

NOTES TO THE ACCOUNTS

	2011	2010
	£m	£m
1 Funding body grants		
Higher Education Funding Council for England (HEFCE)		
Recurrent grant	177.0	179.7
Specific grants	8.9	8.1
Deferred capital grant released in year (note 22)		
Equipment	4.0	4.2
Buildings	10.9	10.6
HEFCE total	200.8	202.6
Training and Development Agency for Schools		
Recurrent grant	2.7	2.7
	203.5	205.3
2 Academic fees and support grants		<i>Restated</i>
Full-time home / EU students	49.5	46.3
Full-time overseas (non-EU) students	48.7	42.5
Other course fees	21.3	16.0
Research Training Support Grants	7.8	5.3
	127.3	110.1
<p>Other course fees includes fees earned on executive education and other programmes run by subsidiary companies. In previous years this income was included in other income under the heading "University companies". Comparative figures have been restated, as a result of which £8.1m of income for the year ended 31 July 2010 previously included in other income is now included in academic fees and support grants.</p>		
3 Income: research grants and contracts		
Research councils	105.9	111.1
UK based charities	84.4	77.8
Other bodies	93.4	78.8
	283.7	267.7
<p>Total research grants and contracts income excludes grants of £7.6m (2010: £5.0m) for the purchase of equipment but includes £9.9m (2010: £7.3m) released from deferred capital grants to match depreciation of which £7.4m (2010: £7.3m) related to equipment. See note 22.</p>		
4 Examination and assessment services		
Examination fees	253.3	245.5
Other examination and assessment services	12.9	14.3
	266.2	259.8
5 Other income		<i>Restated</i>
Other services rendered	32.1	30.2
Health and hospital authorities	16.7	16.0
Residences, catering and conferences	8.8	7.5
Income from intellectual property	12.9	9.2
Released from deferred capital grants (note 22)	7.3	8.3
Unrestricted donations	16.4	14.0
Rental income	7.1	7.0
Donations of, and for the purchase of, heritage assets (see note below)	1.3	3.6
Sundry income	23.9	14.8
	126.5	110.6

In previous years donations of, and for the purchase of, heritage assets were shown separately on the face of the income and expenditure account.

Income generated by subsidiary companies is included under the appropriate headings. In previous years some such income was reported against a heading "University companies" included in other income. Comparative figures have been restated, as a result of which £8.1m of income for the year ended 31 July 2010 previously included in other income is now included in academic fees and support grants.

NOTES TO THE ACCOUNTS (continued)

	2011	2010
	£m	£m
6 Endowment and investment income		
Income from expendable endowment asset investments	10.9	9.1
Income from permanent endowment asset investments	26.3	24.7
Income from fixed asset investments	18.4	16.3
Other investment income	9.4	7.7
	65.0	57.8
Less Cambridge University Endowment Fund distributions funded out of long-term capital growth	(48.0)	(39.7)
	17.0	18.1

The University operates a unitised 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 2011, distributions by the CUEF exceeded income received in the year by the CUEF from its underlying investments by £48.0m (2010: £39.7m), the balance of the distributions being funded by drawing on long-term capital growth.

	2011	2010
	£m	£m
7 Staff costs		
Wages and salaries	442.6	425.9
Social security costs	39.2	36.3
Pension costs (note 29)	89.1	82.0
	570.9	544.2

Remuneration of the Vice-Chancellors**Current Vice-Chancellor**

Remuneration excluding employer's pension contributions

Employer's pension contributions

2011	2010
£000	£000
223	–
35	–

Previous Vice-Chancellor

Remuneration excluding employer's pension contributions

Employer's pension contributions

54	249
–	–

312	249
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Remuneration of higher paid staff

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

	Education and research		Assessment and Press	2011 Total	2010 Total
	Clinical	Non-Clinical			
£100,001–£110,000	20	28	5	53	63
£110,001–£120,000	12	32	11	55	47
£120,001–£130,000	5	20	11	36	25
£130,001–£140,000	11	6	7	24	16
£140,001–£150,000	13	3	5	21	20
£150,001–£160,000	6	6	3	15	17
£160,001–£170,000	7	2	1	10	10
£170,001–£180,000	4	3	1	8	7
£180,001–£190,000	5	1	2	8	3
£190,001–£200,000	6	–	1	7	10
£200,001–£210,000	2	–	1	3	4
£210,001–£220,000	2	–	–	2	1
£220,001–£230,000	1	–	1	2	1
£240,001–£250,000	–	1	–	1	1
£260,001–£270,000	–	1	1	2	1
£270,001–£280,000	–	–	1	1	–
£290,001–£300,000	–	–	–	–	1
£300,001–£310,000	–	1	–	1	–
£310,001–£320,000	–	–	–	–	1
£330,001–£340,000	–	–	1	1	1
£350,001–£360,000	–	1	–	1	–

