recurrent grant				
Higher Education Funding Council for Wales	6,983	6,983	3,177	3,174
Specific grants				
Specific initiative grants	6,361	6,361	11,595	11,595
	13,344	13,344	14,772	14,769
	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Research grants and contracts				
Research councils	438	438	208	208
Research charities (UK and overseas)	56	47	57	42
Government (UK and overseas)	2,892	2,819	1,845	1,707
Industry and commerce (UK and overseas)	366	232	319	193
	3,752	3,536	2,429	2,150
	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4 Other income				
Other services rendered	10,146	8,670	8,930	7,605
Residences operations	4,810	4,810	3,345	3,345
Catering and conferencing operations	1,499	1,383	760	723
Other EU grant income	357	357	185	185
Other operating income	2,411	1,990	1,506	1,171
	19,223	17,210	14,726	13,029

Included in the 'Other services rendered' figure above is an amount of £44k (2021: £nil) relating to the Turing Scheme. The Turing Scheme is the UK government's global programme to study and work abroad. The scheme provides funding for international opportunities in education and training across the world, supporting the government's Global Britain objectives.

Notes to the Financial Statements (continued)**Year Ended 31 July 2022**

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
5 Investment income				
Other investment income	199	199	117	117
	199	199	117	117

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
6 Donations				
Donations	23	21	3	-
	23	21	3	-

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
7 Staff costs				
Salaries	60,656	58,733	54,845	53,147
Social security costs	6,480	6,298	5,668	5,512
Other pension costs	11,507	11,197	10,532	10,245
Movement on USS provision	2,238	2,238	(22)	(22)
CVGPF costs in excess of contributions	10,623	10,623	9,163	9,163
Staff costs excluding exceptional severance costs	91,504	89,089	80,186	78,045

	Year Ended 31 July 2022	Year Ended 31 July 2021
	No.	No.
Average staff numbers by major category:		
Academic	580	549
Administrative, support and projects	779	682
Technicians	30	33
Ancillary	61	55
	1,450	1,319

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£	£
Emoluments of the Vice-Chancellor		
Salary	257,500	251,679
Payments in lieu of pension contributions	47,346	46,108
	304,846	297,787

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****7 Staff Costs (continued)**

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	University		University	
Vice-Chancellor remuneration as a multiple of the median				
	Basic Salary	Total remuneration	Basic salary	Total remuneration
Vice-Chancellor	£257,500	£304,846	£251,679	£297,787
Median salary	£39,739	£40,650	£39,152	£40,014
Pay multiple	6.5	7.5	6.4	7.4

Refer to the University's Remuneration Statement page 21

The President & Vice-Chancellor's basic salary is 6.5 times (2021/21 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 7.5 times (2021/21 7.4 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 2022	Year Ended 31 July 2021
	No.	No.
£100,000 to £104,999	1	3
£105,000 to £109,999	2	2
£110,000 to £114,999	2	-
£125,000 to £129,999	-	2
£130,000 to £134,999	1	1
£135,000 to £139,999	-	1
£140,000 to £144,999	1	-
£145,000 to £149,999	1	-
£160,000 to £164,999	1	-
	9	9

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

	Year Ended 31 July 2022	Year Ended 31 July 2022	Year Ended 31 July 2021	Year Ended 31 July 2021
	£'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. In 2021-22 the group comprised; the Vice Chancellor, Deputy Vice Chancellor, PVC (Research and Innovation), PVC (Student Engagement), Chief Officer (Resources), and the Secretary & Clerk to the Board of Governors.

Notes to the Financial Statements (continued)**Year Ended 31 July 2022**

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£'000	£'000
		Reclassified
Key management personnel remuneration (excludes pension costs)	941	900

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 2022 the returns state that there has been no undue influence between the University and related parties (as defined by FRS102).

In the 2021/22 financial year there were no declarations of interest from a related party under FRS102. In the 2020/21 financial year there was no declaration of interest from a related party under FRS102.

