

NOTES TO THE ACCOUNTS

	2007 £m	2006 £m
1 Funding Council and Training and Development Agency grants		
Higher Education Funding Council for England (HEFCE)		
Recurrent grant	162.1	147.3
Specific grants	10.2	20.3
Deferred capital grant released in year (note 22)		
Equipment	4.4	4.5
Buildings	3.1	2.5
HEFCE total	179.8	174.6
Training and Development Agency for Schools		
Recurrent grant	3.4	3.5
	183.2	178.1
2 Academic fees and support grants		
Full-time home/EU students	27.4	21.5
Full-time overseas (non-EU) students	31.0	28.9
Part-time course fees	8.6	7.8
Research Training Support Grants	0.8	0.8
	67.8	59.0
3 Income: research grants and contracts		
Research councils	93.2	89.7
UK based charities	60.6	60.1
Other bodies	57.7	54.1
	211.5	203.9
4 Examination and assessment services		
Examination fees	180.0	155.4
Other examination and assessment services	12.7	14.1
	192.7	169.5
5 Publishing and printing services		
Publishing services	146.8	132.9
Printing services	6.4	8.9
	153.2	141.8
6 Other income		<i>Restated</i>
Other services rendered	23.3	21.3
Health and hospital authorities	10.8	10.8
Residences, catering and conferences	8.1	8.4
AHRB museum grant	1.7	1.5
University companies	12.1	9.9
Released from deferred capital grants (note 22)	5.0	6.4
General donations	7.9	10.9
Specific donations released in the year	11.6	12.4
Rental income	4.7	5.5
Sundry income	11.0	3.8
	96.2	90.9

In previous years income arising from catering activities was separately identified, income from conferences was included in other services rendered, and residences income was included in sundry income. These have now been combined into a total for residences, catering and conferences, and the figures for the previous year have been restated accordingly.

NOTES TO THE ACCOUNTS (continued)

	2007 £m	2006 £m
7 Endowment and investment income		
Income from specific endowment asset investments	29.4	25.7
Income from general endowment asset investments	0.3	0.3
Other income credited to specific endowments	0.1	0.5
Other investment income	23.8	21.0
	53.6	47.5

	2007 £m	2006 £m
8 Staff costs		
Wages and salaries	350.3	329.8
Social security costs	32.6	29.4
Pension costs (note 29)	52.4	48.4
	435.3	407.6

	2007 £000	2006 £000
Emoluments of the Vice-Chancellor		
Emoluments excluding employer's pension contributions	204	196
Employer's pension contributions	–	–
	204	196

Remuneration of higher paid staff, excluding employer's pension contributions:

The numbers in each band have been analysed by segment (see note 11)

	Education and research		Assessment and Press	2007 Total	2006 Total
	Clinical	Non-Clinical			
£70,000–£80,000	29	123	14	166	93
£80,001–£90,000	23	66	11	100	71
£90,001–£100,000	16	19	5	40	44
£100,001–£110,000	12	20	3	35	18
£110,001–£120,000	6	4	5	15	17
£120,001–£130,000	5	6	4	15	8
£130,001–£140,000	9	2	2	13	11
£140,001–£150,000	7	2	1	10	9
£150,001–£160,000	9	2	1	12	4
£160,001–£170,000	1	1	–	2	5
£170,001–£180,000	4	1	–	5	5
£180,001–£190,000	5	1	–	6	3
£190,001–£200,000	1	–	1	2	2
£200,001–£210,000	2	1	–	3	1
£210,001–£220,000	1	–	–	1	–
£220,001–£230,000	–	–	–	–	1
£230,001–£240,000	–	–	–	–	–
£240,001–£250,000	–	–	1	1	1
£250,001–£260,000	–	–	–	–	–
£260,001–£270,000	–	–	1	1	–

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

NOTES TO THE ACCOUNTS (continued)

9 Analysis of expenditure by activity	Other				2007	2006
	Staff	operating	Deprec-	Interest	Total	<i>Restated</i>
	costs	expenses	iation	payable	£m	£m
	£m	£m	£m	£m		
Academic departments	152.0	26.8	7.5	–	186.3	173.5
Academic services	18.5	8.3	0.7	–	27.5	29.9
Payments to colleges (see note 32)	–	34.7	–	–	34.7	34.1
Research grants and contracts	97.4	75.3	9.4	–	182.1	173.0
Other activities:						
Examinations and assessment services	52.0	118.4	5.8	–	176.2	168.3
Publishing and printing services	54.3	96.1	2.4	0.5	153.3	142.2
Other services rendered	8.5	13.9	0.1	–	22.5	19.9
University companies	2.0	8.3	–	–	10.3	7.2
Residences, catering and conferences	3.8	6.3	0.5	–	10.6	10.1
Other activities total	120.6	243.0	8.8	0.5	372.9	347.7
Administration and central services:						
Administration	25.3	7.6	0.6	–	33.5	30.6
General educational	3.0	25.2	0.1	–	28.3	26.1
Staff and student facilities	2.7	0.6	–	–	3.3	3.0
Development office	2.1	2.7	–	–	4.8	4.9
Other	3.4	1.3	–	–	4.7	3.9
Administration and central services total	36.5	37.4	0.7	–	74.6	68.5
Premises	10.3	36.3	20.9	–	67.5	55.7
Total per income and expenditure account	435.3	461.8	48.0	0.5	945.6	882.4

