



Reports and Financial
Statements for the year
ended 31 July 2015

Contents

Annual Report of the Council for the academical year 2014–15	1
Annual Report of the General Board to the Council for the academical year 2014–15	19
Reports and Financial Statements for the year ended 31 July 2015	27

Annual Report of the Council

for the academical year 2014–15



UNIVERSITY OF
CAMBRIDGE

Annual Report of the Council for the academical year 2014–15

The COUNCIL begs leave to report to the University as follows:

The Chancellor

Lord Sainsbury of Turville has visited the University frequently over the year, including visits to Colleges and academic departments. He presided at the Guild of Benefactors Ceremony and the Honorary Degrees Congregation. He opened the West Cambridge Data Centre and a new wing of the Veterinary School. Lord Sainsbury attended a briefing and tour of the University Technical College (one of whose sponsors is Cambridge University Health Partners, Ltd) and the Cambridge Conservation Initiative. He attended anniversary celebrations for the Cambridge Association for Women in Science and Engineering (AWiSE) and Wolfson College, as well as visits to Homerton College, the Herchel Smith Building for Brain and Mind Sciences, and the Engineering Department. Lord Sainsbury also attended the 5th Cambridge Neuroscience Symposium ('Imaging the Nervous System') and the Babbage Symposium, organised by the Institute for Manufacturing.

The Vice-Chancellor

The Vice-Chancellor, Professor Sir Leszek Borysiewicz FRS, addressed the University on 1 October 2014 on *The Responsibility of Freedom*, noting the sacrifice of the Cambridge students and staff who died in the First World War, and their legacy on which today's University is built. He drew attention to the responsibility the University has to the local region, the country, Europe, and the world, and emphasised the contribution that it makes to economic growth and wellbeing. In a keynote speech given in Vienna in March 2015 at the Global Universities and their Regional Impact conference marking the University of Vienna's 650th Anniversary, he underlined the need for constructive debate about the UK's contribution to, and membership of, the European Union. The Vice-Chancellor has also undertaken many national and overseas engagements on the University's behalf, travelling to several European countries, India, Hong Kong, Saudi Arabia, Japan, and the United States.

The Pro-Vice-Chancellors

After consultation with the General Board, and on the recommendation of the Nominating Committee for the appointment and reappointment of Pro-Vice-Chancellors, the Council appointed Professor Duncan Maskell, *W*, as Senior Pro-Vice-Chancellor for three years from 1 August 2015; Professor Eilís Ferran, *CTH*, as Pro-Vice-Chancellor (Institutional and International Relations) for three years from 1 October 2015; and Professor Christopher Abell, *CHR*, as Pro-Vice-Chancellor (Research) and Professor Nigel Slater, *F*, as Pro-Vice-Chancellor (Enterprise and Regional Affairs) for three years from 1 January 2016.

The Council is grateful to Dr Jennifer Barnes, *MUR*, Professor Lynn Gladden, *T*, Professor Jeremy Sanders, *SE*, Professor Steve Young, *EM*, and Professor Graham Virgo, *DOW*, for their service as Pro-Vice-Chancellor through the academical year.

The Council particularly notes the outstanding contribution of Professor Young during his tenure as Senior Pro-Vice-Chancellor with responsibility for planning and resources.

The Council and its committees

(i) *The Council: responsibilities and operation*

The Council is defined by Statute A as the principal executive and policy-making body of the University, having general responsibility for the administration of the University, for the planning of its work, and for the management of its resources. It is declared to have power to take such action as is necessary for it to discharge these responsibilities. It also performs such other executive and administrative duties as may be delegated to it by the Regent House or assigned to it by Statute, Special Ordinance, or Ordinance.

The Council's Statement of Primary Responsibilities (annexed to this Report) is reviewed annually together with its Standing Orders, the Code of Practice for members of the Council, and the Statement of Corporate Governance.

The Council continues to discharge its responsibilities through ordinary regular meetings (eleven each year) and, as necessary, special meetings (of which there were none in 2014–15); scrutiny of business through the Business Committee, the Advisory Committee on Benefactions, External, and Legal Affairs (ACBELA), and other committees, notably the Finance Committee and the Audit Committee; and through receipt and approval of routine business by circulation. Business is monitored and managed through the regular consideration of work plans. The Council has continued to hold two strategic meetings each year, one in September and one in the spring. As of February 2015, papers for Council meetings are primarily distributed online rather than in hard copy; most material considered by the Council (except where reserved or otherwise restricted for reasons such as commercial confidentiality) is available to members and staff of the University on the Council's website at <https://www.governance.cam.ac.uk/committees/council/>.

(ii) Council membership

In the Michaelmas Term 2014, the Regent House approved the appointment of Ms Sara Weller as an external member of the Council in class (e).¹ In December 2014, the Council agreed to appoint Mr John Shakeshaft as Deputy Chair of the Council with effect from 1 January 2015.

Following the biennial election of half of the elected membership, the Council welcomed new members elected with effect from 1 January 2015. There were also bye-elections in classes (a) and (c). The membership until 31 December 2014 and from 1 January 2015 is attached as Annex A.

(iii) Routine reporting to the Council

During 2014–15, the Council received a progress report on the North West Cambridge Project at every meeting. Cambridge University Press and the Local Examinations Syndicate (Cambridge Assessment) report annually to the Council; the respective Chief Executive Officers and the Chairs of the Syndicates attend to present their reports and to answer questions. The Director of External Affairs and Communications and the

Executive Director of University Development and Alumni Relations also report annually or more regularly as necessary on the work of their offices.

(iv) Review of the governance and management arrangements for sport within the University

In March 2014, the Council published a Report putting forward proposals to revise the governance and management arrangements for sport. The proposals had been made on the recommendation of a review committee established by the Council, after consultation within the University, and were amended to take into account comments made at a Discussion in April. Following a ballot in the Michaelmas Term 2014, the proposals, as amended, were approved.² The revised structure came into effect from the beginning of the Lent Term 2015 and the University Sports Committee met for the first time in April 2015.

(v) Statement of investment responsibility

In May 2015, the Council endorsed the terms of reference and membership of a working group established by the Advisory Committee on Benefactions and External and Legal Affairs to review the University's statement of investment responsibility.³ The statement, which was adopted in 2008, guides the work of the Investment Board and the University's Investment Office in the management of the CUEF. The review will consider whether any amendments should be made in light of developments in the understanding of the integration of environmental, social, and governance aspects (including but not limited to fossil fuel investments) in investment decisions.

(vi) Management and governance of scientific research using animals

In the Michaelmas Term 2014, the General Board published the report of an expert panel appointed to review the arrangements governing scientific research using animals.⁴ Whilst the panel commended elements of good practice, it also identified measures to improve the management and governance of the

¹ Grace 1 of 24 September 2014.

² Grace 1 of 25 June 2014.

³ *Reporter*, 2014–15; 6387, p. 540; 6390, p. 616.

⁴ www.cam.ac.uk/research/research-at-cambridge/animal-research

University's animal research facilities. The Council and the General Board published a Report in April 2015 which supported the recommendations of the panel and proposed that a new Health, Safety, and Regulated Facilities Division be established within the Unified Administrative Service (UAS).⁵ The recommendations of the Report were approved by Grace 1 of 10 June 2015.

(vii) Human resources and remuneration of the Investment Office

The Council agreed at a meeting in April 2015 to recommend to the Regent House that the Investment Office staff should form a new class of University employees, with their own remuneration scales and structures, to enable the recruitment and retention of investment professionals of the calibre required to secure long-term investment returns. The revised structure, which was approved by Grace 3 of 10 June 2015, will be guided by University policies and procedures and under the oversight of a remuneration committee reporting to the Council's Remuneration Committee.

(viii) External finance for certain building projects, including North West Cambridge and the non-operational estate

The Council agreed, at a meeting in May 2015 to recommend to the Regent House, on the advice of the Finance Committee, that the Council be given authority to arrange external finance of up to £300m for income-generating projects for two years from 18 May 2015, the date of the Report. This authority was approved by Grace 2 of 24 June 2015. This is 'in-principle' authorisation: no proposal for borrowing will be made without a detailed appraisal by the Finance Committee and the Council of the funding options for the University and the purposes for which the borrowing would be applied.

(ix) Council Committee for the Supervision of the Student Unions (CCSSU)

The CCSSU is the body which fulfils the responsibilities on governing bodies of universities under Section 22

of the Education Act 1994. The CCSSU notified the Council at its meeting on 16 February 2015 that the Graduate Union (GU) had been removed from the Charity Commission's register of charities. The Charity Commission has authority, under s. 34 of the Charities Act 2011, to remove from the register a charity which has ceased to exist or does not operate. The GU had failed to file its annual return for 2012-13 and had not provided a substantive response to the Charity Commission; the Charity Commission had therefore assumed that the GU had ceased to operate. The GU has since been re-registered and has submitted its accounts for 2012-13 and 2013-14 to the Charity Commission.

Governance and constitutional matters

(i) Review of student disciplinary procedures

A review committee of the Council and the General Board was established in Lent Term 2014 to review the University's student disciplinary processes, with a particular focus on the management of cases which invoked both the disciplinary and complaints procedures. A first Report was published in June 2015 and approved by Grace 6 of 15 July 2015.

(ii) Septemviri

In April 2014, the General Board and the Council agreed to commission a limited review on the operation of the Septemviri following the receipt of a letter from Professor Sir John Baker, who chaired the Septemviri in a recent case. The recommendations of a Joint Report,⁶ proposing amendments to the process for appeal under the Schedule to Statute C in the case of non-confirmation of appointment, were approved by Grace 2 of 10 June 2015.

(iii) Approval of amending Statutes

Amendments to the student membership of the Council and the General Board, as set out in Statutes A IV and A V, were approved by Her Majesty in Council on 11 February 2015. The period of office of a Pro-Vice-Chancellor was revised, amending Statute C X, to enable a person to hold office for a total period

⁵ *Reporter*, 6383, 2014-15, p. 492.

⁶ *Reporter*, 6383, 2014-15, p. 493.

of eight years in exceptional circumstances, on the same date.⁷ Amendments to remove from Statute A I references to the method of voting in elections of the Senate were approved on 10 June 2015.⁸

Accountability and audit

(i) Audit Committee membership

The Audit Committee consists of nine members, the majority of whom are external. The Committee is chaired by Mark Lewisohn, an external member of Council (in class (a)). There are two members of Council (in class (b)), four external members (in class (c)) and two co-opted members (in class (d)). The Chairs of the Cambridge University Press and Cambridge Assessment Audit Committees, senior University officers (including the Registrar, the Senior Pro-Vice-Chancellor, and the Director of Finance), the University's Internal Auditors, and, where relevant to agenda items, the external auditors also attend meetings.

There have been four changes to Audit Committee membership during 2014–15. Mark Lewisohn took over as Chair in January 2015 at the end of Mr John Shakeshaft's tenure. Mr Lewisohn's former membership of class (b) left a vacancy which was filled from January 2015 by Dr Ruth Charles. Ms Caroline Stockmann, who was a member of the Committee in class (c), resigned from the Committee in February 2015. She has been replaced by Ms Catherine Spitzer, Chief Operating Officer at Bidwells Property Consultancy, who joined in May 2015. Mr John Dix, who was also a member of the Committee in class (c), resigned in November 2014. He was replaced in July 2015 by Mr John Aston, who has a financial background in the life sciences industry. The Council is grateful to all current and former members who give their time and expertise in support of the Audit Committee's work and, in particular, to Mr Shakeshaft for his work as Chair.

In anticipation of the departure of Professor Sarah Worthington, Mr Nick Temple, Chair-elect of the CUP Audit Committee, attended the May meeting and workshop. He was also involved in the external audit project sub-group (see paragraph (v)).

