

NOTES TO THE ACCOUNTS

	2012	2011
	£m	£m
1 Funding body grants		
Higher Education Funding Council for England (HEFCE)		
Recurrent grant	175.5	177.0
Specific grants	5.5	8.9
Deferred capital grant released in year (note 23)		
Equipment	2.9	4.0
Buildings	11.1	10.9
HEFCE total	195.0	200.8
Teaching Agency / Training and Development Agency for Schools		
Recurrent grant	2.3	2.7
	197.3	203.5
2 Academic fees and support grants		
Full-time home / EU students	52.7	49.5
Full-time overseas (non-EU) students	52.3	48.7
Other course fees	22.0	21.3
Research Training Support Grants	22.2	7.8
	149.2	127.3
<p>In the year ended 31 July 2011 £14.0m of income and expenditure relating to studentships funded by Research Councils and other bodies were excluded from the University's income and expenditure account on the basis that the University dealt with these funds as agent for the funders. Following a review of the current agreements, which concluded that the University acts as principal, the equivalent income in the year ended 31 July 2012 has been included in Research Training Support Grants.</p>		
3 Income: research grants and contracts		
Research councils	105.3	105.9
UK-based charities	87.8	84.4
Other bodies	100.3	93.4
	293.4	283.7
<p>Total research grants and contracts income excludes grants of £7.7m (2011: £7.6m) for the purchase of equipment but includes £9.7m (2011: £9.9m) released from deferred capital grants to match depreciation of which £6.1m (2011: £7.4m) related to equipment. See note 23.</p>		
4 Examination and assessment services		
Examination fees	279.7	253.3
Other examination and assessment services	19.9	12.9
	299.6	266.2
5 Other income		
Other services rendered	34.3	32.1
Health and hospital authorities	17.0	16.7
Residences, catering and conferences	8.8	8.8
Income from intellectual property	10.9	12.9
Released from deferred capital grants (note 23)	8.5	7.3
Unrestricted donations	14.3	16.4
Rental income	7.9	7.1
Donations of, and for the purchase of, heritage assets	5.6	1.3
Sundry income	15.2	23.9
	122.5	126.5

Notes to the accounts (continued)

6 Endowment and investment income	Credited to funds as income £m	Excess over income £m	Underlying income 2012 £m	2011 Restated £m
Income from expendable endowment asset investments	12.9	(10.2)	2.7	1.9
Income from permanent endowment asset investments	28.0	(22.1)	5.9	5.5
Income from fixed asset investments	28.9	(21.7)	7.2	7.0
Other investment income	3.1	–	3.1	2.6
	72.9	(54.0)	18.9	17.0

The University operates a unitized fund, the Cambridge University Endowment Fund (CUEF), for long-term investment in respect of individual restricted endowments and other balances, and by other Group undertakings. The CUEF is managed on a total return basis and invests in asset classes some of which generate little or no income. Distributions are made to unit-holding funds according to a formula which has regard to the total return reasonably to be expected in the long term, in proportion to the number of units held. Investing funds receive distributions as income. In the year ended 31 July 2012, distributions by the CUEF exceeded income received in the year by the CUEF from its underlying investments by £54.0m (2011: £48.0m), the balance of the distributions being funded by drawing on long-term capital growth.

The deduction reflecting the extent to which CUEF distributions exceeded underlying income is applied to the categories of endowment and investment income in proportion to the value of CUEF distributions included. In previous years no element of the deduction was apportioned against income from endowment asset investments. Comparative figures have been restated.

7 Staff costs	2012 £m	2011 £m
Wages and salaries	442.4	442.6
Social security costs	39.8	39.2
Pension costs (note 30)	96.4	89.1
	578.6	570.9
Remuneration of the Vice-Chancellors	2012 £000	2011 £000
Current Vice-Chancellor		
Remuneration excluding employer's pension contributions	271	223
Employer's pension contributions	43	35
Previous Vice-Chancellor		
Remuneration excluding employer's pension contributions	–	54
Employer's pension contributions	–	–
	314	312

Notes to the accounts (continued)**7 Staff costs (continued)****Remuneration of higher paid staff**

Remuneration for this purpose excludes employer's pension contributions except to the extent that these result from the sacrifice of an element of pay. The numbers in each band have been analyzed by segment (see note 10).

	Education and research		Assessment and Press	2012 Total	2011 Total
	Clinical	Non-Clinical			
£100,001 – £110,000	21	28	11	60	53
£110,001 – £120,000	9	27	10	46	55
£120,001 – £130,000	6	23	11	40	36
£130,001 – £140,000	9	8	2	19	24
£140,001 – £150,000	12	6	1	19	21
£150,001 – £160,000	10	4	5	19	15
£160,001 – £170,000	8	3	4	15	10
£170,001 – £180,000	5	6	1	12	8
£180,001 – £190,000	4	1	2	7	8
£190,001 – £200,000	4	1	1	6	7
£200,001 – £210,000	1	–	1	2	3
£210,001 – £220,000	1	–	–	1	2
£220,001 – £230,000	2	1	–	3	2
£230,001 – £240,000	–	–	2	2	–
£240,001 – £250,000	–	–	–	–	1
£250,001 – £260,000	–	1	–	1	–
£260,001 – £270,000	–	–	–	–	2
£270,001 – £280,000	–	1	–	1	1
£280,001 – £290,000	–	–	–	–	–
£290,001 – £300,000	–	–	–	–	–
£300,001 – £310,000	–	1	–	1	1
£310,001 – £320,000	–	–	–	–	–
£320,001 – £330,000	–	–	–	–	–
£330,001 – £340,000	–	1	2	3	1
£340,001 – £350,000	–	1	1	2	–
£350,001 – £360,000	–	–	–	–	1

The above statistics include additional payments to employees of the University on behalf of NHS bodies.

Compensation for loss of office

Aggregate payments for compensation for loss of office paid to senior members of staff earning in excess of £100,000 per annum (four in 2011–12, none in 2010–11):

	2012 £000	2011 £000
Payments in respect of loss of office	828	–

Notes to the accounts (continued)