In previous years catering expenditure was separately identified, conferences expenditure was included in other services rendered, and residences expenditure was included under premises and administration. These have now been combined into a total for residences, catering and conferences and figures for the previous year have been restated accordingly.

Expenditure shown as relating to the activities of “examinations and assessment services” and “publishing and printing services” includes related premises costs, which were previously included under “premises”. Figures for the previous year have been restated accordingly.

The depreciation charge has been funded by:	Deferred capital grants (note 22)	21.9
	Revaluation reserve (note 24)	6.0
	General income	20.1
		<u>48.0</u>

Auditors' remuneration	2007	2006
	£000	£000
Other operating expenses include:		
Audit fees payable to the University's external auditors	221	223
Other fees payable to the University's external auditors	27	7
Audit fees payable to other firms	391	358
	<u>391</u>	<u>358</u>

These amounts include related irrecoverable VAT.

10 Surplus on continuing operations before exceptional items for the year	2007	2006
	£m	£m
The surplus on continuing operations before exceptional items for the year is made up as follows:		
University's surplus for the year	9.3	17.2
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	1.6	2.8
	<u>10.9</u>	<u>20.0</u>
Surplus dealt with in the accounts of the University	10.9	20.0
Group level adjustments re defined benefit schemes	(4.2)	(1.6)
Surplus / (deficit) retained in subsidiary undertakings	5.9	(10.1)
	<u>12.6</u>	<u>8.3</u>

NOTES TO THE ACCOUNTS (continued)**11 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 £m	Inter- segment income £m	Income from third parties £m	Surplus / (deficit) £m	Net assets £m
Year ended 31 July 2007					
Education and research	615.5	9.3	606.2	4.3	2,194.7
Assessment	197.1	–	197.1	14.4	176.8
Press	165.1	9.1	156.0	2.2	98.5
	<u>977.7</u>	<u>18.4</u>	<u>959.3</u>	<u>20.9</u>	<u>2,470.0</u>
Unallocated re Contributory Pension Scheme			(1.1)	(4.5)	(58.6)
Group			<u>958.2</u>	<u>16.4</u>	<u>2,411.4</u>
Year ended 31 July 2006					
Education and research	575.3	3.6	571.7	10.8	2,023.0
Assessment	173.2	–	173.2	1.4	156.2
Press	154.9	10.2	144.7	5.0	89.6
	<u>903.4</u>	<u>13.8</u>	<u>889.6</u>	<u>17.2</u>	<u>2,268.8</u>
Unallocated re Contributory Pension Scheme			1.1	(1.7)	(97.8)
Group			<u>890.7</u>	<u>15.5</u>	<u>2,171.0</u>

NOTES TO THE ACCOUNTS (continued)

12 Tangible fixed assets	Land and buildings	Assets in construction	Equipment	Heritage assets	2007 Total	2006 Total
<i>Group</i>	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 August	872.5	127.5	192.5	17.5	1,210.0	1,129.9
Additions at cost	7.8	55.0	41.4	3.9	108.1	94.5
Transfers	138.2	(138.2)	–	–	–	–
Disposals	(9.2)	–	(35.6)	–	(44.8)	(15.3)
Currency adjustments	(1.4)	–	(0.3)	–	(1.7)	0.9
At 31 July	1,007.9	44.3	198.0	21.4	1,271.6	1,210.0
Depreciation						
At 1 August	133.7	–	145.5	–	279.2	243.6
Charge for the year	24.4	–	23.6	–	48.0	43.7
Elimination on disposals	(4.6)	–	(33.5)	–	(38.1)	(8.3)
Currency adjustments	(0.2)	–	(0.2)	–	(0.4)	0.2
At 31 July	153.3	–	135.4	–	288.7	279.2
Net book value						
At 31 July	854.6	44.3	62.6	21.4	982.9	930.8
At 1 August	738.8	127.5	47.0	17.5	930.8	886.3
University						
Cost or valuation						
At 1 August	863.2	127.7	188.4	17.5	1,196.8	1,116.9
Additions at cost	6.0	55.0	40.3	3.9	105.2	94.3
Transfers	138.2	(138.2)	–	–	–	–
Disposals	(5.7)	–	(35.7)	–	(41.4)	(15.3)
Currency adjustments	(1.5)	–	(0.3)	–	(1.8)	0.9
At 31 July	1,000.2	44.5	192.7	21.4	1,258.8	1,196.8
Depreciation						
At 1 August	128.6	–	141.8	–	270.4	235.3
Charge for the year	23.9	–	23.3	–	47.2	43.2
Elimination on disposals	(3.2)	–	(33.6)	–	(36.8)	(8.3)
Currency adjustments	(0.2)	–	(0.2)	–	(0.4)	0.2
At 31 July	149.1	–	131.3	–	280.4	270.4
Net book value						
At 31 July	851.1	44.5	61.4	21.4	978.4	926.4
At 1 August	734.6	127.7	46.6	17.5	926.4	881.6

Land and buildings includes land totalling £78.8m (2006: £78.8m) which is not depreciated.