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

NOTES TO THE ACCOUNTS (continued)**8 Analysis of expenditure by activity**

	Staff costs £m	Other operating expenses £m	Depreciation £m	Interest payable £m	2011 Total £m	2010 £m <i>Restated</i>
Academic departments	191.4	45.9	6.9	–	244.2	240.1
Academic services	24.5	11.3	1.2	–	37.0	34.8
Payments to Colleges (see note 32)	–	40.8	–	–	40.8	39.5
Research grants and contracts	127.1	100.0	9.9	–	237.0	222.0
Other activities:						
Examination and assessment services	73.3	141.7	11.3	–	226.3	215.8
Publishing and printing services	75.4	150.4	5.3	4.2	235.3	214.5
Other services rendered	11.2	18.2	0.1	–	29.5	27.7
Intellectual property	2.2	3.5	–	–	5.7	4.7
Residences, catering and conferences	2.8	8.3	0.1	–	11.2	10.3
Other activities total	164.9	322.1	16.8	4.2	508.0	473.0
Administration and central services:						
Administration	35.9	6.9	2.1	–	44.9	42.2
General educational	2.2	40.7	–	–	42.9	40.2
Staff and student facilities	3.6	0.7	–	–	4.3	4.3
Development office	2.9	3.3	–	–	6.2	6.4
Other	–	2.0	–	–	2.0	0.9
Administration and central services total	44.6	53.6	2.1	–	100.3	94.0
Premises	12.2	35.4	34.1	–	81.7	80.8
Voluntary severance scheme	5.4	–	–	–	5.4	–
Pension cost adjustments for CPS (see note 29)	0.8	–	–	5.8	6.6	7.0
Total per income and expenditure account	570.9	609.1	71.0	10.0	1,261.0	1,191.2

Expenditure incurred by subsidiary companies is included under the appropriate headings. In previous years some such expenditure was reported against a heading "University companies". Comparative figures have been restated.

The depreciation charge has been funded by:

Deferred capital grants (note 22)	32.1
Revaluation reserve (note 24)	6.0
General income	32.9
	71.0

Other operating expenses include:

2011 2010
£000 £000

Auditors' remuneration

Audit fees payable to the University's external auditors	728	521
Other fees payable to the University's external auditors	178	18
Audit fees payable to other firms	60	52

Payments to trustees

Reimbursement of expenses to two external members of Council	2	1
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These amounts include related irrecoverable VAT.

9 (Deficit) / surplus on continuing operations

2011 2010
£m £m

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

University's deficit for the year	(2.9)	(3.0)
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	2.7	5.2

(Deficit) / surplus dealt with in the accounts of the University	(0.2)	2.2
Group level adjustments re defined benefit schemes	(5.1)	(6.9)
(Deficit) / surplus retained in subsidiary undertakings	(4.3)	6.7

(9.6) 2.0

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 £m	Inter- segment income £m	Income from third parties £m	(Deficit) / surplus £m	Net assets £m
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
Year ended 31 July 2010					
Education and research	722.5	17.9	704.6	(31.2)	2,341.3
Assessment	265.4	–	265.4	34.5	224.4
Press	223.2	–	223.2	5.7	45.5
	1,211.1	17.9	1,193.2	9.0	2,611.2
Unallocated re Contributory Pension Scheme	–	–	–	(7.0)	(196.4)
Group	1,211.1	17.9	1,193.2	2.0	2,414.8

Total income for the year ended 31 July 2010 has been restated to include donations of and for the purchase of heritage assets – see note 5 above.