Notes to the Financial Statements (continued)**Year Ended 31 July 2022**

	Year Ended 31 July 2022	Year Ended 31 July 2022	Year Ended 31 July 2021	Year Ended 31 July 2021
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and other finance costs				
Loan interest	1,136	1,136	1,227	1,227
Net charge on pension scheme	1,976	1,976	1,723	1,723
	3,112	3,112	2,950	2,950
	Year Ended 31 July 2022	Year Ended 31 July 2022	Year Ended 31 July 2021	Year Ended 31 July 2021
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Analysis of total expenditure by activity				
Academic and related expenditure	67,894	67,894	60,423	61,040
Administration and central services	29,266	27,754	21,918	20,704
Premises (including service concession cost)	9,005	9,005	8,432	8,432
Residences, catering and conferences	4,225	4,074	3,501	3,360
Research grants and contracts	2,693	2,553	1,675	1,545
Other expenses	24,386	26,672	19,096	21,494
HEFCW Covid-19 grant expenditure	416	416	4,383	-
	137,885	138,368	119,428	116,575
Other operating expenses include:				
External independent auditors' remuneration in respect of audit services	73	45	61	43
External independent auditors' remuneration in respect of non-audit services	28	28	13	13

Included in the 'Administration and central services' figure above is an amount of £44k (2021: £nil) relating to the Turing Scheme. The Turing Scheme is the UK government's global programme to study and work abroad. The scheme provides funding for international opportunities in education and training across the world, supporting the government's Global Britain objectives.

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

**10 Tangible Fixed Assets
2021/2022**

		Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Consolidated				
Cost or valuation	At 1 August 2021	186,199	22,313	208,512
	Additions	6,025	4,675	10,700
	At 31 July 2022	192,224	26,988	219,212
Consisting of valuation at:	1 August 2014	72,268	-	72,268
	Cost	119,957	26,988	146,945
		192,225	26,988	219,213
Accumulated Depreciation	At 1 August 2021	29,918	15,830	45,748
	Charge for the year	2,470	2,352	4,822
	At 31 July 2022	32,388	18,182	50,570
Net book value	At 31 July 2022	159,837	8,806	168,643
	At 31 July 2021	156,281	6,483	162,764
University				
Cost or valuation	At 1 August 2021	186,199	22,025	208,224
	Additions	6,025	4,675	10,700
	At 31 July 2022	192,224	26,700	218,924
Consisting of valuation at:	1 August 2014	72,268	-	72,268
	Cost	119,957	26,700	146,657
		192,225	26,700	218,925
Accumulated Depreciation	At 1 August 2021	29,918	15,570	45,488
	Charge for the year	2,470	2,324	4,794
	At 31 July 2022	32,388	17,894	50,282
Net book value	At 31 July 2022	159,837	8,806	168,643
	At 31 July 2021	156,281	6,455	162,736

As at 31 July 2022, freehold land and buildings included £52.598m (2021: £52.598m) in respect of freehold land and is not depreciated.

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

	Year Ended 31 July 2022 Consolidated £'000	Year Ended 31 July 2022 University £'000
11 Intangible Assets		
Cost of Intellectual Property		
At 1 August 2020	913	-
Additions	433	-
At 31 July 2021	<u>1,346</u>	-
Cost of Intellectual Property		
At 1 August 2021	1,346	-
Additions	487	-
At 31 July 2022	<u>1,834</u>	-
Net book value		
At 31 July 2022	<u>1,834</u>	-
Net book value		
At 31 July 2021	<u>1,346</u>	-
Net book value		
At 31 July 2020	<u>913</u>	-

No amortisation has been charged in the year ended 31 July 2022. The additional intangible asset of £487k in 2021/22 represents the capitalisation of the intellectual property developed in Fovo Technology Ltd.