(ii) Policy against bribery and corruption

The Committee receives an annual review of the University's policy against bribery and corruption. There were no reports of bribery and only one case of financial fraud which was under the threshold that required reporting to the Higher Education Funding Council for England (HEFCE). Cambridge Assessment and Cambridge University Press each had one case of fraud, again under the threshold requiring reporting to the regulator.

Almost 2,000 members of staff have undertaken the online Bribery and Corruption training module.

(iii) Risk, emergency, and continuity management

Risk management is a standing item on the Audit Committee's agenda. The University's Strategic Risk Register is updated and reviewed by the Risk Steering Committee which meets twice a year and is chaired by the Senior Pro-Vice-Chancellor. The Council receives and discusses the Strategic Risk Register at its December meeting.

An online repository for local emergency action plans has been launched and departments have been required to complete plans; the completion rate now stands at over 90%. All departments classed as high risk (eg they contain high value assets, house essential information, contain animal facilities, or host material subject to the Counter-Terrorism and Security Act or other crime prevention legislation) have submitted plans.

In collaboration with University Information Services (UIS), the University's Silver Team is now equipped with essential IT facilities to assist the Team in an emergency.

⁷ Reporter, 6376, 2014–15, p. 387.

⁸ Reporter, 6391, 2014–15, p. 633.

The Silver Team was convened on 19 July 2015 in light of the major incident affecting IT services caused by storm damage the previous night. Services were functioning normally by midday as a result of the actions taken by UIS. A test exercise for the Silver Team will be carried out later in Michaelmas Term 2015.

(iv) Refreshed internal audit function

Deloitte LLP was reappointed for three years with effect from 1 August 2014 to provide the University's internal audit function. There is a new approach which includes: an increased focus on priority risk areas as aligned with the University's Key Risk Register; a broader insight with specialist and senior input; and greater self-assurance by Schools and departments/institutions. The self-assurance has taken the form of a survey developed to reflect key risk areas and data analytics to give assurance on departments/institutions' compliance with key processes in high risk areas.

The revised approach also includes a stronger engagement with Schools and departments/institutions and the internal auditors have attended School Council meetings to discuss internal audit matters.

For the first time in 2014-15, the Committee implemented a programme of presentations by senior staff as an additional source of assurance. This has proved useful and a full cycle of presentations to cover the University's key risks that currently carry a 'red' or 'orange' status is being arranged for 2015-16.

(v) Reappointment of external auditors

At its January 2015 meeting the Committee agreed that the external auditors PwC provided a high quality of service and were good value for money. The Committee therefore recommended to the Council that a Grace be published for the reappointment of PwC as the external auditors for the 2014-15 financial year.

Market testing of the external auditors is required to be carried out every seven years, and appointment/reappointment of external auditors is due in the

2015-16 financial year. The Committee established a sub-group, chaired by Ms Legrand, to undertake a market testing exercise. The sub-group reviewed feedback reports on PwC's performance from Cambridge Assessment, Cambridge University Press, Mr Picking, Mr Temple (Chair-elect of the CUP Audit Committee), and the Director of Finance. The sub-group also reviewed various Value for Money benchmarking papers for external audit provision in the HE sector. On the basis of that exercise, positive feedback on PwC's performance, and the benefit of continuity (for CUP in particular), the sub-group recommended, in principle, that there should not be a full re-tender at this stage, and that PwC should be reappointed for a further three years subject to performance in the 2015 audit exercise and interview, to ensure that the University would continue to receive a high quality service and value for money. HEFCE has confirmed that it is content with this approach.

(vi) Assurance on the Colleges' use of HEFCE funds transferred by the University to the Colleges for educational purposes.

As part of the overall process of seeking assurance on the Colleges' use of HEFCE funds, an annual meeting is held with representatives from the Colleges. This year's meeting provided assurance that Colleges' expenditure on education as set out in the audited accounts was an appropriate application of the funds transferred. Further work will be undertaken, through the University and Colleges Joint Committee, to identify further opportunities for greater collaboration between the University and the Colleges to improve overall efficiency and effectiveness.

(vii) Audit Committee workshops and presentations

As in previous years, the Committee held two workshops; in 2014-15, these were on: (a) CUP and Cambridge Assessment's respective operating environments, strategies, and risk management; and (b) the University's estates strategy.

University resources

(i) Financial position

The Council oversees planning and resource allocation matters through the Planning and Resources Committee (PRC), a joint Committee of the Council and the General Board. A significant proportion of the PRC's work each year is the preparation of the University budget and five-year financial forecasts, which are reported in detail in the Report on the Financial Position of the University (the Budget Report). Although the forecasts for the coming four years show a small Chest surplus planned in most years, this remains well below the level needed for long-term sustainability; accordingly the University's finances remain, as reported last year, finely balanced. Indeed, the projection for 2015–16 is for a small deficit on the Chest.

The planning outlook continues to be dominated by significant financial risks. On the income side, there is uncertainty concerning future levels of government funding for teaching and research, whilst pressures on major items of expenditure including pay, pensions, energy costs, and construction costs are likely to continue for the foreseeable future. The PRC has issued guidance for the next Planning Round which again allows for a prudent 1% increase in allocations to institutions.

The Council reported in its last Annual Report that attention had been given to ensuring that Chest-derived reserves held by Schools were being deployed to support teaching and research, as opposed to continuing to accumulate. The accounts for 2013–14 showed that, in aggregate, such reserves had reduced slightly. Understanding the reasons why Schools hold reserves, and striking a more appropriate balance between accumulating reserves and using them to make strategic investments in academic activity, remains a priority for the Planning Round.

(ii) The Capital Plan

The PRC is also responsible for managing the University's capital planning, and for making

allocations from the Capital Fund. The need for substantial investment in buildings remains, with major academic developments planned at the Cambridge Biomedical Campus, the New Museums site, the Old Addenbrooke's site, and at West Cambridge – the last now including both the re-provision of the Department of Physics and the phased relocation of the Department of Engineering.

The ten-year (to 2020–21) cumulative cost of projects currently in the Green Zone (which have the highest level of approval that the PRC is able to give before authorisation is given to proceed) is £723m, of which £300m is projected to be met from the Capital Fund with the remainder being met from external sources. A further £150m has been allocated from Chest reserves to meet the costs of renewing the University's biofacilities. Substantial projects in the Amber Zone, to which no allocation has yet been approved, include those for Engineering and Physics. The Capital Fund must also be managed in such a way that the University is able to respond to opportunities which arise, eg through philanthropy or government initiatives. Accordingly, the PRC will continue to scrutinise closely the academic and business case for new buildings, and will continue to review all projects currently in the Green Zone to ensure that opportunities for securing external funding have been fully explored. Since the Council's last Annual Report, a further £17.6m has been secured from the UK Research Partnership Investment Fund (UKRPIF) for a building at Union Road to house research in the Chemistry of Health.

(iii) The cost of an undergraduate education at Cambridge

Through the PRC, the cost of providing an undergraduate education at Cambridge, using a model for understanding the University's costs, is reviewed annually by a working group which includes student representation. The analysis is subsequently published.⁹ Work to improve the understanding of College costs in the model has made good progress during the year.

⁹ See *Reporter*, 6395, 2014–15, p. 787.

(iv) Sustainability metrics

To assist in longer term strategic planning, a set of sustainability metrics has been developed covering the full range of the University's operations. These will allow the Council to track performance over time and make comparisons with peer institutions where comparable data are available. The metrics are consistent with the proposals for a new annual sustainability assurance report (ASSUR) to HEFCE and are being further developed in that context.

Government policy and the national environment

(i) Political engagement

There has been an ongoing engagement over the past year with political parties on all sides, particularly in the run-up to the General Election on 7 May 2015. The University has taken an engaged but apolitical approach to discussions, in particular, about undergraduate tuition fee levels; immigration; and EU funding for Higher Education. It will continue to be important for the University to protect its own position as well as providing leadership within the sector in influencing government policy.

(ii) National funding and financial considerations

On 4 June 2015, the Chancellor of the Exchequer announced £4.5bn of new measures to bring down public debt in the current financial year. These include £3bn in departmental savings of which £450m is attributable to the Department of Business, Innovation, and Skills (BIS). On 21 July 2015, BIS notified HEFCE of a reduction of £150m to the teaching grant by comparison with the total previously allocated. The government's 2015–16 financial years overlap with both the 2014–15 and 2015–16 academic years and allocations to institutions for both academic years are affected.

There remains considerable uncertainty around mechanisms for the distribution of funding, including for research and capital infrastructure. The University has, in discussions with government, defended the

Haldane Principle by which decisions about the allocation of research funding are made through peer review within the academic community rather than by politicians. The Council will consider with interest the outcome of the review of the role of the Research Councils which BIS has asked Sir Paul Nurse to undertake.

(iii) Counter-Terrorism and Security Act 2015

There has been active University engagement, in the course of the year, in the debate around the new statutory obligations on Universities under the Counter-Terrorism and Security Act 2015. The statutory recognition given to academic freedom in the Education Reform Act 1988 was particularly noted. Relevant higher education bodies became subject to the new Prevent duty on 18 September 2015. The Secretary of State issued a delegation letter to the HEFCE confirming it to be the body with responsibility for assessing compliance with the Prevent duty with effect from 21 August 2015. The Council will have formal responsibility under the Guidance for ensuring compliance.

(iv) City Deal

The Council, in its 2013–14 Annual Report, reported on the success of Cambridge's bid for support under the City Deal Scheme. City Deals are agreements between government and a city which give the city powers in respect of: decisions which affect their local area; the growth of local businesses; the creation of economic growth; and the expenditure of public monies.

The University's involvement in the City Deal Executive Board gives it, perhaps for the first time, a formal voice in the planning of transport, housing, and the skills landscape of Greater Cambridge, to the mutual benefit of the University and the local economy and community.

(v) Agreement with the Office for Fair Access (OFFA)

The Council, at its meeting on 13 July 2015, approved, for its part, the University's agreement with OFFA. This comprised: a state sector target of 62–64% with an aspiration to be at the top of this range by 2019–20;

a POLAR3¹⁰ quintile 1 and 2 target of 10–13% with again an aspiration towards the top end of the range by 2019–20; a non-continuation target of 2.1%. These targets are considered to be challenging but realistic.

(vi) *The Committee of University Chairs' (CUC) Code of Governance*

As anticipated in the Council's Annual Report 2013–14, the CUC issued a revised Higher Education Code of Governance in December 2014 which was provided to members of the Council.

Teaching and research

Teaching and research are the responsibility of the General Board and of the Schools, Faculties, and Departments. The General Board report annually to the Council. Their report for 2014–15, annexed to this report, comments in further detail.

(i) *Education*

Amongst the developments described more fully in the General Board's Annual Report, attention is drawn to the development of a procedure for dealing with questions of a student's fitness to study (a Joint Report which was approved by Grace 1 of 15 July 2015), and to the General Board's review on the future arrangements for the Centre for Applied Research and Educational Technologies (CARET) (a Report on which was approved by Grace 5 on 15 July 2015). The General Board have, with the Board of Examinations, begun a wide-ranging review of all aspects of the University's examination procedures; a first progress report will be made in 2015–16.

(ii) *External consultations*

The General Board have responded to two HEFCE consultations on future approaches to quality assessment, which are likely to lead to significantly different national quality assurance arrangements which the University will need to accommodate.

The Competition and Markets Authority has issued

advice for HEIs and undergraduate students to help them understand their obligations (and rights) under consumer protection law. Whilst that advice is based on existing legislation, a new Consumer Rights Act is expected to be passed later in 2015. The implications, particularly in relation to information made available to prospective students, are being addressed with the Colleges.