8 Analysis of expenditure by activity	Staff costs	Other operating expenses	Depreciation	Interest payable	2012 Total	2011
	£m	£m	£m	£m	£m	£m
Academic departments	195.7	49.8	5.9	–	251.4	244.2
Academic services	25.6	13.0	0.7	–	39.3	37.0
Payments to Colleges (see note 33)	–	41.6	–	–	41.6	40.8
Research grants and contracts	131.3	109.5	9.7	–	250.5	237.0
Other activities						
Examination and assessment services	79.7	156.2	11.4	–	247.3	226.3
Publishing and printing services	81.2	158.0	6.4	4.2	249.8	235.3
Other services rendered	7.9	20.5	0.1	–	28.5	29.5
Intellectual property	2.1	4.8	–	–	6.9	5.7
Residences, catering, and conferences	2.3	8.2	–	–	10.5	11.2
Other activities total	173.2	347.7	17.9	4.2	543.0	508.0
Administration and central services						
Administration	39.2	3.3	2.1	–	44.6	44.9
General educational	2.3	47.5	–	–	49.8	42.9
Staff and student facilities	3.2	1.5	–	–	4.7	4.3
Development office	3.3	3.8	–	–	7.1	6.2
Other	3.7	2.4	–	–	6.1	2.0
Administration and central services total	51.7	58.5	2.1	–	112.3	100.3
Premises	10.4	36.3	35.1	–	81.8	81.7
Voluntary severance scheme	–	–	–	–	–	5.4
Pension cost adjustments for CPS (see note 30)	(9.3)	–	–	6.9	(2.4)	6.6
Total per income and expenditure account	578.6	656.4	71.4	11.1	1,317.5	1,261.0

The depreciation charge has been funded by:

Deferred capital grants (note 23)	32.1
Revaluation reserve (note 25)	6.0
General income	33.3
	71.4

In the year ended 31 July 2011 £14.0m of income and expenditure relating to studentships funded by Research Councils and other bodies were excluded from the University's income and expenditure account on the basis that the University dealt with these funds as agent for the funders. Following a review of the current agreements, which concluded that the University acts as principal, the equivalent expenditure in the year ended 31 July 2012 has been included in other operating expenses.

Other operating expenses include:

2012	2011
£000	£000

Auditors' remuneration

Audit fees payable to the University's external auditors	738	728
Other fees payable to the University's external auditors	293	178
Audit fees payable to other firms	96	60

Payments to trustees

Reimbursement of expenses to two external members of Council	5	2
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These amounts include related irrecoverable VAT.

9 Surplus / (deficit) on continuing operations

2012	2011
£m	£m

The surplus / deficit on continuing operations for the year is made up as follows:

University's surplus for the year	37.1	30.9
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	2.9	2.7
Surplus dealt with in the accounts of the University	40.0	33.6
Group level adjustments re defined benefit schemes	2.3	(5.1)
Deficit retained in subsidiary undertakings	(37.7)	(38.1)
	4.6	(9.6)

Notes to the accounts (continued)

10 Segmental reporting

The Group consisting of the University and its subsidiary undertakings has three principal classes of activity:

Education and research

Assessment

Examination and assessment services, carried out by the University of Cambridge Local Examinations Syndicate and subsidiary undertakings, collectively known as Cambridge Assessment

Press

Publishing and printing services, carried out by the Cambridge University Press Syndicate and subsidiary undertakings

Income, result for the year and net assets at the year end are attributable to the three segments as follows:

	Segment total income	Inter- segment income	Income from third parties	(Deficit) / surplus	Net assets
	£m	£m	£m	£m	£m
Year ended 31 July 2012					
Education and research	799.2	33.0	766.2	(23.4)	2,607.2
Assessment	309.0	–	309.0	28.8	294.0
Press	246.9	–	246.9	(3.1)	5.5
	1,355.1	33.0	1,322.1	2.3	2,906.7
Unallocated re Contributory Pension Scheme	–	–	–	2.3	(265.7)
Group	1,355.1	33.0	1,322.1	4.6	2,641.0
Year ended 31 July 2011					
Education and research	756.8	14.8	742.0	(35.9)	2,516.0
Assessment	273.9	–	273.9	32.9	264.9
Press	235.5	–	235.5	–	37.2
	1,266.2	14.8	1,251.4	(3.0)	2,818.1
Unallocated re Contributory Pension Scheme	–	–	–	(6.6)	(228.6)
Group	1,266.2	14.8	1,251.4	(9.6)	2,589.5

11 Restatement of prior year

The University has changed the method of calculating the transfer from restricted endowments shown at the foot of the income and expenditure account. In previous years the calculation did not take into account the extent to which CUEF distributions credited to endowment funds as income were funded out of the long-term capital growth in value of the investments held by the CUEF rather than out of underlying investment income. For the year ended 31 July 2012 the calculation, as set out in note 24, takes this factor into account. There have been corresponding changes in the calculation of the increases in market value of endowment assets and of fixed asset investments, disclosed in the statement of recognized gains and losses. Prior year figures have been restated accordingly. These changes have no impact on the result on continuing operations for the year or for the previous year.

The impact on the income and expenditure account and the statement of total recognized gains and losses for the year ended 31 July 2011 is as follows:

	Previously stated £000	Adjustment £000	Restated £000
Income and expenditure account			
Transfer from restricted endowments	13.3	29.7	43.0
Surplus for the year retained in general reserves	3.4	29.7	33.1
Statement of total recognised gains and losses			
Increase in market value of investments			
Endowment assets	71.0	29.7	100.7
Fixed asset investments	86.9	(29.7)	57.2

The equivalent movements in the University's reserves as disclosed in note 25 have also been restated to ensure comparability:

Surplus for the year retained in general reserves	8.3	25.3	33.6
Increase in market value of fixed asset investments	65.5	(25.3)	40.2

Notes to the accounts (continued)**12 Intangible fixed assets: goodwill and others**

	Group 2012 £m	Group 2011 £m	University 2012 £m	University 2011 £m
Opening balance	2.2	3.0	1.7	0.9
Additions in the year	3.8	1.0	1.2	2.1
Amortization charge for the year	(1.2)	(1.8)	(0.7)	(1.3)
Closing balance	4.8	2.2	2.2	1.7

13 Tangible fixed assets

	Land and buildings £m	Assets in construction £m	Equipment £m	Heritage assets £m	2012 Total £m	2011 Total £m
Group						
Cost or valuation						
At 1 August	1,255.6	66.5	267.8	36.1	1,626.0	1,536.6
Additions at cost	3.7	66.1	25.1	5.9	100.8	105.4
Transfers	38.7	(45.8)	7.1	–	–	–
Disposals	(4.0)	(0.1)	(14.6)	–	(18.7)	(14.5)
Currency adjustments	0.2	–	(0.3)	–	(0.1)	(1.5)
At 31 July	1,294.2	86.7	285.1	42.0	1,708.0	1,626.0
Accumulated depreciation						
At 1 August	293.7	–	202.9	–	496.6	436.2
Charge for the year	42.5	–	28.9	–	71.4	71.0
Elimination on disposals	(3.1)	–	(12.7)	–	(15.8)	(10.1)
Currency adjustments	–	–	(0.1)	–	(0.1)	(0.5)
At 31 July	333.1	–	219.0	–	552.1	496.6
Net book value						
At 31 July	961.1	86.7	66.1	42.0	1,155.9	1,129.4
At 1 August	961.9	66.5	64.9	36.1	1,129.4	1,100.4
University						
Cost or valuation						
At 1 August	1,255.8	66.0	249.6	36.1	1,607.5	1,518.0
Additions at cost	2.5	66.5	23.8	5.9	98.7	104.5
Transfers	39.0	(45.6)	6.6	–	–	–
Disposals	–	(0.1)	(14.3)	–	(14.4)	(13.2)
Currency adjustments	0.1	–	–	–	0.1	(1.8)
At 31 July	1,297.4	86.8	265.7	42.0	1,691.9	1,607.5
Accumulated depreciation						
At 1 August	292.3	–	189.2	–	481.5	422.7
Charge for the year	42.7	–	26.4	–	69.1	68.5
Elimination on disposals	–	–	(12.4)	–	(12.4)	(9.2)
Currency adjustments	0.1	–	–	–	0.1	(0.5)
At 31 July	335.1	–	203.2	–	538.3	481.5
Net book value						
At 31 July	962.3	86.8	62.5	42.0	1,153.6	1,126.0
At 1 August	963.5	66.0	60.4	36.1	1,126.0	1,095.3