	University £'000
12 Investment in Subsidiaries	
Cost or valuation	
At 1 August 2021	3,150
Additions	700
Impairment	<u>(3,850)</u>
At 31 July 2022	<u>-</u>
Cost or valuation	
At 1 August 2020	2,150
Additions	1,000
Impairment	<u>-</u>
At 31 July 2021	<u>3,150</u>

The investments represent shares in group undertakings (note 23). During the financial year 2021/22 the University bought additional shares in Cardiff Met Company Ltd for £700k. During the financial year 2021/22 the University impaired its investment in Cardiff Met Company Ltd to £nil.

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000 Reclassified	University £'000 Reclassified
13 Stock				
General consumables (Catering & other)	83	83	33	29
	83	83	33	29
	At 31 July 2022		At 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000 Reclassified	University £'000 Reclassified
14 Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	6,674	6,436	3,582	3,429
Prepayments and accrued income	4,382	4,210	6,332	6,243
Amounts due from subsidiary companies	-	2,583	-	3,056
	11,056	13,229	9,914	12,728
	At 31 July 2022		At 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Investments				
Term deposits	10,097	10,097	9,840	9,840
Corporate Bond	20,181	20,181	14,015	14,015
	30,278	30,278	23,855	23,855
	At 31 July 2022		At 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Creditors: amounts falling due within one year				
Secured loans	536	536	504	504
Unsecured loans	1,296	1,296	1,322	1,322
Trade payables	5,550	5,493	6,015	6,003
Social security and other taxation payable	1,737	1,723	1,383	1,377
Accruals and deferred income	30,717	30,162	19,674	18,912
	39,836	39,210	28,898	28,118
	At 31 July 2022		At 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17 Creditors: amounts falling due after more than one year				
Secured loans	408	408	944	944
Unsecured loans	18,784	18,784	20,080	20,080
	19,192	19,192	21,024	21,024
Analysis of secured and unsecured loans:				
Due within one year or on demand	1,832	1,832	1,826	1,826
Due between one and two years	1,386	1,386	1,832	1,832
Due between two and five years	4,056	4,056	4,090	4,090
Due in five years or more	13,750	13,750	15,102	15,102
Due after more than one year	19,192	19,192	21,024	21,024
Total secured and unsecured loans	21,024	21,024	22,850	22,850

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

18	Lender	Secured and unsecured loans	Amount As at 31 July 2022 £'000	Amount As at 31 July 2021 £'000	Repayable by	Interest Rate %	Borrower
	NatWest*	Secured loan	510	836	2027	Variable	University
	NatWest*	Secured loan	434	612	2023	7.69	University
	Santander	Unsecured loan	9,600	10,200	2038	5.10	University
	Barclays	Unsecured loan	10,400	11,050	2038	5.10	University
	Salix	Unsecured loan	13	38	2022	0.00	University
	Salix	Unsecured loan	-	13	2021	0.00	University
	Salix	Unsecured loan	67	101	2024	0.00	University
			<u>21,024</u>	<u>22,850</u>			

*The NatWest 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 2021	(1,804)	(3,090)	(114,870)	(119,764)
Utilised in year	-	290	-	290
(Addition)/release in year	(2,254)	(50)	(12,530)	(14,834)
Actuarial gain in year	-	230	85,410	85,640
At 31 July 2022	(4,058)	(2,620)	(41,990)	(48,668)

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 2020 valuation of the scheme.

The latest available actuarial valuation of the scheme at 31 July 2022 was the March 2020 valuation.

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

	At 1 August 2021 £'000 Reclassified	Cash Flows £'000	At 31 July 2022 £'000
20 Cash and cash equivalents Consolidated			
Cash and cash equivalents	23,204	8,960	32,164
	<u>23,204</u>	<u>8,960</u>	<u>32,164</u>

	At 1 August 2020 £'000	Cash Flows £'000	At 31 July 2021 £'000
Cash and cash equivalents Consolidated			
Cash and cash equivalents	16,003	7,201	23,204
	<u>16,003</u>	<u>7,201</u>	<u>23,204</u>