(iii) *Research*

The Council noted the generally positive outcome of REF 2014 and that all of the 32 submissions made by the University, including 2,088 FTE staff, were assessed to have a grade point average (GPA) above the national average. Performance in some areas was stronger than in others. Cambridge achieved a significant improvement in terms of the percentage of the submissions that were judged to be 'world leading' (4*) and 'internationally excellent' (3*) to 87% on an FTE-weighted basis and, therefore, performed strongly overall, most notably when results were weighted to take into account the very high percentage of eligible staff returned.

The Council noted the General Board's proposals for a detailed review of the results with a view to identifying strengths and weaknesses in order to determine strategy, both at a local level and institutionally, for the next REF. Discipline-specific Advisory Boards with UK and international membership will be established to provide advice on the research and overall academic environment of the discipline concerned.

The Council is also pleased to note that research income has continued to grow to in excess of £395m in a very competitive environment for research funding both within the UK and internationally. The University has enjoyed sustained success in winning new grants and awards with high profile award successes across the Schools.

¹⁰ www.hefce.ac.uk/analysis/yp/POLAR/. Note that the measure is now in its third iteration. Previously targets have been determined using POLAR2; now they are being expressed as POLAR3. This leads to some small variances in the figures used.

(iv) *International engagement*

Through a co-ordinated system between the International Strategy Office, the Schools, and other central offices, the University's international engagement delivered significant achievements.

The University played a leading role in the negotiations in Brussels which led to the reversal of a proposed cut of €220m in the budget of the European Research Council, which would have resulted in 130 fewer ERC awards over the next seven years. The Vice-Chancellor gave widely reported speeches on the role and responsibilities of universities in Europe's revival, and the defining characteristics of a successful 21st century university.

The University is the lead partner in nine UKIERI (UK-India Education and Research Initiative) thematic partnerships. In addition, a Cambridge-Chennai bid was awarded £2.2m for a joint centre on anti-microbial resistant tuberculosis. A conference in Delhi convened by Cambridge on *Nehru and Today's India* received extensive coverage on Indian television. The University and the Indian Ministry of Science and Technology signed an agreement to establish five co-funded early career fellowships between Cambridge and Indian partners, and continued discussions on a UK-India initiative in crop science.

Intervention with two US foundations which were preparing to discontinue or reduce funding for University programmes resulted in the Andrew W. Mellon Foundation confirming funding of US\$2m, on a 1:2 matched basis, towards an endowment for the Centre for Research in the Arts, Social Sciences, and Humanities (CRASSH). The Carnegie Corporation promised an additional US\$1m of funding for the Cambridge-Africa Programme, which was further strengthened by £4m generously awarded by the Alborada Trust.

University employment

(i) *Pay and reward*

(a) *Pay and grading scheme for non-clinical staff*
Work continues to introduce the remaining provisions contained within the Joint Report of the Council and the General Board on amendments to the pay and grading scheme for non-clinical staff. A number of reward exercises have been conducted under the University's current contribution schemes. The Final Market Supplement review group will consider converting remaining market supplements into Advanced Contribution Supplements or Market Pay with effect from 1 January 2016 in accordance with the Joint Report.

(b) *2015-16 pay award*
UCEA made a full and final offer for 2015-16 at the fourth and final New JNCHES negotiating meeting on 12 May 2015. Following the conclusion of the formal dispute resolution procedure set out in the New JNCHES agreement, UCEA advised that implementation of the pay settlement may proceed. The settlement provides for a 1% increase to the spine points on the University of Cambridge single salary spine, except for spine points 9 to 20 where larger increases apply; the increases were approved by Grace 5 of 11 November 2015.

(c) *Living Wage*
Employees on spine point 16 (the lowest point currently used on grade 1) continue to receive a rate of pay in line with the Living Wage, which increased in November 2014.¹¹

(d) *Change to Single Salary Spine*
The lowest contribution points of grades 1, 5, and 6 were converted to service points with effect from 1 January 2015, following agreement at a Special Joint Negotiating Committee of the University and Assistants Joint Board.

¹¹ The Living Wage is an hourly rate calculated according to the basic cost of living in the UK, which is set independently and updated annually.

(e) *Employee benefits: Universities Superannuation Scheme (USS)*

The Council, in its 2013–14 Annual Report, indicated that the future of the USS was likely to be a topic of considerable debate during the current reporting year. USS and UUK announced a consultation exercise with employers in July 2014 to which the Pensions Working Group of the Finance Committee agreed a response. Recognising the importance of the topic to the University as a whole and to individual members of staff, the Council agreed that the proposed changes should be the subject of a Topic of Concern at a Discussion on 28 October 2014, chaired by the Vice-Chancellor.

Between March and May 2015 the University consulted with affected employees on proposals for the reform of USS including the closure of the final salary section, the provision of future benefits on a career revalued benefits basis, and the introduction of a defined contribution section for earnings above a salary threshold. In August 2015, the USS reported on the outcome of the consultation and formally announced changes to the benefits which will take effect from 1 April 2016.

(ii) *Recruitment*

(a) *Immigration*

During March 2015 the UK Visas and Immigration's (UKVI) Higher Education Assurance Team visited the University to conduct an audit of its Tier 2 and Tier 5 Sponsor Licence. Following a comprehensive review of the files of employees and temporary employment service workers across the full range of staff groups, the UKVI confirmed that the University has sufficient processes, procedures, and checking mechanisms in place to satisfy them that the University is meeting its sponsor duties appropriately.

(b) *Web Recruitment System*

The fourth phase of the Web Recruitment System's development was released in February 2015. New features included the ability for departments/institutions to generate offer of

employment letters automatically using the system and to submit new appointment requests and supporting documentation electronically to HR. Between its launch in November 2013 and June 2015, the Web Recruitment System was used for 3,034 vacancies by 142 departments/institutions and received 73,626 job applications.

(iii) *Equality initiatives*

An *Insights on Gender* event was held in July 2015. There was a wide range of speakers from within the University and beyond, and there were reports about a variety of University initiatives including the new REAL (Research for Equitable Access and Learning) Centre and successful outcomes from positive action measures such as the Returning Carers' Scheme.

The Council reported last year on the successful publication and launch of *The Meaning of Success: Insights from Women at Cambridge*. A follow-up summit was held in partnership with the 30% Club,¹² with a view to forming a leadership group and acting as a catalyst for change in the sector. Since the Summit, over 20 universities have joined the 30% Club's National Higher Education Initiative focusing on gender representation and the student experience.

Athena SWAN for Arts, Humanities, Social Sciences, Business, and Law was introduced in April 2015, with first submissions due from November 2015. The Senior Gender Equality Network (SGEN) Champions have been working with the Gender Equality Champions, SWAN leads, and the equality and diversity team to support departments/institutions in planning and compiling their submissions. 87% of Cambridge's STEM staff now work in departments/institutions which hold Athena SWAN awards and the remaining STEM departments aim to submit by the end of 2015, taking participation to 100%.

The Equal Pay Review 2014 noted that the gender pay gap had fallen by 1.8% (from 21.9% to 20.1%) since the last Equal Pay Review in 2012. Over the last six years, the University's gender pay gap has fallen slowly by an average of 0.65% per year. While welcoming this improvement, it is recognised that there remains more to be done.

¹² The 30% Club launched in the UK in 2010 with a goal of achieving 30% women on FTSE-100 boards by end 2015 – currently figures stand at 25.4% up from 12.5%.

The Vice-Chancellor hosted the Annual Race Lecture for Black History Month, delivered by Bonnie Greer OBE and entitled *Don't throw the baby out with the bathwater: Remembering the benefits of multi-cultural Britain*.

(iv) *Personal and Professional Development*

(a) *Academic practice*

The section led the University's successful external review to retain recognition by the European Commission of the University's 'HR Excellence in Research' in supporting the career development of research staff. PPD continued to extend the support which it provides for postdoctoral researchers' personal and professional development, both directly and through collaboration with the Office of Postdoctoral Affairs, the Careers Service, and the Postdocs of Cambridge senior society. In particular, PPD extended its opportunities for postdoctoral researchers to develop capabilities in leadership and collaboration and in teaching.

Places available on the externally accredited Teaching Associates' Programme (for early-career researchers) were extended by 20% and will be extended by a further 20% for 2015-16, to accommodate growing demand. The section also played a leading part in developing initiatives steered by the Joint Teaching and Learning Committee. These initiatives include a successful annual event for directors of teaching and initial development of University web pages for teaching staff.

(b) *Learning and development*

Following its launch last year, the Aspiring Leaders Programme was successfully delivered to the second cohort of participants. The Leadership Essentials programme has been rolled out. A short programme on Managing Successful Change has been developed. A new online course, Leadership Essentials: Management Responsibilities, was launched and a course on Leadership Essentials: Giving Feedback will be launched in Michaelmas Term 2015.

The following leadership programmes have continued to be delivered: Senior Leaders Succession Programme; Leadership Programme for Heads of Institution; Leadership Masterclass series; Level 3 and 5 programmes in Leadership and Management; and the Administrator Development Programme.

To respond to the need for developing the skills of senior generalist administrators a new Strategic Development Programme was piloted during 2014-15.

A project supporting technician training and apprenticeships has also been delivered this year.

(c) *Office of Postdoctoral Affairs (OPdA)*

OPdA was established in 2013 under the Directorship of Professor Chris Abell to improve the experience and provide better support to postdoctoral researchers and enable the University to develop a more proactive approach in engaging with this large and important group of employees. A number of schemes have been launched, generating over 130 (estimated) additional opportunities for postdoc affiliation. Opportunities will be pursued to increase this number in future years.

The OPdA has been considering different approaches to mentoring, in Departments and Faculties, and in Colleges.

The OPdA worked with CUDAR to ensure that postdocs are provided with a similar package of benefits after their departure as alumni currently enjoy. Work has been progressed on a leavers' destination data policy and there is active engagement with industry to explore issues around postdoctoral employment.

The Council, at its meeting on 13 July 2015, received proposals for the establishment of a postdoctoral academy and agreed that there should be further consultation and discussion with a view to bringing back a formal proposal to the Regent House in the course of the 2015-16 academical year.

Cambridge Assessment and Cambridge University Press

(i) Governance

A review group has been established, under the chairmanship of Dr Anthony Freeling, President of Hughes Hall, to define an overarching long-term corporate and governance strategy for Cambridge University Press and Cambridge Assessment respectively, taking into account their existing market position. It is intended that the group will report by the end of the calendar year.

(ii) Cambridge Assessment (CA)

The Council annually receives a report from Cambridge Assessment. The Chair of the Local Examinations Syndicate and the Chief Executive of Cambridge Assessment attended the Council's meeting on 15 June 2015.

They reported on a strong performance in 2013–14: an 8% growth in income to £342m; a surplus of £54m; and £16m transferred to the University. There have been significant achievements in all of the businesses but particularly in Cambridge English, which has grown by nearly 20%. The international business has expanded; over 70% of income now comes from international markets. The UK market remains challenging.

In order to maintain position and performance, CA is investing as follows: in systems' infrastructure; in expanding the portfolio of digital initiatives; in a more extensive and better resourced international network of offices; and in rationalising and improving office accommodation in Cambridge.

CA has a number of important partnerships both within the University and more widely. The most significant external partnership is with the British Council which supports the distribution of CIE's (Cambridge International Examinations) qualifications worldwide.

The development of new office accommodation on the Triangle site is underway with an anticipated occupation date in late 2017 / early 2018. This development will

accommodate all Cambridge-based staff in a single location and provided sufficient space to absorb planned growth.