11 Intangible fixed assets: goodwill and others

	Group 2011 £m	Group 2010 £m	University 2011 £m	University 2010 £m
Opening balance	3.0	3.5	0.9	3.2
Additions / (disposals) in the year	1.0	0.9	2.1	(1.0)
Amortisation charge for the year	(1.8)	(1.3)	(1.3)	(1.3)
Currency adjustments	–	(0.1)	–	–
Closing balance	2.2	3.0	1.7	0.9

NOTES TO THE ACCOUNTS (continued)

12 Tangible fixed assets	Land and buildings £m	Assets in construction £m	Equipment £m	Heritage assets £m	2011 Total £m	2010 Total £m
Group						
Cost or valuation						
At 1 August	1,156.8	94.2	250.9	34.7	1,536.6	1,449.5
Additions at cost	2.2	74.0	27.8	1.4	105.4	107.7
Transfers	100.8	(100.4)	(0.4)	–	–	–
Disposals	(3.0)	(1.3)	(10.2)	–	(14.5)	(20.9)
Currency adjustments	(1.2)	–	(0.3)	–	(1.3)	0.3
At 31 July	1,255.6	66.5	267.8	36.1	1,626.0	1,536.6
Depreciation						
At 1 August	254.6	–	181.6	–	436.2	386.4
Charge for the year	40.0	–	31.0	–	71.0	67.0
Elimination on disposals	(0.7)	–	(9.4)	–	(10.1)	(17.3)
Currency adjustments	(0.2)	–	(0.3)	–	(0.5)	0.1
At 31 July	293.7	–	202.9	–	496.6	436.2
Net book value						
At 31 July	961.9	66.5	64.9	36.1	1,129.4	1,100.4
At 1 August	902.2	94.2	69.3	34.7	1,100.4	1,063.1
University						
Cost or valuation						
At 1 August	1,156.4	94.0	232.9	34.7	1,518.0	1,427.1
Additions at cost	2.9	73.5	26.7	1.4	104.5	107.3
Transfers	100.8	(100.2)	(0.6)	–	–	–
Disposals	(3.0)	(1.3)	(8.9)	–	(13.2)	(16.6)
Currency adjustments	(1.3)	–	(0.5)	–	(1.8)	0.2
At 31 July	1,255.8	66.0	249.6	36.1	1,607.5	1,518.0
Depreciation						
At 1 August	252.9	–	169.8	–	422.7	372.4
Charge for the year	40.3	–	28.2	–	68.5	64.8
Elimination on disposals	(0.7)	–	(8.5)	–	(9.2)	(14.5)
Currency adjustments	(0.2)	–	(0.3)	–	(0.5)	–
At 31 July	292.3	–	189.2	–	481.5	422.7
Net book value						
At 31 July	963.5	66.0	60.4	36.1	1,126.0	1,095.3
At 1 August	903.5	94.0	63.1	34.7	1,095.3	1,054.7

Land and buildings includes land totalling £83.6m (2010: £80.5m) 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)**12 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 capitalised. 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 capitalised. As a result the total included in the balance sheet is partial.

Additions for the current and previous four years were as follows:	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Acquisitions purchased with specific donations	0.1	1.7	–	0.4	1.0
Value of acquisitions by donation	1.2	1.8	0.7	8.3	2.6
Total acquired by, or funded by, donations	1.3	3.5	0.7	8.7	3.6
Acquisitions purchased with University funds	0.1	0.2	–	0.3	0.3
Total acquisitions capitalised	1.4	3.7	0.7	9.0	3.9

13 Fixed asset investments

	Group 2011 £m	Group 2010 £m	University 2011 £m	University 2010 £m
Opening balance	517.8	450.1	381.6	331.7
Net additions in the year	104.4	18.9	75.0	13.7
Distributions (see note 6)	(48.0)	(39.7)	(37.8)	(34.8)
Increase in market value of investments	87.0	88.5	65.5	71.0
Closing balance	661.2	517.8	484.3	381.6
Represented by:	76.8	74.8	66.7	64.0
Property	532.5	391.1	362.7	264.0
Securities	0.4	0.5	17.9	20.0
Money market investments	–	–	1.8	1.8
Investments in subsidiary undertakings	8.4	9.7	3.0	2.9
Investment in spin-out companies (see note 30)	43.7	39.0	29.8	26.3
Cash in hand and at investment managers	(0.6)	2.7	2.4	2.6
	661.2	517.8	484.3	381.6

14 Endowment assets

Long-term investments				
Property	52.4	55.2	43.3	48.6
Securities	834.7	727.7	680.6	580.1
Money market investments	56.9	53.9	52.7	53.5
Cash in hand and at investment managers	65.8	61.8	54.2	55.2
	1,009.8	898.6	830.8	737.4
Investment in spin-out companies (see note 30)	4.8	3.8	4.8	3.8
Short-term deposits	0.2	8.3	–	–
Bank balances	3.7	1.0	–	–
	1,018.5	911.7	835.6	741.2

NOTES TO THE ACCOUNTS (continued)