The net book value of land and buildings at the year end on a historical cost basis would be: Group £697.2m (2006: £575.4m); University 693.7m (2006: £571.2m). All other tangible fixed assets are stated at cost less accumulated depreciation.

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 Intangible fixed assets: goodwill and others	Group 2007 £m	Group 2006 £m	University 2007 £m	University 2006 £m
Opening balance	8.0	4.3	6.8	1.1
Additions / (disposals) in the year	–	6.0	–	6.1
Amortisation charge for the year	(2.2)	(2.4)	(1.7)	(0.5)
Currency adjustments	(0.1)	0.1	(0.1)	0.1
Closing balance	5.7	8.0	5.0	6.8
14 Fixed asset investments		<i>Restated</i>		<i>Restated</i>
Opening balance as previously stated	320.9	320.2	243.0	252.6
Reclassification of holdings formerly included as current asset investments	48.7	42.9	48.7	42.9
Restated opening balance	369.6	363.1	291.7	295.5
Additions / (disposals) in the year	7.2	(34.4)	6.7	(32.9)
Increase in market value of investments	36.3	40.9	17.9	29.1
Closing balance	413.1	369.6	316.3	291.7
Represented by:				
Property	65.2	61.5	56.6	53.2
Securities	302.3	275.3	208.1	190.9
Money market investments	31.6	11.0	25.4	8.9
Investments in subsidiary undertakings	–	–	21.2	24.3
Investment in spin-out companies (see note 30)	10.4	6.6	2.2	2.4
Cash in hand and at investment managers	3.3	14.9	2.6	11.8
Investments in joint ventures	0.1	0.1	–	–
Other	0.2	0.2	0.2	0.2
	413.1	369.6	316.3	291.7

All long-term investments held other than those held either for endowments (see note 15) or on behalf of other parties (see note 18) are now classified as fixed asset investments. Previously some long-term investments were classified as current asset investments. The figures for 31 July 2006 have been restated accordingly.

15 Endowment assets

Long-term Investments				
Property	98.7	101.5	88.1	84.5
Securities	696.4	619.1	537.8	476.8
Money market investments	85.5	53.2	74.9	37.6
Loan to subsidiary undertaking	–	–	2.6	2.4
Cash in hand and at investment managers	17.6	28.1	7.2	28.6
	898.2	801.9	710.6	629.9
Investment in spin-out companies (see note 30)	2.6	2.2	–	–
	900.8	804.1	710.6	629.9

Included in the Group's endowment assets is £179.6m (2006: £164.7m) relating to the Gates Cambridge Trust. The use of these assets is restricted to supporting the University by enabling persons from any part of the world outside the United Kingdom to benefit from education in the University by the provision of scholarships and grants and otherwise. The assets of the Gates Cambridge Trust are therefore not available for the general purposes of the University.

16 Stocks and work in progress

Goods for resale	40.0	30.5	36.3	29.6
Work in progress	7.1	7.0	5.3	5.0
Other stocks	0.3	1.0	0.3	0.6
	47.4	38.5	41.9	35.2

NOTES TO THE ACCOUNTS (continued)