CA anticipates that income will maintain its current growth rate and that the surplus will grow significantly after a dip in 2015–16 as infrastructural investment peaks. 30% of the annual operating surplus is transferred to the University and applied for capital purposes. The transfer to the University over the next five years is estimated at £130m. There will be continued investment in research, technology, product development, infrastructure, and staff.

(iii) Cambridge University Press (CUP)

The Council annually receives a report from Cambridge University Press. The Chair of the Press Syndicate and the Chief Executive of CUP attended the Council's meeting on 15 June 2015.

They reported that CUP's sales had increased more rapidly than the majority of its competitors. Taking out the impact of fluctuations in foreign exchange, the total growth across the three areas of activity was 5% (to c. £269m) with education sales having risen by 13%. The underlying operating surplus for the year to 30 April 2015 was c. £6.7m. As with CA, 30% of CUP's annual operating surplus is transferred to the University. Digital and blended products and services now account for c. 30% of revenues with blended products and services (ie those bundling together both physical and online formats) showing the fastest growth. There has been further work and progress in the course of the year in improving back office processes, systems, and controls.

Digital and personalised learning services are starting significantly to change the way in which education is accessed and delivered both in schools and in higher education. These developments provide new opportunities for integrated publishing and assessment solutions, particularly in the international market.

There has been significant recent digital development and innovation across all areas of CUP's activities

and frequently in partnership with the University. On the academic side, this includes interaction with individual academics and research groups and with the University Library on matters relating to scholarly communications and open access. There has been engagement with Cambridge Assessment and various academic departments on the development of English Language Teaching (ELT) and educational resources.

However, there continues to be rapid and radical change in the publishing market and CUP operates within a challenging and highly competitive environment. The strength of sterling against most of the major currencies in which CUP operated adversely affected its results, particularly in ELT activities.

In responding to these challenges and in order to provide a platform for future growth, a radical efficiency programme was commenced. This involved: a staffing restructure; streamlining commissioning and production processes; changes to supply chain and manufacturing arrangements; and improving procurement processes. This resulted in exceptional in-year costs but was a foundation for future recurrent savings and a resulting growth in surplus. There would be an increase in the margin from planned sales growth in line with historic performance and driven by investment in digital products and sales and a focus on key markets.

West and North West Cambridge Estates Syndicate

(i) North West Cambridge Development

The Council considers that the North West Cambridge Development is of strategic importance for the University both in the short term and for its long-term future and sustainability. It is vital in ensuring that the University can maintain its global research profile through the provision of affordable and suitable accommodation for newly arrived University and College staff (primarily postdoctoral researchers); extensive academic and commercial research floor space; accommodation for postgraduate students; and local centre facilities to support the new community.

The development will also provide housing and social facilities for the City more generally.

The Council received a briefing at each of its meetings in the past year. Those briefings have focused on infrastructure and building works; procuring lot contracts; negotiation of commercial arrangements for market housing; the supermarket; the hotel; and the provision of local centre facilities including the primary school and the community centre.

A project of the size and complexity of the North West Cambridge Development inevitably presents significant challenges in its delivery. The Council has been informed particularly of problems with the site-wide infrastructure works contract and recent inflationary pressures within the construction market. Concerted effort has been applied and continues to mitigate the impact of these challenges for the Phase 1 works. Phase 1 will meet the strategic aims set for the project by the University. The Council, at its meeting on 13 July 2015, accepted the Finance Committee's recommendation that the Audit Committee be asked to commission an investigation into the governance and management structures for the project. A first report¹³ examining the causes of the problems was published in the Michaelmas Term 2015; a second report with recommendations for the oversight of large-scale developments will be brought back to the Council during early Lent Term 2016.

The first building, which opened on site in September, is the Primary School, the first University Training School at primary level in the country.¹⁴ The School welcomed over 100 local children who took up places in reception, year 1, and year 2. The opening of the School makes a positive contribution to the social and intellectual value of the project, as well as firmly establishing the relationship with the University through the Faculty of Education.

(ii) West Cambridge Development

The West Cambridge Development will enable the establishment of a world-class, well connected research and development environment focused on the physical

¹³ *Reporter*, 6400, 2015–2016, p. 53

¹⁴ See: www.universityprimaryschool.org.uk/

sciences and technology. Again, it is instrumental in maintaining global competitiveness by continuing to attract and retain the world's best academics and researchers, and supporting entrepreneurship and collaboration with industry.

The masterplanning and intensification proposals for the West Cambridge site are underway, and a new planning application will be submitted in the autumn. Subject to transport testing, the new proposals will allow for over 190,000 sq.m. of additional academic development and 155,000 sq.m. of commercial research development.

The proposed development will include:

- new academic faculty and research facilities, and buildings for commercial research organisations and research institutes;
- expansion of the existing Sports Centre;
- additional nursery provision;
- additional amenities for site users;
- an energy strategy to support sustainable energy across the site;
- new and improved open spaces including a linear park and sustainable urban drainage systems;
- extensive sustainable transport measures, including new and improved pedestrian and cycle connections, additional bus routes, implementation of a site-wide travel plan, and co-ordination with the City Deal proposals;
- vehicular access principally from Madingley Road, and new multi-storey car parks.

This masterplan will also enable the redevelopment of the Cavendish Laboratory and integration of the Department of Engineering onto the West Cambridge site.

Development and Alumni Relations (CUDAR)

(i) Performance

(a) Fundraising

New funds raised for the University by the end of the financial year 2014–15 totalled £68.7m.¹⁵ There were thirteen gifts over £1m including three gifts over £5m settled and another two

confirmed to be settled in early 2015–16.

Compared with the previous five years, 2014–15 was the strongest for £1m+ gifts in terms of amount and number raised. The Council is greatly appreciative of all of those who make gifts in support of the University's mission and activities.

The results, at the end of the first full year during which there has been dedicated front-line fundraising support in the Schools and Non-School Institutions, demonstrate the value of the embedded model in forging partnerships between the development and the academic communities. Particular value has been derived through the mutual agreement of fundraising objectives; the establishment of a pipeline of active solicitations; and an uplift in the funds raised.

(b) Alumni engagement

An online best practice resource for University staff working with volunteers has been created and a detailed tracking process of Collegiate Cambridge volunteer opportunities is under way. Agreement has been secured for a central University online application point for all volunteering opportunities.

Global Cambridge: India was attended by 225 alumni and guests. Academics and thinkers from Cambridge and India discussed their work to identify solutions in three areas of global concern: health, education, and society. *Global Cambridge: Germany* was attended by 260 alumni and guests and focused on the UK's future in the European Union.

2014–15 is the first year at which the Alumni Relations team had a presence at each degree ceremony, to welcome our 10,000 graduates each year.

(c) Communications

The theme and visual identity for the new campaign was developed with an external agency, in collaboration with representatives from the Collegiate University. It was approved by the Campaign Advisory Group and Campaign Board

¹⁵ This figure includes only new cash and pledges secured in this financial year.

in June 2015. The agreed theme was rolled out at the public launch in October 2015 supported by a wide-ranging internal and external campaign communications plan.

In terms of internal communications, CUDAR pages were launched on the UAS area of the University website in May 2015 to facilitate sharing of key information.

The annual Report to Donors to Collegiate Cambridge was published in June.

(ii) Campaign

The overall fundraising goal for the new campaign is £2bn for the Collegiate University. Throughout 2014–15, CUDAR was engaged in planning for the public launch of the Campaign in Cambridge on 16–18 October 2015.

The Campaign Board has grown to ten members through the year; the Board will continue to meet termly for the duration of the Campaign. The Academic Fundraising Priorities Working Group has continued to meet to consider the case for support framework and, in consultation with the Heads of Schools and Non-School Institutions, to agree identified needs. The Campaign Advisory Group has met regularly to agree and review key components of the campaign plan and will continue to play a vital role throughout the life of the Campaign.

(iii) Organisational capability and systems

Recruitment has continued across all functional teams including to key senior roles in accordance with the agreed business plan. A Director of Principal Gifts and a Chief of Staff took up post during Michaelmas Term 2014 and a Director of Development for Cambridge University Health Partners started in June 2015. A Director of Development for University–College Relations has been appointed and will take up post in the Michaelmas Term. Sixteen front-line fundraisers were in post by 31 July 2015.

Following a formal procurement process, a new fundraising and alumni relations database has been contracted. The new system is scheduled to go live in autumn 2016 and will facilitate a more collaborative environment through which CUDAR, Cambridge in America, and the Colleges can operate.

(iv) College collaboration

There has continued to be closer collaboration between the Colleges and CUDAR, both formally through the Joint Committee on Development and via informal interaction, across all development and alumni relations functions. The second round of shared prospect meetings is nearing completion (with increased focus on joint fundraising strategy) supported by the shared interim information system, now used widely by all fundraising staff. The first annual joint advancement conference was held in February 2015. Joint collegiate campaign working groups have been formed and work initiated. There have been campaign planning meetings with every Head of House, Bursar, and Development Director.

23 November 2015

L K Borysiewicz, *Vice-Chancellor*

Ross Anderson

Richard Anthony

Jeremy Caddick

R Charles

Anne Davis

Nicholas Holmes

Alice Hutchings

Fiona Karet

Stuart Laing

Mark Lewisohn

Priscilla Mensah

Susan Oosthuizen

Rachael Padman

Shirley Pearce

Michael Proctor

Cornelius Roemer

John Shakeshaft

Susan Smith

Sara Weller

I H White

ANNEX A

Council membership 2014–15

The Chancellor and the Vice-Chancellor

To 31 December 2014	To 31 December 2016	To 31 December 2018
Elected as Heads of Colleges		
Prof. Francis Patrick Kelly, <i>CHR</i> Prof. Dame Jean Thomas, <i>CTH</i>	Prof. Ian Hugh White, <i>JE</i> Prof. Anthony David Yates, <i>R</i> (to 30 September 2015)	Mr Stuart Laing, <i>CC</i> Prof. Susan Smith, <i>G</i>
Elected as Professors or Readers		
Prof. Nicholas John Gay, <i>CHR</i> Prof. Andrew Hopper, <i>TH</i>	Prof. Anne Davis, <i>K</i> Prof. Fiona Eve Karet, <i>DAR</i>	Prof. Ross Anderson, <i>CHU</i> Dr Susan Oosthuizen, <i>W</i>
Elected as members of the Regent House		
Dr Nick Bampos, <i>TH</i> Dr Stephen John Cowley, <i>SE</i> Dr Susan Marian Oosthuizen, <i>W</i> <i>Vacancy</i> (from 1 October 2014)	The Reverend Jeremy Lloyd Caddick, <i>EM</i> Dr David Arthur Good, <i>K</i> Dr Rebecca Julie Lingwood, <i>HO</i> (to 7 September 2015) Dr Margaret Glendenning (from 8 September 2015) Dr Rachael Padman, <i>N</i>	Dr Richard Anthony, <i>ED</i> Dr Ruth Charles, <i>N</i> Dr Nicholas Holmes, <i>T</i> Dr Alice Hutchings (from 3 March 2015)
External members		
Mr Mark Lewisohn, <i>CHR</i> Mr John Shakeshaft, <i>T</i> Dame Mavis McDonald	Ms Sara Weller (from 1 January 2015) Prof. Dame Shirley Pearce	Mr Mark Lewisohn, <i>CHR</i> Mr John Shakeshaft, <i>T</i>
Student members (To 30 June 2015)	Student members (from 1 July 2015)	
Dr Evianne van Gijn, <i>CLH</i> Ms Helen Hoogewerf-McComb, <i>N</i> Mr Richard Jones, <i>JN</i>	Ms Priscilla Mensah, <i>G</i> Mr Cornelius Roemer, <i>T</i> <i>Vacancy</i>	
<i>Secretary: The Registry</i>		

ANNEX B

Statement of Primary Responsibilities

The Council has adopted this Statement of Primary Responsibilities.