	For the year ended 31 July 2022 Consolidated £'000	University £'000	For the year ended 31 July 2021 Consolidated £'000	University £'000
21 Capital commitments				
Commitments contracted for	4,050	4,050	3,600	3,600
	<u>4,050</u>	<u>4,050</u>	<u>3,600</u>	<u>3,600</u>

22 Commitments under operating leases

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

	2022 £'000	2021 £'000
Not later than 1 year	196	217
Later than 1 year and not later than 5	242	372
	<u>438</u>	<u>589</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

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****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 2022 £'000	Year ended 31 July 2021 £'000
Contribution for TPS	5,664	5,168
Contribution for CVGPF	4,908	4,419
Contribution for USS	936	946
	<u>11,508</u>	<u>10,533</u>

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

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Cost for TPS	5,664	5,168
Cost for CVGPF	15,530	13,581
Cost for USS	3,174	924
	<u>24,368</u>	<u>19,673</u>

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 FRS102 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.

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****24 Pension obligations continued**

The principal assumptions used for the purposes of FRS102 are as follows

	Year ended 31 July 2022	Year ended 31 July 2021	Year ended 31 July 2020
Discount rate	3.4%	1.7%	1.4%
CPI inflation	2.5%	2.6%	2.2%
Rate of increase to pensions in payment	2.5%	2.6%	2.2%
Rate of revaluation of pension accounts	2.5%	2.6%	2.2%
Rate of increase in deferred pensions	2.5%	2.6%	2.2%
Rate of general increase in salaries	3.5%	3.6%	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 2022	Year ended 31 July 2021	Year ended 31 July 2020
Assumed life expectancy at 65 years			
- retiring today male/(female)	22.1 (24.6)	22.3 (24.7)	22.2 (24.6)
- retiring in 20 years male/(female)	23.2 (26.0)	23.3 (26.1)	23.2 (26.0)

Asset Allocation

	Value at 31 July 2022	Value at 31 July 2021
Equities	67.0%	66.5%
Property	8.1%	6.6%
Government bonds	9.0%	10.1%
Corporate bonds	7.8%	15.2%
Multi Asset Credit	5.2%	0.0%
Cash	2.9%	1.6%
Other	0.0%	0.0%
Total	100.0%	100.0%

Amounts recognised in income statement

	Year ended 31 July 2022		Year ended 31 July 2021	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Operating cost				
- current service cost	15,570	-	13,650	-
- curtailment cost	-	-	20	-
Financing Cost				
- interest on net defined benefit liability	1,910	50	1,660	50
Pension expense recognised in income statement	17,480	50	15,330	50

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

24 Pension obligations continued**Amounts recognised in other comprehensive income**

	Year ended 31 July 2022		Year ended 31 July 2021	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Asset gains/(losses) arising during the year	(7,710)	-	20,800	-
Liability (losses) arising during the year	93,120	230	(3,370)	(40)
Total recognised in other comprehensive income/(expense)	85,410	230	17,430	(40)

Changes to the fair value of assets

	2022		2021	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Opening value	143,020	-	117,220	-
Interest income on assets	2,470	-	1,671	-
Remeasurement gains/(losses) on assets	(7,710)	-	20,800	-
Contributions by the employer	4,950	290	4,510	290
Contributions by participants	1,930	-	1,770	-
Net benefits paid out	(3,040)	(290)	(2,950)	(290)
Closing value	141,620	-	143,020	-

Changes to the present value of the defined benefit obligation

	2022		2021	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Opening value	257,890	3,090	238,700	3,370
Current service cost	15,570	-	13,650	-
Interest expense on defined benefit obligation	4,380	50	3,330	50
Contributions by participants	1,930	-	1,770	-
Actuarial losses/(gains) on liabilities	(93,120)	(230)	3,370	(40)
Net benefits paid out	(3,040)	(290)	(2,950)	(290)
Past service cost/curtailment	-	-	20	-
Closing value	183,610	2,620	257,890	3,090

Reconciliation of funded status to Consolidated Statement of Financial Position

	At 31 July 2022		At 31 July 2021	
	£'000		£'000	
	Funded	Unfunded	Funded	Unfunded
Fair value of assets	141,620	-	143,020	-
Present value of defined benefit obligation	(183,610)	(2,620)	(257,890)	(3,090)
Liability	(41,990)	(2,620)	(114,870)	(3,090)

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

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, based on April 2020 data and due to 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 FRS102 "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 latest available complete actuarial valuation for the scheme was published during September 2021, valuing the assets and technical provisions as at 31 March 2020 (the valuation date). The 2020 valuation was the sixth 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 technical provisions.