Land and buildings includes land totalling £83.7m (2011: £83.6m) which is not depreciated.

The cost to the Group of freehold buildings and assets in construction consists of the cost incurred by the University less the surplus recorded in the accounts of Lynxvale Limited, a subsidiary undertaking, and eliminated on consolidation.

Notes to the accounts (continued)

13 Tangible fixed assets (continued)

Heritage assets

The University holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. Most of these are housed in the University's nationally accredited museums and collections and in its libraries, providing a valuable research and educational resource locally, nationally and internationally, as well as an unrivalled opportunity to present the University's work to a wide audience. Other collections are held in academic departments or are on display as public art. Major collections include those held by the University Library, a legal deposit, the Botanic Garden and the Fitzwilliam Museum.

In respect of its major collections, the University's practice, in accordance with the national accreditation standards, is: to preserve, conserve and manage the objects in its care; to augment the collections where appropriate and within the resources available; to enable and encourage access to and use of the collections for teaching and research; and to enable wide access to and engagement with the collections by members of the public.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 August 1999 have been capitalized. The majority of assets held in the University's collections were acquired before 1 August 1999; because reliable estimates of cost or valuation are not available for these on a cost-benefit basis they have not been capitalized. As a result the total included in the balance sheet is partial.

Additions for the current and previous four years were as follows:	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Acquisitions purchased with specific donations	0.9	0.1	1.7	–	0.4
Value of acquisitions by donation	4.7	1.2	1.8	0.7	8.3
Total acquired by, or funded by, donations	5.6	1.3	3.5	0.7	8.7
Acquisitions purchased with University funds	0.3	0.1	0.2	–	0.3
Total acquisitions capitalized	5.9	1.4	3.7	0.7	9.0

14 Fixed asset investments

	Group 2012 £m	Group 2011 £m	University 2012 £m	University 2011 £m
Opening balance	661.2	517.8	484.4	381.6
Net additions in the year	16.9	86.2	26.5	62.5
Increase in market value of investments	27.0	57.2	19.0	40.2
Closing balance	705.1	661.2	529.9	484.3
Represented by:				
Property	85.0	76.8	73.1	66.7
Securities	577.6	532.5	407.1	362.7
Money market investments	0.4	0.4	0.4	17.9
Investments in subsidiary undertakings	–	–	23.1	1.8
Investment in spin-out companies (see note 31)	10.4	8.4	4.1	3.0
Cash in hand and at investment managers	30.8	43.7	22.1	29.8
Investments in joint ventures	0.9	(0.6)	–	2.4
	705.1	661.2	529.9	484.3

15 Endowment assets

Long-term investments				
Property	58.2	52.4	48.5	43.3
Securities	885.0	834.7	727.7	680.6
Money market investments	50.7	56.9	50.0	52.7
Cash in hand and at investment managers	48.7	65.8	38.4	54.2
	1,042.6	1,009.8	864.6	830.8
Investment in spin-out companies (see note 31)	8.7	4.8	8.7	4.8
Short-term deposits	–	0.2	–	–
Bank balances	5.2	3.7	–	–
	1,056.5	1,018.5	873.3	835.6

Notes to the accounts (continued)

16 Stocks and work in progress	Group 2012 £m	Group 2011 £m	University 2012 £m	University 2011 £m
Goods for resale	27.4	33.5	21.0	26.7
Pre-publication costs and other work in progress	30.6	20.6	28.9	20.0
Other stocks	0.5	0.2	0.3	–
	58.5	54.3	50.2	46.7
17 Debtors				
Research grants recoverable	55.0	59.8	55.0	59.8
Amounts due from subsidiary undertakings	–	–	18.9	56.6
Debtors re examination and assessment services	73.4	64.9	58.8	58.1
Debtors re publishing and printing	80.1	77.4	62.0	56.6
Other debtors	51.8	41.4	43.1	32.3
	260.3	243.5	237.8	263.4
18 Current asset investments				
Property	2.9	1.3	24.1	21.3
Securities	43.0	19.5	358.4	330.2
Money market investments	198.9	187.4	203.6	190.7
Cash in hand and at investment managers	2.3	1.6	19.5	27.1
	247.1	209.8	605.6	569.3
Representing:				
University	196.7	185.4	162.7	160.4
Held on behalf of subsidiary undertakings, Colleges and other associated bodies (see note 19)	50.4	24.4	442.9	408.9
	247.1	209.8	605.6	569.3
Current asset investments include investments held on behalf of subsidiary undertakings, Colleges and other associated bodies. The book value of these investments is included in creditors due within one year.				
19 Creditors: amounts falling due within one year				
Bank overdraft	2.5	3.3	2.5	3.2
Current portion of long-term bank loan	4.4	0.5	4.4	0.6
Research grants received in advance	122.0	107.4	122.0	107.4
Amounts due to subsidiary undertakings	–	–	6.3	39.2
Creditors re examination and assessment services	91.6	88.4	42.3	39.2
Creditors re publishing services	80.0	61.2	69.6	53.2
Other creditors	154.9	162.7	134.8	141.6
Investments held on behalf of subsidiary undertakings, Colleges and other associated bodies (see note 18)	50.4	24.4	442.9	408.9
	505.8	447.9	824.8	793.3
20 Creditors: amounts falling due after more than one year				
Amounts due to subsidiary undertakings	–	–	0.1	0.1
Bank loans	–	4.4	–	4.3
Deferred income	0.4	0.4	–	–
Other creditors	2.3	–	–	–
	2.7	4.8	0.1	4.4