	Group 2007 £m	Group 2006 £m	University 2007 £m	University 2006 £m
17 Debtors				
Research grants recoverable	54.7	59.2	54.7	59.2
Amounts due from subsidiary undertakings	–	–	20.9	4.5
Debtors re examination and assessment services	43.8	41.5	34.7	33.5
Debtors re publishing and printing	41.8	44.8	52.6	46.9
Other debtors	29.2	29.9	7.3	24.0
	169.5	175.4	170.2	168.1
18 Current asset investments		<i>Restated</i>		<i>Restated</i>
Property	0.4	0.4	9.5	9.6
Securities	2.1	1.9	57.0	52.2
Money market investments	247.7	217.1	263.4	222.9
Short-term deposits	6.3	0.2	8.0	3.7
	256.5	219.6	337.9	288.4
Representing:				
University	251.4	214.3	201.9	174.2
Held on behalf of subsidiary undertakings, related parties and other associated bodies (see note 19)	5.1	5.3	136.0	114.2
	256.5	219.6	337.9	288.4
<p>Current asset investments include investments held on behalf of subsidiary undertakings, related parties and other associated bodies. The book value of these investments is included in creditors due within one year. The value in the University's balance sheet at 31 July 2006 given in the previous financial statements was overstated by £64.0m. This overstatement applied to both current asset investments and creditors due within one year, with no effect on net current assets or on net assets. The 2006 figures shown in these financial statements have been corrected.</p> <p>All long-term investments held other than those held either for endowments (see note 15) or on behalf of other parties are now classified as fixed asset investments (see note 14). Previously some long-term investments were classified as current asset investments. The figures for 31 July 2006 have been restated accordingly.</p>				
19 Creditors: amounts falling due within one year				<i>Restated</i>
Bank overdraft	8.6	5.1	7.7	5.1
Research grants received in advance	79.1	68.1	79.1	68.1
Amounts due to subsidiary undertakings	–	–	11.9	0.8
Creditors re examination and assessment services	46.8	43.6	27.8	25.5
Creditors re publishing and printing	47.3	48.9	47.2	48.2
Other creditors	119.9	101.5	103.7	91.7
Investments held on behalf of subsidiary undertakings, related parties and other associated bodies (see note 18)	5.1	5.3	136.0	114.2
	306.8	272.5	413.4	353.6
20 Creditors: amounts falling due after more than one year				
Amounts due to subsidiary undertakings	–	–	10.6	10.6
Bank loans	–	0.5	–	0.5
Loan from minority interest	2.7	2.7	–	–
	2.7	3.2	10.6	11.1

NOTES TO THE ACCOUNTS (continued)**21 Pension liability**

The pension liability has been measured in accordance with the requirements of FRS 17 and relates to the defined benefit schemes disclosed in note 29.	Group 2007 £m	Group 2006 £m	University 2007 £m	University 2006 £m
Opening balance	127.0	115.0	27.0	30.0
Movement in year:				
Current service cost including life assurance	22.3	21.1	6.2	6.2
Contributions	(19.5)	(19.5)	(6.6)	(7.2)
Other finance cost / (income)	0.3	(0.9)	(0.7)	0.1
Currency adjustments	–	–	(0.1)	0.1
Actuarial (gain) / loss recognised in statement of total recognised gains and losses	(50.8)	11.3	(6.4)	(2.2)
Closing balance	79.3	127.0	19.4	27.0

22 Deferred capital grants

<i>Group and University</i>	Funding Council £m	Research Grants £m	Other Grants £m	2007 Total £m	2006 £m
Balance 1 August					
Buildings	121.0	–	271.2	392.2	368.0
Equipment	9.8	15.4	2.1	27.3	28.1
Heritage assets	–	–	17.4	17.4	14.2
	130.8	15.4	290.7	436.9	410.3
Grants received					
Buildings	25.1	–	12.4	37.5	31.7
Equipment	7.0	10.8	1.2	19.0	14.6
Heritage assets	–	–	3.4	3.4	3.2
	32.1	10.8	17.0	59.9	49.5
Released to income and expenditure					
Buildings – for depreciation	(3.1)	–	(3.8)	(6.9)	(7.5)
Equipment – for depreciation	(4.4)	(9.4)	(1.2)	(15.0)	(14.4)
Equipment – on disposals	(0.4)	(1.1)	(0.1)	(1.6)	(1.0)
	(7.9)	(10.5)	(5.1)	(23.5)	(22.9)
Balance 31 July					
Buildings	143.0	–	279.8	422.8	392.2
Equipment	12.0	15.7	2.0	29.7	27.3
Heritage assets	–	–	20.8	20.8	17.4
	155.0	15.7	302.6	473.3	436.9

NOTES TO THE ACCOUNTS (continued)**23 Endowments**

<i>Group</i>	Specific £m	General £m	2007 Total £m	2006 Total £m
Balance 1 August	796.4	7.7	804.1	705.1
Permanent endowments received	34.1	–	34.1	23.4
Income receivable from endowment asset investments	29.4	0.3	29.7	26.0
Donations and other income	0.1	–	0.1	0.2
Expenditure	(34.4)	(0.3)	(34.7)	(22.8)
Net transfer (to) / from income and expenditure account	(4.9)	–	(4.9)	3.4
Increase in market value of investments	66.9	0.6	67.5	72.2
Balance 31 July	892.5	8.3	900.8	804.1

Representing:

	Specific £m	General £m	2007 Total £m	2006 Total £m
Trust and Special Funds:				
Professorships, Readerships and Lectureships	321.1	–	321.1	251.1
Scholarships and bursaries	80.4	–	80.4	67.6
Other	286.0	–	286.0	282.4
Examination Board restricted funds	12.3	–	12.3	18.6
Gates Cambridge Trust	179.6	–	179.6	164.7
Other subsidiary undertakings	13.1	–	13.1	12.0
General endowments	–	8.3	8.3	7.7
Group total	892.5	8.3	900.8	804.1