The principal responsibilities of the Council are defined by University Statute A IV 1 which reads:

- (a) *The Council shall be the principal executive and policy-making body of the University. The Council shall have general responsibility for the administration of the University, for the planning of its work, and for the management of its resources; it shall have power to take such action as is necessary for it to discharge these responsibilities. It shall also perform such other executive and administrative duties as may be delegated to it by the Regent House or assigned to it by Statute or Ordinance.*
- (b) *The Council shall have the right of reporting to the University. It shall advise the Regent House on matters of general concern to the University.*
- (c) *The Council shall make an Annual Report to the University, and shall initiate and submit a Grace for the approval of the Report by the Regent House.*
- (d) *The Council shall have the power of submitting Graces to the Regent House and to the Senate. The procedure for the submission of Graces shall be prescribed by Special Ordinance.*
- (e) *The Council shall oversee the work of all those institutions in the University which are placed under its supervision, and shall ensure that the University officers assigned to those institutions are satisfactorily performing the duties and fulfilling the conditions of tenure of their offices.*

Pursuant to these responsibilities the Council:

- through its Finance Committee, its Audit Committee, and the Planning and Resources Committee, ensures the University's accountability for the proper use of public funds;
- supervises the financial position of the University through its statutory Finance Committee;
- arranges audit through its statutory Audit Committee;
- conducts legal business and ethical scrutiny, especially in respect of the acceptance of benefactions and investment responsibility, through its Advisory Committee on Benefactions and External and Legal Affairs;
- discharges its responsibilities in relation to the University as an employer through the Human Resources Committee (HRC), a joint Committee with the General Board;
- develops University policy on the advice of the General Board and that of specialist advisory bodies;
- conducts planning and resource allocation through the Planning and Resources Committee (PRC) and the Resource Management Committee (RMC), both joint Committees with the General Board;
- deals with business about buildings and the University estate with the advice of the Buildings Committee (a joint Committee which reports through the PRC), and on the advice of the Finance Committee;
- informs and advises the Regent House through Reports, Notices, and Graces, and through considering remarks made at Discussions;
- conducts the University's relations with Government, HEFCE, other national bodies, and local and regional bodies;
- supports and advises the Vice-Chancellor and, either through him or her or directly, the Pro-Vice-Chancellors;
- supervises University institutions placed under its supervision, particularly through receiving reports, and also through the PRC and the HRC;
- through the Finance Committee exercises financial and some other supervision of Cambridge University Press, the Local Examinations Syndicate (Cambridge Assessment), University-owned companies, and some free-standing bodies such as the Cambridge scholarship trusts;
- pursuant to Act of Parliament, discharges responsibilities for the University Student Unions through its Council Committee for the Supervision of the Student Unions;
- makes (or recommends) senior appointments (including the Vice-Chancellor, Pro-Vice-Chancellors, the Registry and, through its Standing Appointments Committee established by Ordinance, Directors and other senior staff in the Unified Administrative Service);
- monitors risk management, emergency management, and value for money surveillance;
- monitors the implementation of major projects, through special groups and the Information Services Committee, and the Syndicate for the West and North West Cambridge Estates;
- through the work of the Information Services Committee, monitors the provision of IT infrastructure and support;
- keeps University governance and similar matters under review;
- makes a statutory annual report to the University;
- monitors its own performance and effectiveness.

The Council has published the following statement (*Statutes and Ordinances*, 2015, p. 114):

NOTICE BY THE COUNCIL

Statement of intention

In carrying out their functions as the principal executive and policy-making body of the University the Council will consult the Regent House on questions of policy which in the Council's judgement are likely to prove controversial. They will do this by submitting a Grace to the Regent House for the approval of a provisional decision or statement of intention; where appropriate, such a Grace will allow for the expression of a preference between alternative options. The Council will give consideration to remarks made at any Discussion of such matters and to the outcome of any vote on them.

Annual Report of the General Board to the Council

for the academical year 2014–15

Annual Report of the General Board to the Council for the academical year 2013–14

1. Introduction

- 1.1 The General Board present this Annual Report on their work for the academical year 2014–15.
- 1.2 The Board draw particular attention to the following major activities which have engaged the Board, Schools, and institutions during the year:
 - the University's Master's Degree provision (para. 2.1);
 - a national review of future quality assessment arrangements (para. 3.1);
 - the outcome of REF 2014 (para. 5.1);
 - international engagement activities (section 6);
 - successful outcomes of audits by the UK Visas and Immigration Higher Education Assurance Team (para. 9.2).
- 1.3 The Board considered, on a number of occasions during the year, the governance arrangements for Schools, Faculties, and Departments. They will be consulting on these matters in the Michaelmas Term 2015.

2. Teaching and learning, and quality assurance

- 2.1 Both the National Student Survey (NSS) and the Postgraduate Taught Experience Survey (PTES) were conducted in 2014. Whilst the overall satisfaction rate in the NSS was, at 91%, one percentage point lower than the previous year, it was amongst the highest of the Russell Group institutions and considerably higher than the sector average. The Board are, however, not complacent (a number of other universities have improved their scores considerably) and, through their Education Committee, have continued to engage Faculties and Departments in analysis of the results, particularly those institutions where satisfaction rates were lower than the University average.

In 2014 78% of postgraduate taught students declared (through the PTES) that their expectations had been met. That rate was lower than both the Russell Group and sector

averages and reinforced the Board's interest in enhancing this particular aspect of the University's educational provision. Steps have been taken to improve the quality and consistency of the information available to prospective Master's Degree students. The Board have asked each School to review taught Master's Degree provision within its institutions; reports from the Schools will be considered in the Michaelmas Term 2015. The Board, with the support of the Colleges, authorised a pilot scheme whereby M.Phil. Degree students commencing in October 2014 were invited to provide a self-assessment of their experience and progress. The response rate (58%) and the success of the pilot have justified rolling the scheme out to all Master's Degree students with effect from the Michaelmas Term 2015. In another initiative in this area, the Board reported to the University, in July 2015, on examination arrangements for the M.Phil. Degree (*Reporter*, 6394, 2014–15, p. 762) to provide separate, but more coherent, examination frameworks for those M.Phil. Degrees based primarily on research and examined by means of a dissertation and oral examination only and those with other formally assessed components.

- 2.2 The Board's Education Committee has introduced regular meetings with Directors of Teaching (or their equivalent) across the University, one of which has contributed to the development of the Board's next Learning and Teaching Strategy, for 2015–18, which will be finalized and published early in the Michaelmas Term 2015. The Pro-Vice-Chancellor (Education) has taken steps to strengthen the Board's Education Committee's Teaching and Learning Sub-Committee, reinforcing the joint interest of the University and the Colleges in this area, as well as establishing working groups to look at student workload, and to look at shared academic spaces in part to ensure that teaching and learning considerations are fed into the decision-making process for the University's estate.
- 2.3 As part of the Board's rolling programme of Learning and Teaching Reviews, the following

institutions were reviewed in 2014–15: the Faculty of Modern and Medieval Languages; the Departments of Engineering, Land Economy, and of Plant Sciences; the Institute of Astronomy; and the Computer Laboratory. During the year the Education Committee considered responses to reviews of the following institutions: the Faculties of Architecture and History of Art, and of Classics; and the Departments of Geography and of Physiology, Development, and Neuroscience. The Education Committee, in addition to its customary one-year follow-up to monitor progress made in implementing recommendations arising out of Learning and Teaching Reviews, gave particular on-going attention in this area to the Faculties of Economics and of Education. These led to broad agreement between the Education Committee and those Faculties on steps to be taken in relation to their educational provision. The Education Committee is also reviewing the Learning and Teaching Review process as a whole to ensure both that it remains fit for purpose and that the load falling on reviewed institutions is proportionate.

The Board also considered annual presentations from the Directors of the Institute of Continuing Education (ICE), the Fitzwilliam Museum, and of Kettle's Yard, focussing particularly on their contributions to the University's teaching and research. The Board, through their Education Committee, endorsed a strategic report from the Board of Executive and Professional Education which made recommendations regarding the development of these particular streams of the University's educational provision. (That report can be found at www.epe.admin.cam.ac.uk/files/swg_discussion_paper.pdf.) Finally, the Board reported to the University on future arrangements for the Centre for Applied Research in Educational Technologies (CARET) (*Reporter*, 6391, 2014–15, p. 644), the recommendations of which were approved by the Regent House. The Board's next Learning and Teaching Strategy (see 2.2 above) will include a Digital Strategy for Education.

3. External scrutiny and stakeholder engagement

- 3.1 The Board have responded, through their Education Committee, to two consultations from HEFCE on future quality assessment arrangements. Those responses have emphasised that: institutional autonomy should not be undermined; a uniform quality assurance system covering all types of provider within the sector is no longer appropriate; any future system which endeavoured to ensure full comparability of provision at all levels and between all institutions within the sector was unlikely to succeed; the external examining system remained an important means of ensuring quality, but any move to compile a register of 'approved' and 'trained' external examiners was likely to be counterproductive; any future system should not cause a proliferation of additional data requirements; and the number of bodies involved in quality assurance nationally should be kept to a minimum. In connection with the last point, the Board await a consultation (due in the Michaelmas Term 2015) from the Department of Business, Innovation, and Skills regarding a future 'Teaching Excellence Framework'.
- 3.2 Following publication by the Office of the Independent Adjudicator of its 'Good Practice Framework for handling complaints and academic appeals' in December 2014 (www.oiahe.org.uk/providers-and-good-practice/good-practice-framework.aspx), work has been undertaken to review the University's Student Complaints Procedure and the procedures for handling examination representations, to review the extent to which these procedures meet the OIA's framework. Proposed changes to these procedures will be considered in the Michaelmas Term 2015. In response to the Competition and Markets Authority's (CMA) advice on 'Higher Education: consumer law advice for providers and students' (www.gov.uk/government/collections/higher-education-consumer-law-advice-for-providers-and-students), the Board have, in consultation with the Colleges, undertaken a

review of the information made available to prospective undergraduate students with regard to the Undergraduate Prospectus, admissions web information, and what the CMA regards as 'Terms and Conditions'. As part of that response, information specific to Cambridge undergraduate education was issued to all those whose offer of admission was confirmed for October 2015. Additional steps will be taken once the outcome of a CMA Audit of the sector is known in the Michaelmas Term 2015.

- 3.3 The University successfully negotiated with the Office for Fair Access (OFFA) a new access agreement for 2016–17 which, following negotiations with its Director, resulted in the following undergraduate admissions targets: a state sector target of 62–64%; a target of 10–13% for students from POLAR quintiles 1 and 2 (ie the 40% of postcodes which have the lowest participation rates in higher education); a minimum commitment to offer 600 places on summer schools each year; and a non-continuation target of 2.1%.

4. Degrees, courses, and examinations

- 4.1 During the course of the year, the Board have approved amendments to the regulations for the Degrees of Bachelor of Medicine and the Bachelor of Surgery, arising from revisions to the teaching programme, modes of assessment, and the maximum period within which a candidate can complete the programme, and substantial amendments to the Computer Science Tripos (to take effect from October 2017). They also approved a change of title to the Theology and Religious Studies Tripos, with effect from October 2017, to Theology, Religion, and Philosophy of Religion. Substantial work has been undertaken in consultation with the Schools of the Arts and Humanities and the Humanities and Social Sciences regarding new Triposes: Reports to the Regent House will be presented in the Michaelmas Term 2015. The Board have approved new M.Phil. programmes

in Basic and Translational Neuroscience, and in Genomic Medicine. A new M.Res. programme in Management Studies was also approved, as were M.St. programmes in Genomic Medicine, Social Innovation, Clinical Medicine, and Real Estate. A number of new 'non-member' awards, at Certificate or Diploma level, were approved in a range of subjects including Astronomy, Creative Writing, English Medieval Studies, and Sustainability Leadership.