Notes to the accounts (continued)**21 Pension liabilities**

The pension liabilities have been measured in accordance with the requirements of FRS 17 and relate to the defined benefit schemes disclosed in note 30.	Group	Group	University	University
	2012	2011	2012	2011
	£m	£m	£m	£m
Opening balance	308.1	274.4	79.6	77.2
Movement in year				
Current service cost including life assurance	27.8	26.6	2.3	2.6
Contributions	(40.6)	(28.4)	(5.9)	(3.7)
Other finance cost	10.0	8.9	3.1	3.1
Currency adjustments	1.6	(2.6)	1.5	(2.6)
Actuarial loss recognised in statement of total recognised gains and losses	62.4	29.2	23.0	3.0
Closing balance	369.3	308.1	103.6	79.6

22 Other retirement benefits liability

<i>Group and University</i>	2012	2011
	£m	£m
The liability has been measured in accordance with the requirements of FRS 17 and relates to unfunded post-retirement medical and insurance schemes.		
Opening balance	15.9	15.1
Movement attributable to the year		
Current service cost less benefits paid	0.4	0.5
Contributions	(0.2)	(0.2)
Other finance cost	0.8	0.8
Currency adjustments	0.2	(0.6)
Actuarial loss recognised in statement of total recognised gains and losses	3.4	0.3
Closing balance	20.5	15.9

23 Deferred capital grants

	Funding	Research	Other	2012	2011
	Council	Grants	Grants	Total	
	£m	£m	£m	£m	£m
<i>Group and University</i>					
Balance 1 August					
Buildings: as previously stated	181.7	72.7	278.9	533.3	523.5
Prior year adjustment	44.3	–	(101.4)	(57.1)	(57.1)
Buildings: restated opening balance	226.0	72.7	177.5	476.2	466.4
Equipment	8.0	11.8	0.4	20.2	19.5
	234.0	84.5	177.9	496.4	485.9
Grants received					
Buildings	25.6	(1.5)	4.6	28.7	30.2
Equipment	1.0	7.7	0.6	9.3	12.7
	26.6	6.2	5.2	38.0	42.9
Released to income and expenditure					
Buildings – for depreciation	(11.1)	(3.6)	(8.2)	(22.9)	(20.4)
Equipment – for depreciation	(2.9)	(6.1)	(0.2)	(9.2)	(11.7)
Equipment – on disposals	(0.2)	(0.1)	–	(0.3)	(0.3)
	(14.2)	(9.8)	(8.4)	(32.4)	(32.4)
Balance 31 July					
Buildings	240.5	67.6	173.9	482.0	476.2
Equipment	5.9	13.3	0.8	20.0	20.2
	246.4	80.9	174.7	502.0	496.4

The prior year adjustment is the correction of misstatements in the financial statements for previous years in respect of the funding of construction costs before 31 July 2007. In the financial statements for the year ended 31 July 2011, deferred capital grants were overstated and reserves were understated by £57.1m. The balance sheet has been restated accordingly. There is no impact on the result for the year or for the previous year.

Notes to the accounts (continued)**24 Endowments**

<i>Group</i>	Expendable £m	Permanent £m	2012 Total £m	2011 Total <i>Restated</i> £m
Balance 1 August	351.6	666.9	1,018.5	911.7
New endowments received	26.5	17.0	43.5	49.1
Transfers	4.6	(4.6)	–	–
Income receivable from endowment asset investments (see note 6)	2.7	5.9	8.6	7.4
Expenditure	(34.8)	(17.9)	(52.7)	(50.4)
Increase in market value of investments	11.1	27.5	38.6	100.7
Balance 31 July	361.7	694.8	1,056.5	1,018.5
Capital	348.3	606.7	955.0	929.4
Unspent income	13.4	88.1	101.5	89.1
Balance 31 July	361.7	694.8	1,056.5	1,018.5
Representing:				
Trust and Special Funds				
Professorships, Readerships and Lectureships	41.3	342.0	383.3	363.1
Scholarships and bursaries	20.0	89.7	109.7	108.4
Other	87.1	255.1	342.2	326.3
Gates Cambridge Trust	173.3	–	173.3	172.3
Specific donations	35.6	–	35.6	36.0
Examination Board restricted funds	4.4	–	4.4	4.4
General endowments	–	8.0	8.0	8.0
Group total	361.7	694.8	1,056.5	1,018.5

Investment income and increase in value of investments for the year ended 31 July 2011 have been restated as described in notes 6 and 11.

Transfer to income and expenditure account

The transfer from endowments to the income and expenditure account represents the extent to which expenditure has been funded from endowment funds, after deducting the related investment income which is credited separately as part of total income. The transfer is calculated as follows:

Expenditure	34.8	17.9	52.7	50.4
Less investment income	(2.7)	(5.9)	(8.6)	(7.4)
Transfer to income and expenditure account	32.1	12.0	44.1	43.0

The transfer for the year ended 31 July 2011 has been restated as described in note 11.

University

Balance 1 August	170.1	665.5	835.6	741.2
New endowments received	22.0	17.0	39.0	45.4
Income receivable from endowment asset investments	1.3	5.9	7.2	6.0
Expenditure	(18.5)	(22.5)	(41.0)	(39.8)
Increase in market value of investments	5.0	27.5	32.5	82.8
Balance 31 July	179.9	693.4	873.3	835.6
Capital	167.0	605.5	772.5	746.7
Unspent income	12.9	87.9	100.8	88.9
Balance 31 July	179.9	693.4	873.3	835.6

Investment income and increase in value of investments for the year ended 31 July 2011 have been restated as described in notes 6 and 11.

Notes to the accounts (continued)**25 Reserves**

	General reserves £m	Operational property revaluation reserve £m	Fixed asset investment revaluation reserve £m	2012 Total £m	2011 Total Restated £m
Group					
Balance 1 August					
As previously stated	763.1	133.2	119.7	1,016.0	958.8
Prior year adjustment (see note 23)	57.1	–	–	57.1	57.1
Restated opening balance	820.2	133.2	119.7	1,073.1	1,015.9
Surplus retained for the year	47.9	–	–	47.9	33.1
Actuarial loss	(65.8)	–	–	(65.8)	(29.5)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	10.6	–	(10.6)	–	–
Loss arising on foreign currency translation	(1.2)	–	–	(1.2)	(3.6)
Increase in market value of investments	–	–	27.0	27.0	57.2
Balance 31 July	817.7	127.2	136.1	1,081.0	1,073.1

The surplus retained in reserves and the increase in market value of investments for the year ended 31 July 2011 have been restated as described in note 11.

Reserves are reduced by the net liabilities in respect of retirement benefits.