At the 2020 valuation date, the value of the assets of the scheme was £66.5 billion and the valuation of the scheme's technical provisions was £80.6 billion (based on the assumed implementation of the Joint Negotiating Committee's (JNC) recommendation. This represents a shortfall of £14.1 billion, up from the shortfall of £3.6 billion at the 2018 valuation date. The assets were therefore sufficient to cover 82.5% of the benefits which had accrued to members after allowing for expected future increases in earnings, as compared to 94.7% at the 2018 valuation date.

To address the deficit, the JNC formally voted to introduce a suite of reforms to the scheme in February 2022. As part of these reforms, the employer's contribution to the scheme was raised to 21.6%, from 21.1% at the 2018 valuation.

Creditor Balances

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

	2022 £'000	2021 £'000
TPS	-	646
CVGPF	585	540
USS	-	113
	<u>585</u>	<u>1,299</u>

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****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	2021-22	2020-21
1	Cash and cash equivalents	62,442	47,123
2	Accounts receivable, net	6,674	3,518
3	Other debtors and Prepaid expenses	4,382	6,332
4	Related party receivables	-	-
5	Contributions receivable, net	-	-
6	Student loans receivable, net	-	-
7	Investments in subsidiaries	-	-
8	Property, plant and equipment, net (includes Investment property & Heritage assets)	168,643	162,765
9	Lease right-of-use asset, net	-	-
10	Goodwill	-	-
	Other intangible assets	1,834	1,346
11	Inventories	83	33
12	Total assets	244,058	221,117
13	Line of credit - short term	-	-
14	Line of credit - short term for CIP	-	-
15	Accrued expenses/Accounts payable	7,287	7,398
16	Accruals and Deferred revenue	30,717	19,674
17	Post-employment and pension liability	48,668	119,764
18	Line of credit - operating	-	-

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****25 US Federal Loans – Supplementary Schedule (continued)**

19	Other liabilities	-	-
20	Notes payable	-	-
21	Lease right-of-use asset liability	-	-
22	Line of credit for long term purposes	21,024	22,850
23	Total liabilities	107,696	169,686
24	Net assets without donor restrictions	136,362	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	136,362	51,431
32	Total Liabilities and Net Assets	244,058	221,117
	Changes in Net Assets Without Donor Restrictions		
	Operating Revenue and Other Additions		
33	Tuition and fees, net	100,635	90,242
34	Funding body income	13,344	14,772
35	Investment return appropriated for spending	199	117
36	Other income	19,246	14,729
37	Research income	3,752	2,429
38	Total Operating Revenue and Other Additions	137,176	122,289

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****25 US Federal Loans – Supplementary Schedule (continued)****Operating Expenses and Other Deductions**

39	Education and research expenses	129,951	112,140
40	Depreciation and Amortization	4,822	4,339
41	Interest expense	3,112	2,950
42	Auxiliary enterprises	-	-
43	Total Operating Expenses	137,885	119,429
44	Changes in Net Assets from Operations	-709	2,860
Non-Operating changes			
45	Investments, net of annual spending, gain (loss)	-	-
46	Other components of net periodic pension costs	95,450	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	95,450	17,470
51	Total Change in Net Assets	94,741	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	94,741	20,330
56	Net Assets, Beginning of Year	51,431	31,101
57	Net Assets, End of Year	146,172	51,431

Notes to the Financial Statements (continued)