- 4.2 The Board, with the Board of Examinations, have launched a fundamental review of various aspects of University examinations, details of which were published in a Notice of 29 July 2015 (*Reporter*, 6395, 2014–15, p. 820). A first report arising out of that review is scheduled for 2015–16.

5. Research

- 5.1 The Board are pleased to report the very positive outcome of REF 2014, the results of which were published by HEFCE on 17 December 2014. HEFCE reported that over 52,000 academic staff were returned across 154 UK universities, with the submissions being evaluated by a series of panels comprising UK (and a small number of international) experts, and external users of research. Overall, the panels judged 30% of the submitted work to be 'world leading' (4*) and a further 46% to be 'internationally excellent' (3*). The quality of research outputs was found to have improved significantly since RAE 2008 with 22% of research outputs in the REF being judged to be of 'world-leading' (4*) quality, up from 14% in 2008. A further 50% of outputs were judged to be of 'internationally excellent' (3*) quality, up from 37%. The submissions to REF 2014 were assessed under the headings 'outputs' (65%), 'environment' (15%), and 'impact' (20%), and a significant number of Units of Assessment (UoAs) in RAE 2008 were consolidated into more broadly-defined units in REF 2014.

- 5.2 Within this context, the Board were pleased to note that Cambridge had made 32 submissions (containing 2,088 FTE) and that all Cambridge submissions were assessed to have a grade point average (GPA) above the national average for that UoA. As calculated on an FTE-weighted basis, 47% of the Cambridge submissions were judged to be 'world-leading' (4*), increased from 32% in RAE 2008, and a further 40% to be 'internationally excellent'. The Board considered the Cambridge performance by UoA and concluded that there were many excellent and very good performances across the University. The University also performed strongly in the various league tables that were published following the REF, most notably when results were weighted to take into account the ratio of staff submitted to the REF against the number of staff employed by the University and therefore potentially eligible for submission to the REF.
- 5.3 The Board also acknowledged that while it was important to celebrate and recognise the successful outcome of REF 2014, the University must seek continued improvement in assessments of this type. As is their normal practice, the Board, in consultation with the Schools, will be undertaking further work to analyse the outcome, and to support the continued development of the University's Research Strategy.
- 5.4 Following consultations with the Schools, the Board endorsed a proposal to convene external advisory boards and discipline-based reviews, designed to provide comprehensive coverage of research at Cambridge over the four year period 2015–16 to 2018–19.

The Board also gave consideration to governance arrangements for the REF 2020, and their REF Working Group identified a number of key actions including the establishment of a provisional governance structure for the management of activities leading up to the expected REF 2020 exercise.

- 5.5 The Board are pleased to report that research income has continued to grow to in excess of £410m in what continues to be a very competitive environment for research funding within the UK and internationally. The University has also enjoyed sustained success in winning new grants and awards in excess of £430m with high profile award successes across the Schools.

6. International engagement

- 6.1 During 2014–15, the University continued to develop and implement what is currently acknowledged, in the UK and overseas, to be one of the most effective institutional strategies for international engagement.
- 6.2 The University has maintained its position as the most visible and active UK university in Europe, taking a central role in the political negotiations surrounding proposed cuts to the Horizon2020 budget. The Vice-Chancellor led Russell Group and UK delegations to argue for the importance of 'excellent science' as the foundation of Europe's future prosperity. With the support of the European Parliament, €500m of proposed cuts to the Horizon2020 budget were reversed.

Further indications of Cambridge's leading role in Europe have included: the submission of 16 bids, involving five Schools and Cambridge Enterprise, under the Twinning instrument of Horizon2020; the announcement by the German Academic Exchange Service (DAAD) of an investment of €1m over five years to create a Research Hub in the arts, humanities, and social sciences; and the commencement of discussions with the Max-Planck Society, with a view to developing a strategic relationship.

- 6.3 EU research funding remains important to the University, but significant challenges remain, arising, for example, from the priorities of the new Commission, reduced success rates in EU-funded programmes, and a referendum on the UK's membership of the EU.

- 6.4 In May 2015, the Indian Minister of State for Science and Technology signed an agreement to establish five, fixed-term early career fellowships, co-funded by the University and the Government of India. In addition, the first NCBS-InStem-Cambridge postdoctoral fellows, funded by the National Centre of Biological Sciences in Bangalore, are also expected to take up their posts in 2015–16, working in departments in the Schools of the Biological Sciences and of Clinical Medicine. The University's partnership with India will be further strengthened by the award of £2.2m to a Cambridge-Chennai bid for a joint centre on anti-microbial resistant tuberculosis.
- 6.5 The Cambridge-Africa Programme secured renewed funding from philanthropic sources, and has begun to develop a five-year strategy to expand its programmes and activities.
- 6.6 Last year's signs of increasing interest in engagement by China have been borne out with a number of approaches by different Chinese bodies seeking access to intellectual property emerging from the University on a commercial basis. The International Strategy Office held a China Forum to enable University institutions and the Colleges better to assess the opportunities and risks.
- 6.7 A more strategic approach to strengthening the University's relationships with partners in the USA is being pursued. Discussions with Georgetown University stimulated a partnership with the REAL Centre at the Faculty of Education in the area of girls' education. The Andrew W. Mellon Foundation confirmed funding of \$2m towards an endowment for the Centre for Research in the Arts, Social Sciences, and Humanities (CRASSH), and the Carnegie Corporation of New York renewed its funding for the Cambridge-Africa Programme. Further concerted engagement will be required to position Cambridge as a leading university among potential US-based partners and funders.

7. Planning and resources

- 7.1 The Board oversee planning and resource allocation matters through the Planning and Resources Committee (PRC), a joint Committee of the Council and the General Board. A significant proportion of the PRC's work during the course of the year is the preparation of the University Budget and five-year financial forecasts, which are reported in detail in the Report on the Financial Position of the University (the Budget Report). Although the forecasts for the coming five years show a small surplus planned on the Chest in most years, this remains well below the level needed for long-term sustainability; accordingly the University's finances remain, as reported last year, finely balanced. Indeed, the projection for 2015–16 is for a small deficit on the Chest.
- 7.2 The planning horizon continues to be dominated by a number of financial risks. On the income side, there remains a great deal of uncertainty concerning future levels of government funding for teaching and research, whilst on the expenditure side cost pressures on major items including pay, pensions, energy costs, and construction costs are likely to continue for the foreseeable future. The PRC has issued guidance for the next Planning Round which again allows for a prudent 1% increase in allocations to institutions.
- 7.3 The Board reported in their previous Annual Report that attention had been given to ensuring that Chest-derived reserves held by Schools were being appropriately deployed to support teaching and research, as opposed to continuing to accumulate. The accounts for 2013–14 showed that, in aggregate, such reserves had reduced slightly. Understanding the reasons why Schools hold reserves, and striking an appropriate balance between accumulating reserves and using them to make strategic investments in academic activity, remains a continuing theme of the Planning Round.

- 7.4 The Board note that the appetite for capital investment in buildings remains high, with major academic developments planned at the Cambridge Biomedical Campus, the New Museums site, the Old Addenbrooke's site, and West Cambridge – the last now including both the re-provision of the Cavendish Laboratory and the move of the Department of Engineering.
- 7.5 The Board continue to monitor, through the PRC, the cost of providing an undergraduate education at Cambridge. A robust model for understanding the University's costs has been agreed, and the calculation is monitored by a small working group which includes student representation. Work to improve the understanding of College costs has made good progress during the year.

8. Establishment of new senior positions

- 8.1 The Board proposed the establishment (or re-establishment) of the following senior positions, in some cases supported by generous benefactions or other external funds:
- Professorship of Finance, in Judge Business School;
 - Professorship of Management Accounting, in Judge Business School;
 - Professorship of Molecular Endocrinology, in the Department of Clinical Biochemistry;
 - LEGO Professorship of Play in Education, Development, and Learning, in the Faculty of Education;
 - Janeway Professorship of Financial Economics, in the Faculty of Economics; and
 - Professorship of Respiratory Science, in the Department of Medicine.

9. Human Resources

- 9.1 During 2014–15 the Shared Parental Leave policy was introduced, providing options for new parents to manage leave arrangements during the first year of their child's life. Significant

progress has been made in the development of an Organisational Change policy, and work has commenced to improve current disciplinary, grievance, and appeal procedures.

- 9.2 The University was audited by the UK Visas and Immigration Higher Education Assurance Team during March 2015. The University received a positive endorsement of its compliance procedures, thus maintaining the University's Tier 2 and Tier 5 Sponsor Licence. A Tier 4 audit (for students) also led to a successful outcome.
- 9.3 The national pay settlement was delayed due to formal dispute procedures at national level. Amendments to the single salary spine were made to convert the lowest contribution points of grades 1, 5, and 6 to service points with effect from 1 January 2015. Following an increase in the rate of the Living Wage, measures were put in place to ensure those staff paid on spine point 16 remained in line with the revised rate.
- 9.4 The *Insights in Gender Event* in July 2015 marked the end of a year of significant activity in progressing gender equality. A wide range of speakers reported on positive measures such as the Returning Carers Scheme. Partnering with the 30% Club, an event was organised to engage senior leaders in academia in discussing changes needed in HE to support women's careers. Since that event over twenty universities have joined the 30% Club Higher Education Initiative, focussing on gender representation and the student experience. The University received its Athena SWAN silver award 2014, recognising its commitment and work on gender equality, representation, and success. Athena SWAN for the Arts, Humanities, Social Sciences, Business, and Law was introduced in April 2015.
- 9.5 A successful bid was made to retain European Commission recognition of the University's *HR Excellence in Research* in supporting the development of research staff. The *Teaching Associates' Programme* for early career researchers was extended to meet increasing demand.

The *Leadership Essentials Programme* has been introduced to enhance skills in managing others. An extension of that programme, *Managing Successful Change*, has been developed. The *Strategic Development Programme* was piloted during the year to provide skills development for senior generalist administrators. The technician training and apprenticeship project has made significant progress during the course of the year, and work to support career pathways for library staff has been completed.

- 9.6 The Office of Postdoctoral Affairs (OPdA) has continued to grow as a focus for the postdoctoral community. Work on effective mentoring for postdoctoral workers has been trialled and a series of activities now provide support and opportunities for development. Active engagement with industry to explore employment issues has been a significant theme, and the Office's Director has taken a lead role in developing the vision for a Postdoctoral Academy.

10. Health and Safety

- 10.1 The Occupational Health and Safety Service (OHSS), consisting of the merged departments of the Safety Office, Occupational Health Service, and Staff Counselling Service, continues to prioritize the provision of risk-focused support, including advice, training, environmental monitoring, work-related clinical health services, and counselling to University institutions and their staff. Oversight of governance remains the responsibility of the Health and Safety Executive Committee (HSEC), chaired by the Senior Pro-Vice Chancellor.
- 10.2 There have been no significant changes in relevant health and safety legislation during 2014-15. However, the Health and Safety Executive (HSE) continues to review its policies and Codes of Practice, while OHSS continues to ensure University policies and procedures remain effective and proportionate. A new website was launched which simplifies access to all the support functions of the service.

- 10.3 Key contracts held by OHSS for specialised services in hazardous waste disposal were renewed on the basis of continued high quality of service to Departments, assured compliance with statutory requirements, and good value.