Reserves before net liabilities in respect of retirement benefits	1,207.5	127.2	136.1	1,470.8	1,397.1
Effect of pension liability (see note 21)	(369.3)	–	–	(369.3)	(308.1)
Effect of liability for other retirement benefits (see note 22)	(20.5)	–	–	(20.5)	(15.9)
Reserves balance at 31 July	817.7	127.2	136.1	1,081.0	1,073.1

University

Balance 1 August					
As previously stated	852.7	133.2	84.0	1,069.9	1,001.5
Prior year adjustment (see note 23)	57.1	–	–	57.1	57.1
Restated opening balance	909.8	133.2	84.0	1,127.0	1,058.6
Surplus retained for the year	40.0	–	–	40.0	33.6
Actuarial loss	(26.4)	–	–	(26.4)	(3.3)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	4.6	–	(4.6)	–	–
Loss arising on foreign currency translation	(2.9)	–	–	(2.9)	(2.1)
Increase in market value of investments	–	–	19.0	19.0	40.2
Balance 31 July	931.1	127.2	98.4	1,156.7	1,127.0

The surplus retained in reserves and the increase in market value of investments for the year ended 31 July 2011 have been restated as described in note 11.

Notes to the accounts (continued)

26 Reconciliation of consolidated operating surplus / (deficit) to net cash inflow from operating activities	2012		2011	
	£m		£m	
Surplus / (deficit) on continuing operations	4.6		(9.6)	
Depreciation of fixed tangible assets	71.4		71.0	
Amortization of goodwill	1.2		1.8	
Surplus / (deficit) on disposal of tangible fixed assets	1.9		(3.1)	
Deferred capital grants released to income	(32.1)		(32.1)	
Donations of, and for the purchase of, heritage assets	(5.6)		(1.3)	
Investment income	(18.9)		(17.0)	
Interest payable	11.1		10.0	
Pension cost less contributions payable (see note 21)	(12.8)		(1.8)	
Other retirement benefits – cost less contributions payable (see note 22)	0.2		0.3	
Currency adjustments	0.6		(5.8)	
	21.6		12.4	
(Increase) / reduction in stock	(4.2)		4.3	
(Increase) / reduction in debtors	(16.8)		0.1	
Increase in creditors	24.2		23.3	
Net cash inflow from operating activities	24.8		40.1	
27 Cash flows	2012		2011	
	£m		£m	
Returns on investments and servicing of finance				
Endowment and investment income received	18.9		17.0	
Interest paid	(0.3)		(0.3)	
Net cash inflow from returns on investments and servicing of finance	18.6		16.7	
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(89.2)		(107.6)	
Acquisition of goodwill and other intangible fixed assets	(3.8)		(1.0)	
Donations for buildings and other deferred capital grants received	38.9		42.9	
Proceeds of disposal of tangible fixed assets	0.7		7.2	
Net purchase of long-term investments (excluding investments held on behalf of others)	(26.3)		(43.9)	
New endowments received	43.5		49.1	
Additional investment in subsidiaries	(0.7)		–	
Net cash outflow from capital expenditure and financial investment	(36.9)		(53.3)	
Financing				
Repayment of long-term loans	(0.5)		(1.6)	
28 Analysis of the balances of cash and bank overdraft	Group	Group	University	University
	2012	2011	2012	2011
	£m	£m	£m	£m
Bank overdrafts	(2.5)	(3.3)	(2.5)	(3.2)
Bank balances included in endowment assets	5.2	3.7	–	–
Cash at bank and in hand	51.1	47.3	28.4	25.2
	53.8	47.7	25.9	22.0
Add short term deposits:				
Endowment asset investments	–	0.2	–	–
Net funds	53.8	47.9	25.9	22.0

Notes to the accounts (continued)

29 Capital commitments

	2012 £m	2011 £m
Commitments contracted at 31 July	147.2	81.4
Authorized but not contracted at 31 July	–	1.4

Of the capital expenditure committed at 31 July 2012, approximately 38% (2011: 65%) will be funded by specific grants and donations.

30 Pension schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Cambridge University Assistants' Contributory Pension Scheme (CPS). Cambridge University Press operates two defined benefit schemes for its UK staff, the Press Contributory Pension Fund (PCPF) and the Press Senior Staff Pension Scheme (PSSPS). Employees covered by the schemes are contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. The USS and the CPS are not closed, nor is the age profile of their active membership rising significantly. The PCPF and the PSSPS have been closed to new members.

The schemes are defined benefit schemes which are valued every three years using the projected unit method, by professionally qualified actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

Universities Superannuation Scheme (USS)

The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS 17 (Retirement Benefits) accounts for the scheme as if it were a defined contribution scheme.

The latest triennial actuarial valuation of the scheme was at 31 March 2011 and was the second valuation for this scheme to require the calculation of technical provisions in accordance with the Pensions Act 2004. The assumptions that have the most significant effect on the result of the valuation were as follows:

Investment returns per annum	6.10%
Salary scale increases per annum	4.40%
Pension increases per annum	
First three years	3.40%
Thereafter	2.60%
Mortality – equivalent life expectancy for members reaching retirement age of 65	
Males currently aged 65	89
Males currently aged 45	91
Females currently aged 65	91
Females currently aged 45	93

At the valuation date, the value of the assets of the scheme was £32,433.5m and the value of the scheme's technical provisions was £35,343.7m. The assets were therefore sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

At 31 March 2012 the actuary has estimated that the funding level had fallen from 92% to 77%. This estimate was based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions over the following twelve months.

The contribution rate payable by the University in the year ended 31 July 2012 was 16% of pensionable pay. The scheme's trustees have determined a recovery plan to pay off the shortfall shown by the 31 March 2011 valuation by 31 March 2021; under the recovery plan the University's contribution rate would increase to 18% of pensionable pay from 1 April 2017 to 31 March 2021. The contribution rate will be reviewed as part of each triennial valuation and may be reviewed more frequently.

Cambridge University Assistants' Contributory Pension Scheme (CPS)

The CPS was established under the authority of the Universities of Oxford and Cambridge Act 1923. It is a registered pension scheme for the purposes of Finance Act 2004. The active members of the scheme are employees of the University and its subsidiary undertakings.

Triennial valuation of the scheme

A full triennial valuation of the scheme was carried out by the actuary for the trustees of the scheme for funding purposes as at 31 July 2009. The results showed the actuarial value of the scheme's assets as £275.9m. These were insufficient to cover the scheme's past service liabilities of £414.7m and as a result the scheme had a deficit of £138.8m and was 67% funded. The joint contribution rate was set at 29.7% of pensionable pay from 1 August 2009. From 1 August 2011 to 31 July 2025 the joint contribution rate has been set at 26.3% of pensionable pay together with additional fixed contributions totalling £14.6m per annum. The results of the triennial actuarial valuation as at 31 July 2012 are awaited.