University

	Specific £m	General £m	2007 Total £m	2006 Total £m
Balance 1 August	622.2	7.7	629.9	546.1
Permanent endowments received	34.1	–	34.1	23.4
Income receivable from endowment asset investments	22.9	0.3	23.2	20.6
Donations and other income	0.1	–	0.1	0.2
Expenditure	(29.1)	(0.3)	(29.4)	(17.3)
Net transfer (to) / from income and expenditure account	(6.1)	–	(6.1)	3.5
Increase in market value of investments	52.1	0.6	52.7	56.9
Balance 31 July	702.3	8.3	710.6	629.9

NOTES TO THE ACCOUNTS (continued)**24 Reserves***Group*

	General reserves £m	Operational property revaluation reserve £m	Fixed asset investment revaluation reserve £m	2007 Total £m	2006 Total £m
Balance 1 August					
As previously stated	767.5	163.4	–	930.9	888.7
Prior year adjustment – establishment of fixed asset investment revaluation reserve	(118.2)	–	118.2	–	–
Restated opening balance	649.3	163.4	118.2	930.9	888.7
Surplus retained for the year	21.3	–	–	21.3	12.1
Actuarial gain / (loss)	50.8	–	–	50.8	(11.3)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	15.4	–	(15.4)	–	–
(Loss) / gain arising on foreign currency translation	(1.9)	–	–	(1.9)	0.5
Increase in market value of investments	–	–	36.3	36.3	40.9
Balance 31 July	740.9	157.4	139.1	1,037.4	930.9
Reserves are reduced by the net pension liability in respect of defined benefit pension schemes – see note 21					
Reserves before net pension liability	820.2	157.4	139.1	1,116.7	1,057.9
Effect of net pension liability	(79.3)	–	–	(79.3)	(127.0)
Reserves balance at 31 July	740.9	157.4	139.1	1,037.4	930.9

University

	General reserves £m	Operational property revaluation reserve £m	Fixed asset investment revaluation reserve £m	2007 Total £m	2006 Total £m
Balance 1 August					
As previously stated	743.7	163.4	–	907.1	858.8
Prior year adjustment – establishment of fixed asset investment revaluation reserve	(88.6)	–	88.6	–	–
Restated opening balance	655.1	163.4	88.6	907.1	858.8
Surplus retained for the year	17.0	–	–	17.0	16.5
Actuarial gain	6.4	–	–	6.4	2.2
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	12.3	–	(12.3)	–	–
(Loss) / gain arising on foreign currency translation	(2.1)	–	–	(2.1)	0.5
Increase in market value of investments	–	–	17.9	17.9	29.1
Balance 31 July	694.7	157.4	94.2	946.3	907.1

25 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2007 £m	2006 £m
Surplus on continuing operations before gain on disposal of tangible fixed assets	12.6	8.3
Depreciation of fixed tangible assets	48.0	43.7
Amortisation of goodwill	2.2	2.4
Deferred capital grants released to income	(21.9)	(21.9)
Investment income	(53.6)	(47.5)
Interest payable	0.5	0.4
Pension cost less contributions payable (see note 21)	2.8	1.6
Currency adjustments	(0.5)	(0.2)
	(9.9)	(13.2)
Increase in stock	(8.9)	(2.5)
Decrease / (increase) in debtors	5.8	(13.9)
Increase in creditors	30.0	36.2
Net cash inflow from operating activities	17.0	6.6

NOTES TO THE ACCOUNTS (continued)

26 Cash flows	2007	2006
	£m	£m
Returns on investments and servicing of finance		
Endowment and investment income received	53.9	46.6
Interest paid	(0.5)	(0.4)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	53.4	46.2
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(107.2)	(94.0)
Acquisition of goodwill and other intangible fixed assets	–	(6.0)
Donations for buildings and other deferred capital grants received	59.9	62.6
Proceeds of disposal of tangible fixed assets	8.2	12.5
Net purchase of long-term investments (excluding investments held on behalf of others)	(66.4)	(40.0)
New endowments received	34.1	24.8
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(71.4)	(40.1)
	<hr/>	<hr/>
Financing		
Issue of share capital to minority interest	0.7	0.5
Repayment of long-term loan	(0.5)	(1.0)
	<hr/>	<hr/>
Net cash inflow / (outflow) from financing	0.2	(0.5)
	<hr/>	<hr/>

27 Analysis of the balances of cash and bank overdraft

	Group	Group	University	University
	2007	2006	2007	2006
	£m	£m	£m	£m
Bank overdrafts	(8.6)	(5.1)	(7.7)	(5.1)
Cash at bank and in hand	24.3	27.7	13.3	19.1
	<hr/>	<hr/>	<hr/>	<hr/>
	15.7	22.6	5.6	14.0
Add short term deposits:				
Current asset investments (excluding those held on behalf of related parties and other associated bodies)	6.3	0.2	8.0	3.7
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	22.0	22.8	13.6	17.7
	<hr/>	<hr/>	<hr/>	<hr/>

The analysis of cash and short term deposits has been restated as a result of the reclassification of investments referred to in notes 14 and 18.