15 Stocks and work in progress	Group 2011 £m	Group 2010 £m	University 2011 £m	University 2010 £m
Goods for resale	33.5	44.9	26.7	35.0
Pre-publication costs and other work in progress	20.6	13.5	20.0	12.7
Other stocks	0.2	0.2	–	–
	54.3	58.6	46.7	47.7
16 Debtors				
Research grants recoverable	59.8	62.4	59.8	62.4
Amounts due from subsidiary undertakings	–	–	56.6	48.1
Debtors re examination and assessment services	64.9	68.2	58.1	48.8
Debtors re publishing and printing	77.4	67.7	56.6	52.2
Other debtors	41.4	45.3	32.3	37.9
	243.5	243.6	263.4	249.4
17 Current asset investments				
Property	1.3	1.1	21.3	12.5
Securities	19.5	12.5	330.2	145.4
Money market investments	187.4	242.2	190.7	253.5
Cash in hand and at investment managers	1.6	1.2	27.1	14.5
Other	–	0.1	–	0.1
	209.8	257.1	569.3	426.0
Representing:				
University	185.4	239.2	160.4	195.0
Held on behalf of subsidiary undertakings, Colleges and other associated bodies (see note 18)	24.4	17.9	408.9	231.0
	209.8	257.1	569.3	426.0
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.				
18 Creditors: amounts falling due within one year				
Bank overdraft	3.2	1.9	3.3	1.7
Current portion of long-term bank loan	0.5	1.1	0.6	0.6
Research grants received in advance	107.4	78.2	107.4	78.2
Amounts due to subsidiary undertakings	–	–	39.2	31.9
Creditors re examination and assessment services	88.4	94.1	39.2	35.4
Creditors re publishing services	61.2	53.1	53.2	44.7
Other creditors	162.7	174.5	141.6	152.4
Investments held on behalf of subsidiary undertakings, Colleges and other associated bodies (see note 17)	24.4	17.9	408.9	231.0
	447.9	420.8	793.3	575.9
19 Creditors: amounts falling due after more than one year				
Amounts due to subsidiary undertakings	–	–	0.1	0.1
Bank loans	4.4	5.4	4.3	5.4
Loan from minority interest	–	0.3	–	–
Deferred income	0.4	–	–	–
	4.8	5.7	4.4	5.5

NOTES TO THE ACCOUNTS (continued)**20 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 29.

	Group 2011 £m	Group 2010 £m	University 2011 £m	University 2010 £m
Opening balance	274.4	258.0	77.2	74.4
Movement in year:				
Current service cost including life assurance	26.6	24.7	2.6	2.6
Contributions	(28.4)	(27.3)	(3.7)	(4.1)
Other finance cost	8.9	11.6	3.1	3.6
Currency adjustments	(2.6)	(0.8)	(2.6)	(0.8)
Actuarial loss recognised in statement of total recognised gains and losses	29.2	8.2	3.0	1.5
Closing balance	308.1	274.4	79.6	77.2

21 Other retirement benefits liability**Group and University**

**2011
£m** 2010
£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	15.1	14.7
Movement attributable to the year:		
Benefits paid less current service cost	0.5	0.2
Contributions	(0.2)	(0.2)
Other finance cost	0.8	0.9
Currency adjustments	(0.6)	0.1
Actuarial loss / (gain) recognised in statement of total recognised gains and losses	0.3	(0.6)
Closing balance	15.9	15.1

22 Deferred capital grants

**Funding Council
£m** **Research Grants
£m** **Other Grants
£m** **2011
Total
£m** 2010
£m

Group and University

Balance 1 August

Buildings	169.6	–	353.9	523.5	482.0
Equipment	7.3	11.8	0.4	19.5	23.5

176.9 **11.8** **354.3** **543.0** 505.5

Grants received

Buildings (including reclassification)	23.0	75.2	(68.0)	30.2	60.0
Equipment	4.7	7.7	0.3	12.7	7.9

27.7 **82.9** **(67.7)** **42.9** 67.9

Released to income and expenditure

Buildings – for depreciation	(10.9)	(2.5)	(7.0)	(20.4)	(18.5)
Equipment – for depreciation	(4.0)	(7.4)	(0.3)	(11.7)	(11.9)
Equipment – on disposals	–	(0.3)	–	(0.3)	–

(14.9) **(10.2)** **(7.3)** **(32.4)** (30.4)