Notes to the accounts (continued)**30 Pension schemes (continued)****CPS: Pension costs under FRS 17**

For accounting purposes the scheme's assets are measured at market value and liabilities are valued using the projected unit method and discounted using the gross redemption yield for corporate AA rated bonds. The valuation uses market-based assumptions and asset valuations, and represents a current valuation. It does not impact on the joint contribution rate set by the trustees of the scheme. The principal assumptions used by the actuary were:

	2012	2011
Discount rate	4.50%	5.30%
Expected rate of return on scheme assets at beginning of year	6.50%	6.70%
Rate of increase in salaries	3.50%	4.25%
Rate of increase in pensions in deferment	2.75%	3.50%
Rate of increase in pensions in payment	2.75%	3.50%
Mortality – equivalent life expectancy for members reaching the age of 65		
Males currently aged 65	87	86
Males currently aged 45	88	87
Females currently aged 65	90	89
Females currently aged 45	92	90

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised above:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognized in the balance sheet	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Opening	(587.7)	(516.5)	359.4	320.4	(228.3)	(196.1)
Current service cost	(25.5)	(24.0)	–	–	(25.5)	(24.0)
Employer contributions	–	–	34.7	23.2	34.7	23.2
Expected return on scheme assets	–	–	24.4	22.3	24.4	22.3
Contributions by members	(0.5)	(0.5)	0.5	0.5	–	–
Interest cost	(31.3)	(28.1)	–	–	(31.3)	(28.1)
Actuarial (losses) / gains	(17.0)	(34.9)	(22.4)	9.3	(39.4)	(25.6)
Benefits and expenses paid	19.2	16.3	(19.2)	(16.3)	–	–
Closing defined benefit obligation	(642.8)	(587.7)	377.4	359.4	(265.4)	(228.3)

The amounts recognised in the income and expenditure account were as follows:	2012	2011
	£m	£m
In staff costs: current service cost	25.5	24.0
In interest and other finance costs:		
Expected return on pension scheme assets	24.4	22.3
Interest on pension scheme liabilities	(31.3)	(28.1)
	(6.9)	(5.8)

The total of actuarial losses recognised in the statement of total recognised gains and losses was £39.4m (2011: £25.6m).

Amounts for the current and previous four years were as follows:	2012	2011	2010	2009	2008
	£m	£m	£m	£m	£m
Defined benefit obligation	(642.8)	(587.7)	(516.5)	(458.7)	(405.5)
Plan assets	377.4	359.4	320.4	275.9	290.8
Deficit at the balance sheet date	(265.4)	(228.3)	(196.1)	(182.8)	(114.7)
Experience gains / (losses) for the year on plan liabilities	9.2	(1.6)	7.1	3.9	(1.3)
Experience (losses) / gains for the year on plan assets	(22.4)	9.3	15.8	(41.2)	(51.2)

The above results have been recognised in the consolidated balance sheet. The University is, however, unable to identify its own share of the underlying assets and liabilities in the scheme, as distinct from that attributable to subsidiary undertakings, on a reasonable and consistent basis. For the University itself, therefore, pension costs are accounted for as if the CPS were a defined contribution scheme, and the University's own balance sheet does not include a pension liability in respect of the CPS.

Notes to the accounts (continued)**30 Pension schemes (continued)****Cambridge University Press UK defined benefit schemes (PCPF and PSSPS)****Triennial valuation of the schemes**

Full triennial valuations of the schemes were carried out by the actuary for the trustees of the schemes for funding purposes as at 1 January 2010.

Pension costs under FRS 17

For accounting purposes the schemes' assets are measured at market value and liabilities are valued using the attained age method and discounted using the gross redemption yield for corporate AA rated bonds. The valuations use market-based assumptions and asset valuations, and represent current valuations. They do not impact on the joint contribution rates set by the trustees of the schemes. The actuary has updated the 2010 valuations to 31 July 2011 and 31 July 2012 for the purposes of the University's financial statements. The principal assumptions used by the actuary for both schemes were:

	2012	2011
Discount rate	4.50%	5.30%
Expected rate of return on scheme assets at beginning of year	5.90%	5.90%
Rate of increase in salaries - schemes are now on frozen current salary basis	0.00%	0.00%
Rate of increase in pensions in deferment	3.30%	3.50%
Rate of increase in pensions in payment	3.30%	3.50%
Mortality - equivalent life expectancy for members at age 65		
Males	87	87
Females	90	90

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised above. The results for the two schemes have been amalgamated.

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognized in the balance sheet	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Opening	(241.4)	(223.2)	166.9	152.4	(74.5)	(70.8)
Current service cost	(2.0)	(2.4)	–	–	(2.0)	(2.4)
Employer contributions	–	–	5.4	3.4	5.4	3.4
Expected return on scheme assets	–	–	9.8	9.0	9.8	9.0
Contributions by members	(0.3)	(0.3)	0.3	0.3	–	–
Interest cost	(12.9)	(12.0)	–	–	(12.9)	(12.0)
Actuarial (losses) / gains	(23.9)	(12.6)	3.5	10.9	(20.4)	(1.7)
Benefits and expenses paid	8.8	9.1	(8.8)	(9.1)	–	–
Closing defined benefit obligation	(271.7)	(241.4)	177.1	166.9	(94.6)	(74.5)

The amounts recognised in the income and expenditure account were as follows:	2012	2011
	£m	£m
In staff costs: current service cost	2.0	2.4
In interest and other finance costs		
Expected return on pension scheme assets	9.8	9.0
Interest on pension scheme liabilities	(12.9)	(12.0)
	(3.1)	(3.0)

The total of actuarial losses recognised in the statement of total recognised gains and losses was £20.4m (2011: £1.7m).

Amounts for the current and previous four years were as follows:	2012	2011	2010	2009	2008
	£m	£m	£m	£m	£m
Defined benefit obligation	(271.7)	(241.4)	(223.2)	(208.6)	(192.3)
Plan assets	177.1	166.9	152.4	139.8	151.4
Deficit at the balance sheet date	(94.6)	(74.5)	(70.8)	(68.8)	(40.9)
Experience (losses) / gains for the year on plan liabilities	(4.2)	(8.4)	(2.4)	0.4	1.4
Experience gains / (losses) for the year on plan assets	3.5	10.9	8.5	(17.8)	(20.0)

Notes to the accounts (continued)**30 Pension schemes (continued)**

The University also has a smaller number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS). Further disclosures are not given as the balances and movements are not material.

The total pension cost for the year (see note 7) was:

	2012	2011
	£m	£m
USS: contributions	58.6	54.4
CPS: charged to income and expenditure account	25.5	24.0
PCPF: charged to income and expenditure account	1.5	2.1
PSSPS: charged to income and expenditure account	0.5	0.6
NHSPS: contributions	1.9	1.9
Contributions to other pension schemes	8.4	6.1
	96.4	89.1

Notes to the accounts (continued)

31 Principal subsidiary and associated undertakings and other significant investments

The following undertakings were subsidiary undertakings throughout the year ended 31 July 2012. Except where stated, the accounting reference date is 31 July and the undertaking is a wholly-owned company registered in England and Wales.