- 10.4 The close working relationship between Estate Management (EM) and OHSS has continued to deliver an enhanced audit/inspection programme for building projects, contractor oversight and Duty of Care visits, and comprehensive health and safety training programmes for EM staff.

- 10.5 The Staff Counselling Service became fully integrated into OHSS. The demand for the service has increased during 2014-15, in line with national trends; however the Head of Staff Counselling has implemented various improvements to the service including triage prioritisation to maximise counsellor time and resource, although additional counsellors are being recruited to maintain service provision.

- 10.6 The Report to the General Board on the Governance of Animal Research, completed in summer 2014, identified no failings in compliance but recommended restructuring to bring University Biomedical Services within the UAS as part of a new unified Division of Health, Safety, and Regulated Facilities.

4 November 2015

L K Borysiewicz, *Vice-Chancellor*

Philip Allmendinger

Robert Cashman

Anne Davis

Abigail Fowden

Robert Kennicutt

Patrick Maxwell

Martin Millett

Rachael Padman

Richard Prager

Helen Thompson

Graham Virgo

Chris Young

Reports and Financial Statements

for the year ended 31 July 2015



UNIVERSITY OF
CAMBRIDGE

Reports and financial statements for the year ended 31 July 2015

Financial review	29
Corporate governance	40
Members of the Council	42
Statement of public benefit	43
Statement of internal control	45
Statement of the responsibilities of the Council	46
Independent auditors' report to the Council	47
Statement of principal accounting policies	49
Consolidated income and expenditure account	54
Note of consolidated historical cost result	55
Consolidated statement of total recognised gains and losses	56
Balance sheets	57
Consolidated cash flow statement	58
Notes to the accounts	59

Financial review

Preliminary

The commentary that follows is intended to give the readers of the financial statements an overview of the finances and operations of the University group, including Cambridge Assessment and Cambridge University Press. It should be read in conjunction with the Annual Report of the Council and the Annual Report of the General Board to the Council for the academical year 2014–15, which are published alongside these financial statements. The financial position of the teaching and research activities of the University may be seen more clearly in the Financial Management Information published in the *Reporter*. Further detailed information about the finances and operations of Cambridge Assessment and Cambridge University Press is given in the annual reports of those entities which are also published.

Scope of the Financial Statements

The consolidated financial statements cover the teaching and research activities of the University, its subsidiary companies which undertake activities which for legal or commercial reasons are more appropriately carried out by limited companies, Cambridge Assessment and Cambridge University Press and their subsidiary companies and joint ventures, the Gates Cambridge Trust, and certain other Trusts (the 'Associated Trusts').

Cambridge Assessment and Cambridge University Press are constituent parts of the corporation known as the Chancellor, Masters, and Scholars of the University of Cambridge. Cambridge Assessment's primary work is the conduct and administration of examinations in schools and for persons who are not members of the University. Cambridge University Press is the publishing house of the University dedicated to publishing for the advancement of knowledge, education, and learning worldwide.

The Gates Cambridge Trust and the other Associated Trusts are separately constituted charities. They are deemed to be subsidiary undertakings of the University since the University appoints the majority of the trustees of each Trust. The purposes of these trusts are to support the University by enabling persons from outside the United Kingdom to benefit from education in the University by the provision of scholarships and grants and otherwise.

Mission

The mission of the University of Cambridge is to contribute to society through the pursuit of education, learning, and research at the highest international levels of excellence.

Its principal activities are teaching and learning, research, stewardship of collections and ancient buildings, and the assessment and publishing activities carried out by Cambridge Assessment and Cambridge University Press.

Funding

The sources of income of the University are:

- The government, which, through the Higher Education Funding Council for England (HEFCE), provides a block grant for teaching and a grant for research, determined by the quality and volume of research as assessed through the Research Excellence Framework.
- Students through fees charged for instruction and facilities.
- Research income from publicly funded Research Councils, charitable foundations, the European Union, and collaborations with the private sector.
- Benefactions and donations for current use.
- Investment income from our accumulated endowment and other assets.
- Income from services provided to external customers, including the customers of Cambridge Assessment and Cambridge University Press.
- A small but increasing income from commercialization of intellectual property.

Accounting for endowment and investment income

The main investment pool generating endowment and investment income is the Cambridge University Endowment Fund (CUEF). The CUEF is managed on a total return basis, such that the amount distributed for budgetary expenditure is determined by a formula that has regard to the total return reasonably to be expected in the long term. The CUEF's portfolio is largely invested indirectly through fund managers with the intention of maximizing total investment return. A substantial proportion of the CUEF's current investments yield little or no income in the form of dividends, interest, or rents. In the year ended 31 July 2015, distributions by the CUEF exceeded the income received from its underlying investments by £69m (2014: £66m), the balance of the distributions being funded by drawing on long-term capital growth.

In these financial statements total endowment and investment income includes the income from CUEF's underlying investments rather than the distributions made by the CUEF. The impact is that endowment and investment income is £69m less than it would have been had it been based on distribution, with a corresponding increase in capital gains (reflected in the statement of recognised gains and losses). For the individual trust funds and other endowment funds that have invested capital in the CUEF, the full distribution remains available as income.

Financial performance for the year

Included in the current year is recognition in income of Research and Development Expenditure Credit (RDEC) claims submitted to HMRC in respect of the University's qualifying research expenditure for the period from April 2013 to 31 July 2015, the date at which universities ceased to be eligible for the RDEC scheme. The RDEC income is disclosed as an exceptional income in the Consolidated Income and Expenditure account. The income is taxable.

The consolidated results for the year ended 31 July 2015 are summarised in Table 1, giving in addition the position excluding RDEC income.

<i>Table 1</i>	2014–15	2013–14	Change
	£m	£m	%
Income	1,638	1,504	+8.9%
Expenditure	(1,613)	(1,510)	+6.8%
Surplus / (deficit) before tax	25	(6)	
Taxation	(12)	–	
Transfer from restricted endowments	48	50	
Surplus for the year retained in general reserves	61	44	
Net assets	3,561	3,177	+12.1%

Corresponding figures *excluding* RDEC income are:

	2014–15	2013–14	Change
	£m	£m	%
Income excluding RDEC	1,584	1,504	+5.3%
Expenditure	(1,613)	(1,510)	+6.8%
Deficit before RDEC income (before and after tax)	(29)	(6)	

The consolidated position is built up from the University's three main segments: its core academic activities and the assessment and publishing activities carried out by Cambridge Assessment and Cambridge University Press respectively. Within the group there are a number of intra-group transactions, principally the financial and other support for the University's academic activities made by both Cambridge Assessment and Cambridge University Press. Table 2 gives segmental information.

Table 2

		Income £m	Expenditure £m	Surplus / (deficit) £m
Results by segment	Education and research	1,015	1,031	(16)
	Cambridge Assessment	369	336	33
	Cambridge University Press	297	272	25
	Financial support of the University by Cambridge Assessment	(17)	(17)	–
	Financial support of the University by Cambridge University Press	(25)	–	(25)
	Pension scheme and other adjustments	(1)	(9)	8
		1,638	1,613	25

The University's Research grants and contracts income increased by £26m (+6.9%) to £397m, with increases in all categories of research sponsors. Included as research income but disclosed separately is RDEC income which, as noted above, is exceptional in nature and derives from the University's research at a rate of 10% of qualifying research and development expenditure. The cumulative claim including the estimated claim for 2014–15 totals £54m on which £12m corporation tax is payable. The University ceased to be eligible to claim for RDEC on expenditure after 31 July 2015.

Academic fees increased by £19m (+9%) with a further year of undergraduate fees at the higher rate of £9,000 and increased fees for postgraduate courses. The increase in fees was offset somewhat by a further reduction of £9m in recurrent grant from HEFCE.

Examination and assessment services are carried out by Cambridge Assessment through its three exam boards: Cambridge English Language Assessment, Cambridge International Examinations, and Oxford Cambridge and RSA Examinations (OCR). Total income increased to £367m (+8%). The international and English language assessment business streams were particularly strong and over 70% of assessment income now comes from international markets. However the UK market remains challenging as a result of changes in national policy on qualifications. Cambridge Assessment transferred £17m (2014: £16m) in the year in support of the University's education and research activities.

Cambridge University Press is the University's publishing arm and furthers through publication the University's objective of advancing learning, knowledge, and research worldwide. It collaborates with Cambridge Assessment where appropriate, notably in English language materials and testing. The Press is organised into three main streams: Academic books and journals, English language teaching (ELT) materials, and Education publishing. The Press operates globally and most of its sales are made in currencies that have continued to weaken against the pound, which has again held back growth in sterling reported revenues. Underlying growth in constant currency was 5%, reflecting strong growth in ELT and Education, and growth in Academic publishing.

The University receives and generates significant Other income, including from various services

provided to external customers, contributions from Health and hospital authorities, income from intellectual property managed primarily through Cambridge Enterprise Limited, unrestricted donations of £13m (2014: £13m), and rents from its non-operational properties.

The endowment and investment income provided by the University's financial investments, primarily in the Cambridge University Endowment Fund, are an increasingly important component of the University's funding mix. As explained above and in Note 7 to the accounts, the distribution (available for spend) by the CUEF exceeded the income received in the year from its underlying investments by £69m. On a 'distribution basis' endowment and investment income is £95m (2014: £90m).

Change in financial position

Table 3 gives the movement in net assets showing the capital flows into the group analysed into its three main segments, and the impact of changes in the values of investment assets.

Table 3

Movement in net assets

	Education and Research £m	Cambridge Assessment £m	Cambridge University Press £m	University Assistants Pension Scheme £m	Total £m
Net assets at 31 July 2014	3,085	400	31	(339)	3,177
Surplus / (deficit) before tax	(16)	33	–	8	25
Tax charge on RDEC income	(12)	–	–	–	(12)
Currency adjustments	–	–	(4)	–	(4)
New endowment capital	27	–	–	–	27
External funding for capital expenditure	53	–	–	–	53
Actuarial loss on retirement benefits	–	–	(14)	(20)	(34)
Increase in investment values	300	28	1	–	329
Net assets at 31 July 2015	3,437	461	14	(351)	3,561

Net assets for the University Group increased by £384m (+12%). New capital receipts for endowment and for capital expenditure in aggregate £80m were received and the investment portfolio made substantial gains in a favourable year for investment markets. Continuing low interest rates, used as the basis for valuing pension liabilities, led to an actuarial loss arising from accounting for the Group's pension schemes on an FRS17 basis.

Capital expenditure programme

The University continues its investment in refreshing, renewing, and expanding its academic estate and equipment and in the physical facilities and IT infrastructure for Cambridge Assessment and Cambridge University Press. This continual investment in infrastructure is essential if the University is to remain globally competitive.

Capital expenditure on land and buildings in the academic estate totalled £153m made over a large number of individual projects, with the principal areas of expenditure being a new building for Chemical Engineering and Biotechnology and the Maxwell Centre, both on the West Cambridge site, the David Attenborough Building (home of the Cambridge Conservation Initiative), and various buildings on the Addenbrooke's site. Capital expenditure on equipment for academic purposes and for IT systems totalled £22m.

Cambridge Assessment continued its investment in IT software and equipment and has commenced construction of a new headquarters building in Cambridge on land transferred from the Cambridge University Press. Cambridge University Press also continues its investment in business systems.

North West Cambridge

The University is developing its site at North West Cambridge. The development will help the University to maintain its global research profile through the provision of affordable and suitable accommodation for University and College staff (primarily postdoctoral researchers), academic and commercial research space, accommodation for postgraduate students, and local centre facilities to support the new community. The development will also provide housing and facilities for the City more generally. The development will add to the long-term strategy of the University in allowing further expansion of academic activities. The market housing, and retail and commercial developments contribute significantly to the viability of the development.