28 Capital commitments	2007	2006
	£m	£m
Commitments contracted at 31 July	64.7	49.2
	<hr/>	<hr/>
Authorised but not contracted at 31 July	–	–
	<hr/>	<hr/>

Of the capital expenditure committed at 31 July 2007, approximately 63% (2006: 50%) will be funded by specific grants and donations.

NOTES TO THE ACCOUNTS (continued)

29 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.

USS

It is not possible to identify each institution's share of underlying assets and liabilities of the scheme, and therefore contributions are accounted for as if it were a defined contribution scheme in accordance with FRS 17. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	March 2005
Investment returns per annum	4.50%
Salary scale increases per annum	3.90%
Pension increases per annum	2.90%
Mortality – equivalent life expectancy for members reaching retirement age of 65:	
Males	85
Females	88
Market value of assets at date of last valuation	£21,740m
Proportion of members' accrued benefits covered by the actuarial value of the assets	77%

The contribution rate payable by the institution is 14% of pensionable salaries. The next actuarial valuation is due to take place at 31 March 2008. The scheme actuary has estimated that on the FRS 17 basis the funding level at 31 March 2006 and at 31 March 2007 was over 100%.

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 2006. The results showed the actuarial value of the scheme's assets as £276.8m. These were insufficient to cover the scheme's past service liabilities of £285.0m and as a result the scheme had a deficit of £8.2m and was 97% funded. The joint contribution rate has been set at 25.7% of pensionable pay from 1 August 2005.

NOTES TO THE ACCOUNTS (continued)**29 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. Full actuarial valuations for this purpose were carried out as at 31 July 2003 and 31 July 2006 by a qualified actuary. The actuary also updated the 2003 accounting valuation to 31 July 2004 and 31 July 2005 for the purposes of the University's financial statements. The principal assumptions used by the actuary were:

	2007	2006
Discount rate	5.80%	5.20%
Expected rate of return on scheme assets at beginning of year		
Equities	7.50%	7.50%
Bonds (including cash)	4.70%	4.70%
Property	6.50%	6.50%
Rate of increase in salaries	4.00%	3.85%
Rate of increase in pensions in deferment	3.25%	3.10%
Rate of increase in pensions in payment	3.25%	3.10%
Age at retirement:		
Males – active	63	63
Males – deferred	61	61
Females – active	61	61
Females – deferred	60	60
Mortality – equivalent life expectancy for members reaching retirement age:		
Males	84	84
Females	87	87

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 recognised in the balance sheet	
	2007	2006	2007	2006	2007	2006
	£m	£m	£m	£m	£m	£m
Opening	(374.6)	(331.8)	276.8	249.0	(97.8)	(82.8)
Service cost	(16.0)	(14.6)	–	–	(16.0)	(14.6)
Employer contributions	–	–	12.6	11.9	12.6	11.9
Expected return on scheme assets	–	–	18.5	17.9	18.5	17.9
Contributions by members	(4.0)	(3.8)	4.0	3.8	–	–
Interest cost	(19.6)	(16.8)	–	–	(19.6)	(16.8)
Actuarial gains / (losses)	28.8	(19.2)	14.9	5.8	43.7	(13.4)
Benefits and expenses paid	12.9	11.6	(12.9)	(11.6)	–	–
Closing defined benefit obligation	(372.5)	(374.6)	313.9	276.8	(58.6)	(97.8)

The amounts recognised in the income and expenditure account were as follows:

	2007	2006
	£m	£m
In staff costs: current service cost	16.0	14.6
In endowment and investment income:		
Expected return on pension scheme assets	18.5	17.9
Interest on pension scheme liabilities	(19.6)	(16.8)
	(1.1)	1.1

NOTES TO THE ACCOUNTS (continued)

29 Pension schemes (continued)

CPS: Pension costs under FRS 17 (continued)

Amounts for the current and previous four years were as follows:

	2007	2006	2005	2004	2003
	£m	£m	£m	£m	£m
Defined benefit obligation	(372.5)	(374.6)	(331.8)	(279.4)	(245.9)
Plan assets	313.9	276.8	249.0	208.9	192.0
Deficit at the balance sheet date	(58.6)	(97.8)	(82.8)	(70.5)	(53.9)
Experience (losses) / gains for the year on plan liabilities	(4.1)	(7.2)	0.2	(0.8)	(1.7)
Experience gains / (losses) for the year on plan assets	14.9	5.8	22.2	(1.2)	(5.0)

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.

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 2004. The results of the latest triennial valuation as at 1 January 2007 are awaited.