Balance 31 July

Buildings	181.7	72.7	278.9	533.3	523.5
Equipment	8.0	11.8	0.4	20.2	19.5

189.7 **84.5** **279.3** **553.5** 543.0

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

<i>Group</i>	Expendable £m	Permanent £m	2011 Total £m	2010 Total £m
Balance 1 August	319.1	592.6	911.7	803.8
New endowments received	27.3	21.8	49.1	47.8
Income receivable from endowment asset investments	10.9	26.3	37.2	33.8
Expenditure	(28.1)	(22.4)	(50.5)	(52.3)
Net transfer (to) / from income and expenditure account	(17.2)	3.9	(13.3)	(18.5)
Increase in market value of investments	22.4	48.6	71.0	78.6
Balance 31 July	351.6	666.9	1,018.5	911.7
Capital	340.4	589.0	929.4	833.3
Unspent income	11.2	77.9	89.1	78.4
Balance 31 July	351.6	666.9	1,018.5	911.7
Representing:				
	Expendable £m	Permanent £m	2011 Total £m	2010 Total £m
Trust and Special Funds:				
Professorships, Readerships and Lectureships	36.2	326.9	363.1	321.1
Scholarships and bursaries	19.4	89.0	108.4	96.9
Other	83.3	243.0	326.3	285.5
Gates Cambridge Trust	172.3	–	172.3	160.2
Specific donations	36.0	–	36.0	36.4
Examination Board restricted funds	4.4	–	4.4	4.2
General endowments	–	8.0	8.0	7.4
Group total	351.6	666.9	1,018.5	911.7
University				
	Expendable £m	Permanent £m	2011 Total £m	2010 Total £m
Balance 1 August	150.0	591.2	741.2	648.4
New endowments received	23.9	21.5	45.4	44.9
Income receivable from endowment asset investments	5.1	26.2	31.3	28.9
Expenditure	(17.9)	(21.9)	(39.8)	(42.0)
Net transfer (to) / from income and expenditure account	(12.8)	4.3	(8.5)	(13.1)
Increase in market value of investments	9.0	48.5	57.5	61.0
Balance 31 July	170.1	665.5	835.6	741.2
Capital	158.9	587.8	746.7	662.2
Unspent income	11.2	77.7	88.9	79.0
Balance 31 July	170.1	665.5	835.6	741.2

NOTES TO THE ACCOUNTS (continued)

24 Reserves Group	Operational property revaluation			Fixed asset revaluation	2011	2010
	General reserves £m	reserve £m	reserve £m	reserve £m	Total £m	Total £m
Balance 1 August	739.1	139.2	80.5	958.8	851.9	
Surplus retained for the year	3.4	–	–	3.4	20.1	
Actuarial loss	(29.5)	–	–	(29.5)	(7.6)	
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–	
Transfer in respect of disposals of fixed asset investments	47.7	–	(47.7)	–	–	
(Loss) / gain arising on foreign currency translation	(3.6)	–	–	(3.6)	5.9	
Increase in market value of investments	–	–	86.9	86.9	88.5	
Balance 31 July	763.1	133.2	119.7	1,016.0	958.8	

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

Reserves before net liabilities in respect of retirement benefits	1,087.1	133.2	119.7	1,340.0	1,248.3
Effect of pension liability (see note 20)	(308.1)	–	–	(308.1)	(274.4)
Effect of liability for other retirement benefits (see note 21)	(15.9)	–	–	(15.9)	(15.1)
Reserves balance at 31 July	763.1	133.2	119.7	1,016.0	958.8

University	Operational property revaluation			Fixed asset revaluation	2011	2010
	General reserves £m	reserve £m	reserve £m	reserve £m	Total £m	Total £m
Balance 1 August	805.8	139.2	56.5	1,001.5	909.8	
Surplus retained for the year	8.3	–	–	8.3	15.3	
Actuarial loss	(3.3)	–	–	(3.3)	(0.9)	
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–	
Transfer in respect of disposals of fixed asset investments	38.0	–	(38.0)	–	–	
(Loss) / gain arising on foreign currency translation	(2.1)	–	–	(2.1)	6.3	
Increase in market value of investments	–	–	65.5	65.5	71.0	
Balance 31 July	852.7	133.2	84.0	1,069.9	1,001.5	