Name	Notes	Principal activity
Cambridge Enterprise Limited		Consultancy and commercial exploitation of intellectual property
IFM Education and Consultancy Services Limited		Consultancy and commercial exploitation of intellectual property
Cambridge Investment Management Limited		Investment management
Cambridge Programme for Sustainability Leadership (Australia)	a	Sustainability leadership programmes
Cambridge Programme for Sustainability Leadership (South Africa)	b	Sustainability leadership programmes
Fitzwilliam Museum (Enterprises) Limited		Publication of fine art books and sale of museum merchandise
JBS Executive Education Limited		Corporate education services
Lynxvale Limited		Provision of construction and development services
The Cambridge Foundation	c	Fund raising
University of Cambridge Dental Practice Limited		Dental services
Associated Trusts	c	
Cambridge Overseas Trust	}	Provision of scholarships, grants and other support for the education of overseas students in the University
Cambridge Commonwealth Trust		
Gates Cambridge Trust		
Cambridge European Trust		
Malaysian Commonwealth Studies Centre in Cambridge		
Cambridge Assessment subsidiary undertakings		
Cambridge Assessment Overseas Limited		Overseas office services
Cambridge Examinations Inc	d	Examination services
Cambridge ESOL Inc	d	Examination services
Fundacion UCLES		Examination services
Mill Wharf Limited		Training and consultancy
Oxford and Cambridge International Assessment Services Limited	c	Assessment services
Oxford Cambridge and RSA Examinations		Examination and assessment services
RSA Examinations Board		Assessment services
Sandonian Properties Limited		Property holding
The West Midlands Examinations Board		Examination services
Cambridge University Press subsidiary undertakings		
Academic Journal Publishing Pty Limited	f	Holding company
Australian Academic Press Pty Group Limited	f	Publishing and distribution
Cambridge Archive Editions Limited		Publishing
Cambridge Knowledge (China) Limited	g	Representative office
Cambridge Printing Services Limited		Printing services
Cambridge University Press (Greece) EPE	h	Representative office
Cambridge University Press (Holdings) Limited		Holding company
Cambridge University Press India (Private) Limited	i	Publishing and distribution
Cambridge University Press Japan KK	j	Representative office
Cambridge University Press Panama SA	k	Distribution
Cambridge University Press South Africa (Proprietary) Limited	l	Publishing and distribution
Cambridge-Hitachisoft Educational Solutions PLC	m	Electronic educational publishing
Editorial Edicambridge Cia Ltda	n	Representative office
ELT Trading Limited	o	Publishing
Foundation e-Learning (Private) Limited	p	Publishing and distribution
HOTmaths Pty Limited	q	Web-based maths digital learning management systems
United Publishers Services Limited	g	Distribution

Notes to the accounts (continued)

31 Principal subsidiary and associated undertakings and other significant investments (continued)

Notes

- a Cambridge Programme for Sustainability Leadership (Australia) is incorporated in Australia and has an accounting reference date of 30 June for commercial reasons. The effect of this is not material to the consolidated accounts.
- b Cambridge Programme for Sustainability Leadership (South Africa) is incorporated in South Africa.
- c The Cambridge Foundation, the Associated Trusts and Oxford Cambridge and RSA Examinations are exempt charities established by trust deeds (see note 34).
- d Cambridge Examinations Inc and Cambridge ESOL Inc are United States non-stock non-profit corporations.
- e Cambridge University Press subsidiary undertakings have an accounting reference date of 30 April for commercial reasons with the exceptions of the companies incorporated in India (31 March) and Mexico (31 December).
- f Academic Journal Publishing Pty Limited and Australian Academic Press Pty Group Limited are incorporated in Australia.
- g Cambridge Knowledge (China) Limited and United Publishers Services Limited are incorporated in Hong Kong.
- h Cambridge University Press (Greece) EPE is incorporated in Greece.
- i Cambridge University Press India (Private) Limited is a 75% subsidiary incorporated in India.
- j Cambridge University Press Japan KK is incorporated in Japan.
- k Cambridge University Press Panama SA is incorporated in Latin America.
- l Cambridge University Press South Africa (Proprietary) Limited is a 75% subsidiary incorporated in South Africa.
- m The University holds 60% of the issued share capital in Cambridge-Hitachisoft Educational Solutions PLC.
- n Editorial Edicambridge Cia Ltda is incorporated in Ecuador.
- o ELT Trading Limited is incorporated in Mexico.
- p Foundation e-Learning (Private) Limited is incorporated in India.
- q HOTmaths Pty Limited is a 55% subsidiary incorporated in Australia.

The University has interests in a number of spin-out companies formed to exploit intellectual property rights or inventions. These are included at valuation in fixed asset investments (see note 14) and endowment assets (note 15). In some cases the University's interest amounts to 20% or more of the share capital, and these companies are listed below. As the University does not exercise a significant influence over these investments and they are not intended to be held for the long term, they are not accounted for as associated undertakings. Other undertakings where the University's investment amounts to 20% or more are also listed below. These are not accounted for as associated undertakings as the effect on the financial statements would not be material.

Name	% interest	Principal Activity
BlueGnome Limited	20	Commercial exploitation of intellectual property
Cambridge CMOS Sensors Limited	24	Commercial exploitation of intellectual property
Cambridge Flow Solutions Limited	25	Commercial exploitation of intellectual property
Cambridge in America	22	Fund raising
Cambridge Superconductors Limited	20	Commercial exploitation of intellectual property
Inotec AMD Limited	25	Commercial exploitation of intellectual property
Microbial Technics Limited	23	Commercial exploitation of intellectual property
Sphere Fluidics Limited	54	Commercial exploitation of intellectual property
The CRISP Consortium Limited	45	Commercial exploitation of intellectual property
Vivamer Limited	58	Commercial exploitation of intellectual property

Notes to the accounts (continued)

32 Related party transactions

The financial statements of the University include transactions with related parties. In accordance with FRS 8 'Related Party Transactions' these are disclosed where members of the Council disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and / or to the other party. Due to the nature of the University's operations and the composition of its Council, it is inevitable that the University will enter into transactions in the normal course of business with Colleges, NHS Trusts, Research Councils, other grant-awarding bodies and other private and public sector organizations in which members of the Council may have an interest. All transactions involving organizations in which members of Council may have such an interest, including those summarised below, are conducted in accordance with the University's financial regulations and usual procurement procedures. A register of the interests of the members of the Council is maintained. The University has taken advantage of the exemption within FRS 8 and has not disclosed transactions with other Group entities where it holds 100% of the voting rights.

Transactions with Colleges are summarised in note 33 below. Included within the financial statements are other transactions with the following related parties:

Cambridge University Students Union

The President and the Education Officer of Cambridge University Students Union were also members of the University's Council for the 2011–12 financial year. Under *Statutes and Ordinances*, Chapter II, the University has discretion to provide financial assistance to the Union and, in the year ending 31 July 2012, provided a grant of £105,000 and made other payments totalling £11,000 for services provided. The Union made payments to the University totalling £9,000 for network and other services provided.