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. Full actuarial valuations for this purpose were carried out as at 1 January 2004 by a qualified actuary. The actuary has also updated the 2004 accounting valuation to 31 July 2005, 31 July 2006 and 31 July 2007 for the purposes of the University's financial statements. The principal assumptions used by the actuary for both schemes were:

	2007	2006
Discount rate	5.75%	5.00%
Expected rate of return on scheme assets at beginning of year	6.25%	6.25%
Rate of increase in salaries – schemes are now on frozen current salary basis	0.00%	3.00%
Rate of increase in pensions in deferment	3.50%	3.00%
Rate of increase in pensions in payment	3.50%	3.00%
Age at retirement:		
PSSPS – males – active	59	55
All others	60	60
Mortality – equivalent life expectancy for members reaching retirement age:		
Males	84	84
Females	87	87

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 recognised in the balance sheet	
	2007	2006	2007	2006	2007	2006
	£m	£m	£m	£m	£m	£m
Opening	(174.9)	(159.8)	149.1	131.6	(25.8)	(28.2)
Service cost	(5.5)	(5.6)	–	–	(5.5)	(5.6)
Employer contributions	–	–	5.9	6.6	5.9	6.6
Expected return on scheme assets	–	–	9.3	8.2	9.3	8.2
Contributions by members	(0.7)	(0.6)	0.7	0.6	–	–
Interest cost	(8.7)	(8.4)	–	–	(8.7)	(8.4)
Actuarial gains / (losses)	1.6	(6.7)	4.9	8.3	6.5	1.6
Benefits and expenses paid	6.8	6.2	(6.8)	(6.2)	–	–
Closing defined benefit obligation	(181.4)	(174.9)	163.1	149.1	(18.3)	(25.8)

NOTES TO THE ACCOUNTS (continued)

29 Pension schemes (continued)

The amounts recognised in the income and expenditure account were as follows:

	2007	2006
	£m	£m
In staff costs: current service cost	5.5	5.6
In endowment and investment income:		
Expected return on pension scheme assets	9.3	8.2
Interest on pension scheme liabilities	(8.7)	(8.4)
	0.6	(0.2)

Amounts for the current and previous two years were as follows:

	2007	2006	2005
	£m	£m	£m
Defined benefit obligation	(181.4)	(174.9)	(159.8)
Plan assets	163.1	149.1	131.6
Deficit at the balance sheet date	(18.3)	(25.8)	(28.2)
Experience losses for the year on plan liabilities	(3.8)	(0.4)	(2.0)
Experience gains for the year on plan assets	5.2	8.3	15.1

The University also has a smaller number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS), the Cambridge University Press Defined Benefit Plan (CUPDBP, for US staff) and the RSA Examinations Board scheme (RSAEBS). Pension costs relating to CUPDBP and RSAEBS are accounted for in accordance with FRS 17 as applied to a defined benefit scheme and the related pension liability is included in the consolidated balance sheet (see note 21). Further disclosures are not given as the balances and movements are not material.

	2007	2006
	£m	£m
The total pension cost for the year (see note 8) was:		
USS: contributions	27.3	24.9
CPS: charged to income and expenditure account	16.0	14.6
PCPF: charged to income and expenditure account	4.3	4.5
PSSPS: charged to income and expenditure account	1.2	1.1
NHSPS: contributions	1.5	1.4
CUPDBP: charged to income and expenditure account	0.6	0.6
RSAEBS: charged to income and expenditure account	0.2	0.2
Contributions to other pension schemes	1.3	1.1
	52.4	48.4

30 Principal subsidiary and associated undertakings and other significant investments

The following undertakings were wholly-owned subsidiary undertakings throughout the year ended 31 July 2007. Except where stated, the accounting reference date is 31 July and the undertaking is a company registered in England and Wales.

Name	Notes	Principal activity
Cambridge Enterprise Limited		Consultancy and commercial exploitation of intellectual property
Cambridge Manufacturing Industry Links Limited		Consultancy and commercial exploitation of intellectual property
Cambridge University Environmental Projects Limited		Environmental projects
Cambridge University Technical Services Limited		Consultancy and commercial exploitation of intellectual property
Challenge Fund Trading Company Limited		Providing funds to promote the transfer of research to business
Cory Enterprises Limited	a	Retail shop
Fitzwilliam Museum Enterprises Limited	b	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

NOTES TO THE ACCOUNTS (continued)

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

Name	Notes	Principal activity
Associated Trusts		
Cambridge Overseas Trust	c	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 Examinations Inc	d	Examination services
Mill Wharf Limited		Training and consultancy
Oxford and Cambridge International Assessment Services Limited		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		
Cambridge Global Grid for Learning Limited	e	Provision of electronic educational content
Cambridge Knowledge (China) Limited	f	Representative office
Cambridge Printing Services Limited		Printing
Cambridge University Press (Holdings) Limited		Holding company
Cambridge University Press India Private Limited	g	Publishing
Cambridge University Press Japan KK	h	Representative office
Cambridge University Press South Africa (Proprietary) Limited		i
Cambridge-Hitachisoft Educational Solutions PLC	j	Electronic educational publishing
United Publishers Services Limited	k	Distribution