Year Ended 31 July 2022

25 US Federal Loans – Supplementary Schedule (continued)

Note for Line 9 - Lease right-of-use assets		2021-22	2020-21
A	Lease right-of-use assets - pre-implementation	-	-
B	Lease right-of-use assets - post-implementation	-	-
	Total	-	-
<hr/>			
Note for Line 21 - Lease right-of-use asset liability			
A	Lease right-of-use asset liability - pre-implementation	-	-
B	Lease right-of-use asset liability - post-implementation	-	-
	Total	-	-
<hr/>			
Note for Line 8 - Net Property, Plant and Equipment			
A	Pre-implementation Property, Plant and Equipment	157,942	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	157,942	157,958

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****25 US Federal Loans – Supplementary Schedule (continued)**

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	21,024	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	21,024	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 2022****25 US Federal Loans – Supplementary Schedule (continued)****Supplementary schedule - Sterling £ '000****2021-22 2020-21**

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	136,362	51,431
30	Net assets with donor restrictions	0	0
4	Secured and Unsecured related party receivable	0	0
4	Unsecured related party receivable	0	0
8	Property, plant and equipment, net (includes Construction in progress)	168,643	162,765
FS Note line 8A	Property, plant and equipment - pre-implementation	157,942	157,958
FS Note line 8B	Property, plant and equipment - post-implementation with outstanding debt for original purchase	0	0
FS Note line 8D	Property, plant and equipment - post-implementation without outstanding debt for original purchase	0	0
FS Note line 8C	Construction in progress	0	0
9	Lease right-of-use asset, net	0	0
Excluded Line 9 Note Leases	Lease right-of-use asset pre-implementation	0	0
M9 Note Leases	Lease right-of-use asset post-implementation	0	0
10	Intangible assets	0	0
10	Intangible assets	1,834	1,346
17	Post-employment and pension liabilities	48,668	119,764
14,20,22	Long-term debt - for long term purposes	21,024	22,850
M24,20,22, Note Debt A	Long-term debt - for long term purposes pre-implementation	21,024	22,850

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****25 US Federal Loans – Supplementary Schedule (continued)**

M24,20,22, Note Debt B	Long-term debt - for long term purposes post-implementation	0	0
M24,20,22, Note Debt C	Line of Credit for Construction in process	0	0
21	Lease right-of-use asset liability	0	0
Excluded Line 21 Note Leases	Pre-implementation right-of-use leases	0	0
Line 21 Note Leases	Post-implementation right-of-use leases	0	0
25	Annuities with donor restrictions	0	0
26	Term endowments with donor restrictions	0	0
27	Life income funds with donor restrictions	0	0
29	Net assets with donor restrictions: restricted in perpetuity	0	0
Total Expenses and Losses			
43	Total expenses without donor restrictions - taken directly from Statement of Activities	137,885	119,429
(35),45,46,47,48,49	Non-Operating and Net Investment (loss)	-85,839	-17,587
(35),45	Net investment losses	-199	-117
47	Pension-related changes other than net periodic costs	0	0

Notes to the Financial Statements (continued)**Year Ended 31 July 2022****25 US Federal Loans – Supplementary Schedule (continued)**

		Modified Net Assets	2021-22	2020-21
24		Net assets without donor restrictions	136,362	51,431
30		Net assets with donor restrictions	0	0
10		Intangible assets	0	0
4		Secured and Unsecured related party receivable	0	0
4		Unsecured related party receivable	0	0
		Modified Assets		
12		Total Assets	244,058	221,117
Excluded Leases	Line 9 Note	Lease right-of-use asset pre-implementation	0	0
Excluded Leases	Line 21 Note	Pre-implementation right-of-use leases	0	0
10		Intangible assets	0	0
4		Secured and Unsecured related party receivable	0	0
4		Unsecured related party receivable	0	0
		Net Income Ratio		
55		Change in Net Assets Without Donor Restrictions	84,931	20,330
38, (35), 50		Total Revenue and Gains	136,977	122,172



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