25 Reconciliation of consolidated operating deficit to net cash inflow from operating activities	2011 £m	2010 £m
Deficit on continuing operations	(9.6)	2.0
Depreciation of fixed tangible assets	71.0	67.0
Amortisation of goodwill	1.8	1.3
Surplus on disposal of tangible fixed assets	(3.1)	(1.2)
Deferred capital grants released to income	(32.1)	(30.4)
Donations of, and for the purchase of, heritage assets	(1.3)	(3.6)
Investment income	(17.0)	(18.1)
Interest payable	10.0	12.9
Pension cost less contributions payable (see note 20)	(1.8)	(2.6)
Other retirement benefits – cost less contributions payable (see note 21)	0.3	–
Currency adjustments	(5.8)	5.1
	12.4	32.4
(Reduction) / increase in stock	4.3	(10.8)
(Reduction) / increase in debtors	0.1	(36.7)
Increase in creditors	23.3	69.9
Net cash inflow from operating activities	40.1	54.8

NOTES TO THE ACCOUNTS (continued)

26 Cash flows	2011	2010		
	£m	£m		
Returns on investments and servicing of finance				
Endowment and investment income received	17.0	18.1		
Interest paid	(0.3)	(0.4)		
Net cash inflow from returns on investments and servicing of finance	16.7	17.7		
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(107.6)	(103.7)		
Acquisition of goodwill and other intangible fixed assets	(1.0)	(0.9)		
Donations for buildings and other deferred capital grants received	42.9	69.7		
Proceeds of disposal of tangible fixed assets	7.2	4.8		
Net purchase of long-term investments (excluding investments held on behalf of others)	(43.9)	(84.0)		
New endowments received	49.1	47.8		
Net cash outflow from capital expenditure and financial investment	(53.3)	(66.3)		
Financing				
Repayment of long-term loans	(1.6)	(1.5)		
Net cash outflow from financing	(1.6)	(1.5)		
27 Analysis of the balances of cash and bank overdraft	Group	Group	University	University
	2011	2010	2011	2010
	£m	£m	£m	£m
Bank overdrafts	(3.3)	(1.9)	(3.2)	(1.7)
Bank balances held directly by trust funds	3.7	1.0	–	–
Cash at bank and in hand	47.3	38.6	25.2	17.3
	47.7	37.7	22.0	15.6
Add short term deposits:				
Endowment asset investments	0.2	8.3	–	–
Net funds	47.9	46.0	22.0	15.6
28 Capital commitments			2011	2010
			£m	£m
Commitments contracted at 31 July			81.4	96.4
Authorised but not contracted at 31 July			1.4	–

Of the capital expenditure committed at 31 July 2011, approximately 65% (2010: 58%) 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.

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 actuarial valuation of the scheme was at 31 March 2008 and was the first 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	6.40%
Salary scale increases per annum	4.30%
Pension increases per annum	3.30%
Mortality – equivalent life expectancy for members reaching retirement age of 65:	
Males	88
Females	90

At the valuation date, the value of the assets of the scheme was £28,842.6m and the value of the scheme's technical provisions was £28,135.3m. The assets were therefore sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

At 31 March 2011 the actuary has estimated that the funding level had fallen from 103% to 98%. Over the last twelve months, the estimated funding level improved from 91% (as at 31 March 2010) to 98%. This estimate was based on the funding level at 31 March 2008, as noted above, adjusted to reflect the scheme's actual investment performance over the intervening three years and changes in market conditions. Specific changes taken into account by the actuary include: a slight increase over the three years in the market's assessment of inflation; and the change in inflation measure from Retail Prices Index to Consumer Prices Index announced by the UK Government.

The next formal triennial actuarial valuation, as at 31 March 2011, is in progress at the date of approval of these financial statements.

The contribution rate payable by the University in the year ended 31 July 2011 was 16% of pensionable pay. The contribution rate will be reviewed as part of each 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.

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. The principal assumptions used by the actuary were:

	2011	2010
Discount rate	5.30%	5.40%
Expected rate of return on scheme assets at beginning of year	6.70%	6.90%
Rate of increase in salaries	4.25%	4.05%
Rate of increase in pensions in deferment	3.50%	3.30%
Rate of increase in pensions in payment	3.50%	3.30%
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	85	85
Females	89	89

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	
	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	£m	£m
Opening	(516.5)	(458.7)	320.4	275.9	(196.1)	(182.8)
Current service cost	(24.0)	(22.0)	–	–	(24.0)	(22.0)
Employer contributions	–	–	23.2	22.9	23.2	22.9
Expected return on scheme assets	–	–	22.3	19.9	22.3	19.9
Contributions by members	(0.5)	(0.5)	0.5	0.5	–	–
Interest cost	(28.1)	(27.8)	–	–	(28.1)	(27.8)
Actuarial (losses) / gains	(34.9)	(22.1)	9.3	15.8	(25.6)	(6.3)
Benefits and expenses paid	16.3	14.6	(16.3)	(14.6)	–	–
Closing defined benefit obligation	(587.7)	(516.5)	359.4	320.4	(228.3)	(196.1)