- a Cory Enterprises Limited has an accounting reference date of 31 January for commercial reasons. The effect of this is not material to the consolidated accounts.
- b Fitzwilliam Museum Enterprises Limited has an accounting reference date of 31 January for commercial reasons. The effect of this is not material to the consolidated accounts.
- c The Cambridge Foundation and the Associated Trusts are exempt charities established by trust deeds.
- d Cambridge Examinations Inc is a United States non-stock non-profit corporation.
- e Cambridge University Press subsidiary undertakings have an accounting reference date of 30 April for commercial reasons.
- f Cambridge Knowledge (China) Limited is incorporated in Hong Kong.
- g Cambridge University Press India Private Limited is a 51% subsidiary incorporated in India.
- h Cambridge University Press Japan KK is incorporated in Japan.
- i Cambridge University Press South Africa (Proprietary) Limited is incorporated in South Africa.
- j The University holds 60% of the issued share capital in Cambridge-Hitachisoft Educational Solutions PLC.
- k United Publishers Services Limited is incorporated in Hong Kong and was acquired in the year ended 31 July 2007.

NOTES TO THE ACCOUNTS (continued)

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

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
Ampika Limited	40	Commercial exploitation of intellectual property
BSCR Limited	22	Commercial exploitation of intellectual property
Cambridge Flow Solutions Limited	20	Commercial exploitation of intellectual property
Cambridge in America	22	Fund raising
Cambridge InnoVision Limited	83	Commercial exploitation of intellectual property
Cambridge Lab-on-Chip Limited	30	Commercial exploitation of intellectual property
Camfridge Limited	23	Commercial exploitation of intellectual property
Coolanalgesia Limited	20	Commercial exploitation of intellectual property
Genapta Limited	36	Commercial exploitation of intellectual property
Inotec AMD Limited	23	Commercial exploitation of intellectual property
Markready Limited	33	Research and development
Microbial Technics Limited	23	Commercial exploitation of intellectual property
The CRISP Consortium Limited	45	Commercial exploitation of intellectual property
Vivamer Limited	58	Commercial exploitation of intellectual property

In addition, the University is one of two equal members of Cambridge-MIT Institute Limited (CMI), a joint venture company limited by guarantee whose principal activity is the support of research and educational programmes. At 31 July 2007 and 2006 CMI had nil net assets. In the year ended 31 July 2007 it funded expenditure of £4.2m (2006: £12.5m) and its profit after tax was nil (2006: nil). During the year CMI reimbursed the University £1.9m (2006: £6.7m) for expenditure incurred on projects. As at 31 July 2007 the University was owed £0.03m (2006: £1.5m) by CMI.

31 Related party transactions

In accordance with FRS 8 the University is not required to disclose the transactions and balances between its group undertakings, which have been eliminated on consolidation.

32 Colleges

There are 30 Colleges and one Approved Society (the Colleges) each of which is an independent corporation with its own property and income. The individual audited accounts of the Colleges, in a form specified by the University, are published in the *Cambridge University Reporter*.

During the year payments were made by the University from HEFCE funding in respect of the College fees of publicly-funded undergraduates of £34.7m (2006: £34.1m). These payments are included as "Payments to Colleges" in note 9 above. The University also made payments in respect of the College fees of postgraduate students totalling £2.6m (2006: £2.2m). These payments are included in other operating expenses.

The Cambridge Foundation distributed third party donations to the Colleges totalling £5.2m (2006: £6.3m). 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 £3.0m (2006: £3.6m), and the Colleges provided accommodation, catering and other services to the University for which the University paid a total of £6.3m (2006: £4.7m).

During the year the Colleges made donations to the University totalling £2.1m (2006: £4.0m) of which £nil (2006: £2.0m) was credited to specific endowments.

Colleges fund	2007 £000	2006 £000
Balance at 1 August	40	58
Contributions received from Colleges	3,025	2,835
Interest earned	41	30
Payments to Colleges	(3,100)	(2,883)
Balance at 31 July included in creditors	6	40

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)

	2007	2006
	£000	£000
33 DfES / HEFCE Access funds		
Access to Learning Fund allocation	310	573
Interest earned	4	6
	<hr/> 314	<hr/> 579
Disbursed to students	(314)	(579)
	<hr/> –	<hr/> –
Balance unspent at 31 July		
<p>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.</p>		
34 TDA grants for Black and Minority Ethnic Recruitment and Retention		
TDA grants	8	22
Disbursed to students	(8)	(22)
	<hr/> –	<hr/> –
Balance unspent at 31 July		