Needham Research Institute

The Needham Research Institute is an independent foundation and registered charity governed by a Board of Trustees that includes a member of the University's Council. Staff of the Institute are paid through the University's payroll and the Institute reimburses the University the appropriate sum each month. In the year ending 31 July 2012, the University received £190,000 from the Institute in reimbursement of salary costs.

Gatsby Charitable Foundation

Lord Sainsbury of Turville, who was elected as Chancellor of the University in October 2011, is settlor of the Gatsby Charitable Foundation (Gatsby) and, together with the Gatsby Trustees, actively involved in setting the Foundation's strategic direction and approving all activities. In 2006 the University approved a proposal to establish a Sainsbury Laboratory for plant science in Cambridge, funding for which was provided by Gatsby, which also agreed to provide research funds over a ten year period. In the year ended 31 July 2012, Gatsby made a final contribution of £1.4m to the costs of developing the Sainsbury Laboratory, bringing the total Gatsby contribution to £74m. Research grants and contracts income for the year includes £3.2m in respect of grants funded by Gatsby, for which funding received in advance at the year-end amounted to £1.7m.

Notes to the accounts (continued)

33 Colleges

There are 31 Colleges, each of which is an independent corporation with its own property and income. Each College publishes its own financial statements, in a form specified by the University.

During the year payments were made by the University from HEFCE funding in respect of the College fees of publicly-funded undergraduates of £41.6m (2011: £40.8m). These payments are included as "Payments to Colleges" in note 8 above. The University also made payments in respect of the College fees of postgraduate students totalling £4.8m (2011: £4.4m). These payments are included in other operating expenses. Other operating expenses also include £5.8m (2011: £5.4m) in respect of payments to the Isaac Newton Trust, a charitable trust established by Trinity College, as contributions to a bursary scheme for students of the University.

The Cambridge Foundation distributed third party donations to the Colleges totalling £3.1m (2011: £5.7m). The payments are not included in the consolidated income and expenditure account.

During the year the University provided printing, network and other services to the Colleges for which the Colleges paid a total of £2.6m (2011: £2.8m), and the Colleges provided accommodation, catering and other services to the University for which the University paid a total of £6.8m (2011: £6.9m).

During the year the Colleges made donations to the University totalling £1.9m (2011: £2.0m) which were credited to specific endowments.

Current asset investments include £44.4m (2011: £20.6m) held on behalf of six (2011: two) Colleges in the form of CUEF units (see note 18).

Colleges Fund

	2012	2011
	£000	£000
Balance at 1 August	27	25
Contributions received from Colleges	3,675	3,498
Interest earned	3	4
Payments to Colleges	(3,650)	(3,500)
Balance at 31 July included in creditors	55	27

The Colleges Fund is administered by the University on behalf of the Colleges, who make all contributions to and receive all allocations from the Fund. The transactions on the Colleges Fund are not included in the income and expenditure account.

Notes to the accounts (continued)**34 Connected charitable institutions**

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. Some of the connected institutions are included as subsidiary undertakings in these consolidated financial statements; the others are not included in the consolidation since the University does not have control over their activities. The movements in the year on these charities' funds as reported in their own accounts were as follows:

	Opening Balance £m	Income £m	Expenditure £m	Market value increase £m	Closing Balance £m
Consolidated (see note 31)					
Cambridge Overseas Trust	22.0	9.5	9.5	0.1	22.1
Cambridge Commonwealth Trust	84.6	6.3	6.0	0.2	85.1
Gates Cambridge Trust	172.3	6.7	6.2	0.5	173.3
Cambridge European Trust	0.7	0.1	0.6	–	0.2
Malaysian Commonwealth Studies Centre in Cambridge	8.9	0.4	0.8	(0.1)	8.4
The Cambridge Foundation	5.5	43.8	43.0	–	6.3
Oxford Cambridge and RSA Examinations	74.5	122.7	112.8	0.1	84.5
Strangeways Research Laboratory	1.3	0.1	0.2	–	1.2
	369.8	189.6	179.1	0.8	381.1

Fund balances are included in the consolidated balance sheet as:

Expendable endowments	182.9	183.2
Permanent endowments	1.2	1.3
Reserves	181.4	191.6
Creditors: amounts falling due within one year	4.3	5.0
	369.8	381.1

Not consolidated

Isaac Newton Trust, established by Trinity College (see note 33) to promote education, learning and research in the University (accounts drawn up to 30 June 2012)	24.8	8.8	10.1	(1.0)	22.5
University of Cambridge Veterinary School Trust, for the support of veterinary education in the University	1.4	0.4	0.2	–	1.6
One smaller scholarship trust	0.3	–	–	–	0.3
Registered clubs and societies:					
Amateur Dramatic Club	0.1	0.2	0.2	–	0.1
Cambridge Eastern Education and Development Society	–	0.2	0.2	–	–
Cambridge University Boat Club	1.6	0.3	0.3	–	1.6
Cambridge University Law Society	–	0.1	0.1	–	–
Cambridge University Polo Club	0.4	0.1	0.1	–	0.4
Cambridge University Real Tennis Club	0.1	0.2	0.2	–	0.1
Cambridge University Rugby Union Football Club	0.8	0.6	0.7	0.1	0.8
392 smaller clubs and societies	1.9	2.6	2.3	–	2.2
	31.4	13.5	14.4	(0.9)	29.6

Notes to the accounts (continued)**35 HEFCE Access Funds**

	2012	2011
	£000	£000
Access to Learning Fund allocation	164	162
Disbursed to students	(162)	(162)
Contribution to administration costs	(2)	–
Balance unspent at 31 July	<u>–</u>	<u>–</u>

Access to Learning Fund grants are available for students: the University acts only as agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

36 Event after the balance sheet date: Bond issue

On 17 October 2012 the University issued £350m of 3.75% unsecured Bonds due October 2052 (the “Bonds”). The Bonds were issued at 98.168% of their principal amount. The proceeds of issue, less directly attributable transaction costs, amounted to £342m. Interest at 3.75% pa is payable on 17 April and 17 October each year commencing on 17 April 2013. The Bonds are listed on the London Stock Exchange. Unless previously redeemed, the Bonds will be redeemed at their principal amount of £350m on 17 October 2052. The Bonds are subject to redemption, in whole but not in part, at their principal amount at the option of the University at any time in the event of certain changes affecting UK taxation. The Bonds may also be redeemed at any time at the option of the University, in whole or in part, at a Redemption Price to be calculated in accordance with the issue prospectus, which would be no less than the principal price of the Bonds to be redeemed. The proceeds of issue are for general corporate purposes, including investment in research facilities, accommodation and other assets.