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

	2011	2010
	£m	£m
In staff costs: current service cost	24.0	22.0
In interest and other finance costs:		
Expected return on pension scheme assets	22.3	19.9
Interest on pension scheme liabilities	(28.1)	(27.8)
	(5.8)	(7.9)

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

	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Defined benefit obligation	(587.7)	(516.5)	(458.7)	(405.5)	(372.5)
Plan assets	359.4	320.4	275.9	290.8	313.9
Deficit at the balance sheet date	(228.3)	(196.1)	(182.8)	(114.7)	(58.6)
Experience (losses) / gains for the year on plan liabilities	(1.6)	7.1	3.9	(1.3)	(4.1)
Experience (losses) / gains for the year on plan assets	9.3	15.8	(41.2)	(51.2)	14.8

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)**29 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 2010 and 31 July 2011 for the purposes of the University's financial statements.

The principal assumptions used by the actuary for both schemes were:	2011	2010
Discount rate	5.30%	5.40%
Expected rate of return on scheme assets at beginning of year	5.90%	6.30%
Rate of increase in salaries - schemes are now on frozen current salary basis	0.00%	0.00%
Rate of increase in pensions in deferment	3.50%	3.30%
Rate of increase in pensions in payment	3.50%	3.30%
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 recognised in the balance sheet	
	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m
Opening	(223.2)	(208.6)	152.4	139.8	(70.8)	(68.8)
Current service cost	(2.4)	(2.2)	–	–	(2.4)	(2.2)
Employer contributions	–	–	3.4	3.6	3.4	3.6
Expected return on scheme assets	–	–	9.0	8.8	9.0	8.8
Contributions by members	(0.3)	(0.4)	0.3	0.4	–	–
Interest cost	(12.0)	(12.4)	–	–	(12.0)	(12.4)
Actuarial (losses) / gains	(12.6)	(8.3)	10.9	8.5	(1.7)	0.2
Benefits and expenses paid	9.2	8.6	(9.2)	(8.6)	–	–
Closing defined benefit obligation	(241.3)	(223.3)	166.8	152.5	(74.5)	(70.8)

The amounts recognised in the income and expenditure account were as follows:	2011	2010
	£m	£m
In staff costs: current service cost	2.4	2.2
In interest and other finance costs:		
Expected return on pension scheme assets	9.0	8.8
Interest on pension scheme liabilities	(12.0)	(12.4)
	(3.0)	(3.6)

Amounts for the current and previous four years were as follows:	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Defined benefit obligation	(241.4)	(223.2)	(208.6)	(192.3)	(181.4)
Plan assets	166.9	152.4	139.8	151.4	163.1
Deficit at the balance sheet date	(74.5)	(70.8)	(68.8)	(40.9)	(18.3)
Experience losses for the year on plan liabilities	(12.6)	(8.3)	(5.3)	(3.8)	(0.4)
Experience (losses) / gains for the year on plan assets	10.9	8.5	(18.5)	5.2	8.3

NOTES TO THE ACCOUNTS (continued)**29 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:

	2011	2010
	£m	£m
USS: contributions	54.4	52.0
CPS: charged to income and expenditure account	24.0	22.0
PCPF: charged to income and expenditure account	2.1	2.0
PSSPS: charged to income and expenditure account	0.6	0.6
NHSPS: contributions	1.9	1.8
Contributions to other pension schemes	6.1	3.5
	89.1	82.0

NOTES TO THE ACCOUNTS (continued)**30 Principal subsidiary and associated undertakings and other significant investments**

The following undertakings were wholly-owned subsidiary undertakings throughout the year ended 31 July 2010. 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
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
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
Fitzwilliam Museum (Enterprises) Limited	c	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	d	Fund raising
Associated Trusts	d	
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	e	Examination services
Cambridge ESOL Inc	e	Examination services
Fundacion UCLES		Examination services
Mill Wharf Limited		Training and consultancy
Oxford and Cambridge International Assessment Services Limited	d	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 Archive Editions Limited		Publishing
Global Grid for Learning Limited		Electronic educational 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	Representative office
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
United Publishers Services Limited	g	Distribution

NOTES TO THE ACCOUNTS (continued)**30 Principal subsidiary and associated undertakings and other significant investments (continued)**

- 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 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.
- d The Cambridge Foundation, the Associated Trusts and Oxford Cambridge and RSA Examinations are exempt charities established by trust deeds (see note 33).
- e Cambridge Examinations Inc and Cambridge ESOL Inc are United States non-stock non-profit corporations.
- f Cambridge University Press subsidiary undertakings have an accounting reference date of 30 April for commercial reasons.
- 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 51% 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 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 Equador.
- o ELT Trading Limited is incorporated in Mexico.

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 13) and endowment assets (note 14). 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
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 Lab on Chip Limited	32	Commercial exploitation of intellectual property
Cambridge Superconductors Limited	20	Commercial exploitation of intellectual property
Enval Limited	24	Commercial exploitation of intellectual property
Green PB 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
Sure Laboratories Limited	20	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)

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.

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 organisations in which members of the Council or senior officers may have an interest. Transactions with Colleges are summarised in note 32 below. All transactions involving organisations in which members of Council or senior officers may have such an interest are conducted in accordance with the University's financial regulations and usual procurement procedures.

32 Colleges

There are 31 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 £40.8m (2010: £39.5m). 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 £4.4m (2010: £3.4m). These payments are included in other operating expenses. Other operating expenses also include £5.4m (2010: £4.2m) 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 £5.7m (2010: £3.7m). 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 £2.8m (2010: £2.6m), and the Colleges provided accommodation, catering and other services to the University for which the University paid a total of £6.9m (2010: £7.1m).

During the year the Colleges made donations to the University totalling £2.0m (2010: £3.3m) which were credited to specific endowments. Current asset investments include £20.6m (2010: £13.1m) held on behalf of two Colleges in the form of CUEF units (see note 17).

Colleges fund	2011	2010
	£000	£000
Balance at 1 August	25	23
Contributions received from Colleges	3,498	3,514
Interest earned	4	2
Payments to Colleges	(3,500)	(3,514)
	<hr/>	<hr/>
Balance at 31 July included in creditors	27	25

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)**33 Exempt linked charities**

A number of charities are administered by or on behalf of the University and have been established for its general or special purposes. As a result they are exempt from registration with the Charity Commission. The movements in the year on these charities' funds as reported in their own accounts were as follows:

	Opening Balance	Income	Expenditure	Market value increase	Closing balance
	£m	£m	£m	£m	£m
Subsidiary undertakings included in the University's financial statements (see note 30):					
Cambridge Overseas Trust	20.3	7.9	7.7	1.5	22.0
Cambridge Commonwealth Trust	78.3	6.1	5.9	6.1	84.6
Gates Cambridge Trust	160.2	5.4	6.0	12.7	172.3
Cambridge European Trust	1.6	0.1	1.0	–	0.7
Malaysian Commonwealth Studies Centre in Cambridge	8.6	0.3	0.6	0.6	8.9
The Cambridge Foundation	3.4	50.5	48.4	–	5.5
Oxford Cambridge and RSA Examinations	62.1	118.3	110.3	4.4	74.5
Strangeways Research Laboratory	1.3	–	0.1	0.1	1.3
	335.8	188.6	180.0	25.4	369.8

Fund balances are included in the consolidated balance sheet as:

Expendable endowments	170.5	182.9
Permanent endowments	0.9	1.2
Reserves	161.2	181.4
Creditors: amounts falling due within one year	3.2	4.3
	335.8	369.8

Other linked charities not included in the University's financial statements:

Isaac Newton Trust, established by Trinity College (see note 32) to promote education, learning and research in the University (accounts drawn up to 30 June 2011)	23.1	8.7	9.3	2.3	24.8
One smaller scholarship trust	0.3	–	–	–	0.3
University of Cambridge Veterinary School Trust, for the support of veterinary education in the University	0.3	0.4	0.3	–	1.4

Registered clubs and societies (accounts drawn up to the end of the 2009–10 academic year):

Amateur Dramatic Club	0.1	0.1	0.1	–	0.1
Cambridge University Boat Club	1.6	0.3	0.3	–	1.6
Cambridge University Law Society	–	0.1	0.1	–	–
Cambridge University Real Tennis Club	0.1	0.1	0.1	–	0.1
Cambridge University Rugby Union Football Club	0.8	0.5	0.5	–	0.8
345 smaller clubs and societies	2.1	2.5	2.3	–	2.3
	28.4	12.7	13.0	2.3	31.4

34 DIUS / HEFCE Access funds

	2011 £000	2010 £000
Access to Learning Fund allocation	162	178
Disbursed to students	162 (162)	178 (178)
Balance unspent at 31 July	–	–

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.