The main construction of the first phase of the development commenced during the year. This phase will provide over one third of the ultimate residential accommodation on the site, as well as local centre facilities to help establish a quality of place and sense of community from the outset. This phase will include 530 homes for University and College key workers, 325 postgraduate student rooms, land for 700 units for market sale, a local centre (including food store, shops, primary school, doctors' surgery, community centre), and other related facilities, open space, and infrastructure.

Recent inflation pressures within the construction industry and other challenges of a project of the size and complexity of the development have caused an increase in the projected investment required in the early stages of the development, but the development remains financially attractive while delivering on its strategic aims.

Endowment and other investments

The University's endowment and other investments support posts and activities and give important financial assistance to students. The investment assets are managed in three principal pools:

(i) Cambridge University Endowment Fund (CUEF)

The majority of fixed asset investments and endowment assets are held in the CUEF, which is managed by the University's Investment Office with the advice and oversight of the Investment Board. Colleges and other charities linked with the University are permitted to invest in the CUEF, to gain from its scale, diversification, and professional management. The Gates Cambridge Trust and Associated Trusts are substantially invested in the CUEF, and a number of Colleges have made investments.

The CUEF's long-run investment objective is to achieve or exceed an average annual rate of total return (ie income and net capital gains), net of all costs and before distributions are taken into account, equal to RPI plus 5.25%, such that after the distributions for expenditure are taken into account the capital is maintained in real terms. A further objective is to manage judiciously the risk taken in order to meet the total return objective by utilising diversification of investment strategies, of investment asset classes, and of investment managers.

The amount distributed for expenditure in the operating budget is determined by a formula based on underlying capital values combined with factors which smooth the rate of spending changes from year to year, allowing a degree of certainty for planning purposes.

During the year ended 30 June 2015 the CUEF had an investment return of 14.2% (2014: 10.4%). After payment of distributions to investors the unit value increased by 10.2% (2014: 6.4%). The Fund has returned an annualised 12.2% return over a rolling five-year period, which compares favourably to the long-term investment objective of 8.2% p.a.

The value of the CUEF at 30 June 2015 was £2,533m (2014: £2,291m). The asset allocation and investment selection in the Fund is aimed at optimising the expected future long-run total return bearing in mind expected future volatility. The CUEF's asset allocation, which is discussed further in note 27 to the Accounts, at that date was:

Public equity	60%
Private investment	9%
Absolute return	14%
Credit	2%
Real assets	10%
Fixed interest/cash	5%

The CUEF maintained a dominant core allocation to public equity markets, with diversification achieved through investment in other asset classes such as direct property, private debt, and absolute return, all of which contributed positively to the overall return in the year. The CUEF's modest allocations to liquid credit markets and real assets outside of real estate were a minor drag on performance. Broad asset allocation did not change markedly over the year; however small reductions were made to public equity allocations to permit an increase in absolute return and fixed interest.

(ii) Money market investments

The majority of the University and Group current asset investments are invested in the deposit pool. This pool is managed by the Finance Division according to guidelines on diversification, exposure, and credit quality agreed by the Finance Committee. The investments are principally short-term deposits with banks and similar institutions.

(iii) Other investment assets

Some long-term investments are held outside the CUEF including certain investment properties in Cambridge, other securities, and equity investments in spin-out companies overseen by the University's technology transfer company Cambridge Enterprise.

Public Bond

On 17 October 2012 the University issued £350m of 3.75% unsecured bonds due October 2052. The bonds are listed on the London Stock Exchange. The net proceeds of the issue of £342m are for general corporate purposes, including investment in research facilities, accommodation, and other assets. Pending application to the capital programme and in the North West Cambridge development the funds raised are invested in the CUEF and other investment vehicles, and to date the investment returns have exceeded the interest cost of the bonds.

The University is rated Aaa (stable) by Moody's Investor Services.

Staff costs and pensions

Staff costs make up 47% of the University group's total cash operating expenditure and 56% in respect of the University's education and research activities (which comprise almost three-quarters of the total group staff costs). Total staff costs increased by 9.2% over the prior year to £710m with the major part being the continued growth in research grants and contracts activity and business growth of Cambridge Assessment, set against continuing pay restraint in the current uncertain economic conditions.

The costs and risks of the pension schemes to which the University is exposed remain of concern. The Universities Superannuation Scheme (USS) is a major exposure for the University. The deficit of the USS is not reflected in the University's balance sheet; in future years the present value of agreed deficit recovery payments will be recognised as a liability with the introduction of Financial Reporting Standard 102. Changes to USS benefits in respect of future service will be effective from 1 April 2016 and will assist in making the scheme affordable and sustainable. The University's contribution to the USS will increase from 16% to 18% from that date.

The University group has three other major schemes: the Cambridge University Assistants' Contributory Pension Scheme (CPS) for assistant staff, and two schemes for staff of the Cambridge University Press. The CPS is a hybrid defined benefit scheme with a Defined Contribution component and remains open to new joiners and to future accrual. The University is making

deficit-recovery contributions to the scheme of £14.6m per annum for fourteen years commencing August 2011. The Cambridge University Press defined benefit schemes are closed to new joiners and are subject to a recovery plan projecting an aggregate deficit contribution of £47.6m over the nine years to 2022.

The CPS and the Press's schemes, being single-employer schemes, are included in the financial statements following Financial Reporting Standard 17 (FRS 17). The total net pension liability under FRS 17 is £439m (2014: £417m), of which £85m relates to the Press's schemes.

Development and alumni relations

Philanthropy provides long-term benefit that strengthens Cambridge's financial security for posterity at a time of intensifying global competition and uncertainty. The University and the Colleges are committed to continued investment in fundraising and in building close relationships with alumni and supporters internationally. New funds for endowment, capital and for current use continue to be raised, and a new fundraising campaign was launched in October 2015 with a goal of £2bn for the Collegiate University. More than £530m of the campaign's fundraising goal has already been secured. Priorities include greater support for graduate students, transforming the Biomedical Campus into a global centre, expanding West Cambridge as an international science and innovation hub, attracting more world-leading academics to lead teaching and research, and enriching the unique environment of the Colleges as central to Cambridge's academic community and success.

The financial outlook

The financial landscape is continuing to evolve as policy changes in student funding are implemented and government policy for Higher Education funding and regulation develops. The recurrent research and capital grants currently made from HEFCE are likely to remain a core part of the University's income, although the teaching grant has been severely reduced. The transition to the increased home/EU undergraduate tuition fees of £9,000 is now largely complete. Collegiate Cambridge makes a material loss on undergraduate education – and to contain this, and maintain the quality of education, the University's undergraduate numbers will remain broadly constant. Graduate numbers are expected to continue to follow the underlying historic trend of around 2% growth per annum and with a continuing revision of our postgraduate fees should provide a steady net increase in funding.

Research grant and contract income continues to increase with other funders making up for constrained Research Council funding. This volume growth and the change in mix of sponsor categories are compounding the problem of inadequate recovery of the indirect costs of research from our sponsors.

The University faces significant challenges in funding its ambitious but essential strategic capital

expenditure programme, including long-term proposals to move further major departments to the West Cambridge site, redevelop its central City sites, and expand on the Biomedical campus.

Cambridge Assessment's international activities are expected to continue to thrive although in the UK business policy and regulatory changes are impacting OCR negatively. Cambridge Assessment has an ambitious programme of investment in systems and a major new office building in Cambridge to accommodate its growth and achieve operational efficiencies. Cambridge University Press continues to face a period of substantial change in the publishing industry with rapidly evolving customer requirements, outputs that are increasingly digital, and economic uncertainty in a number of its markets. The Press is restructuring its activities to focus on growth markets and global hubs, and on streamlining processes.

Performance of the University's investment assets has again been strong, with favourable impact on the University's endowment and the assets of its pension schemes. Global economic uncertainties have emerged and investment returns at the target levels look challenging over the near future.

Principal risks and uncertainties affecting the long-term financial position

The principal risks the University must address do not change: its long-term ability to maintain and develop its research funding, to attract the best staff and students, and to maintain, refresh, and renew its physical facilities. The activities of Cambridge Assessment and Cambridge University Press are subject to the pressures of international competition, and they must balance the need to generate sufficient net income to ensure that they thrive with the need to support the University's core academic activities whenever possible.

The key financial uncertainties and risks are:

- the probability of further cuts to government support for teaching and research, and the erosion in real terms of the Home/EU undergraduate fee;
- the outcome of the current review of Research Councils and the funding available to them and the impact on the University's research funding;
- funding of sponsored research by charities and foundations, and their unwillingness to cover the full costs, and an increase in EC-sponsored research also at a level below full economic costs;
- movements in investment markets reducing the value of the endowment and other investment assets;
- the costs and risks of pension provision;
- pay inflation, against a background of pay restraint in recent years;
- the ability to continue to invest in buildings, infrastructure, and equipment for both teaching and research, against a background of reduced government capital funding;

- the support from benefactors for endowment, capital expenditure, and for current use; and
- the economic success of Cambridge Assessment and Cambridge University Press, which operate in challenging international markets. Cambridge Assessment provides an increasingly important source of unrestricted funding for the teaching and research activities of the University.

The University is proposing significant capital expenditure in the coming years on academic buildings, office buildings for Cambridge Assessment, and the North West Cambridge development. The University has strong cash flows from its operations, holds liquid assets and substantial long-term investment assets. However, it will continue to be dependent on support by benefactors to achieve its objectives.

In conclusion

The University group's financial operating performance has allowed a surplus to be retained in general reserves for future investment. The RDEC income will be non-recurring but will provide a helpful contribution to our capital programme. Our academic activities remained finely balanced in financial terms, but Cambridge Assessment's operations were again at a significant surplus. Operating cash flows remain strong and there was another good performance by the University's investments in the year, building a steady long-term growth.

Future government funding through HEFCE and Research Councils is expected to give major challenges for the UK higher education sector. The University continues to diversify its funding sources to avoid dependence on any single stream and is now focusing in particular on building its philanthropic income. The principal financial challenge over the coming decade will be the funding of the strategic capital programme.

The University is one of the world's leading academic institutions and has a reputation for outstanding academic achievement. This reputation has been built up over a long time and is an important factor in attracting the best academic staff and the best students. Maintaining the financial ability to continue to attract and retain the best staff and to provide research and teaching facilities commensurate with our standing as one of the world's leading universities remains an ongoing challenge.

Professor Duncan Maskell

Senior Pro-Vice-Chancellor

Corporate governance

1. The following statement is provided by the Council to enable readers of the financial statements to obtain a better understanding of the arrangements in the University for the management of its resources and for audit.
2. The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership) and within the general principles of the Higher Education Code of Governance which has been provided by the Committee of University Chairs. Further information is given at paragraph 9 below.

Under the Statutes, the Governing Body of the University is the Regent House, which comprises the resident senior members of the University and the Colleges, together with the Chancellor, the High Steward, the Deputy High Steward, and the Commissary. Subject to the Regent House, the Council of the University is the principal executive and policy-making body of the University, with general responsibility for the administration of the University, for the planning of its work, and for the management of its resources. The membership of the Council includes four external members, one of whom chairs the Audit Committee (see paragraph 7 below). The Statutes provide for the appointment of a Deputy Chair of the Council, normally one of the external members, to take the chair as necessary or when it would be inappropriate for the Vice-Chancellor to do so, in particular in relation to the Vice-Chancellor's own accountability. The General Board of the Faculties is responsible, subject to the Regent House and to the responsibilities of the Council, for the academic and educational policy of the University.

3. The University is an exempt charity and is subject to regulation by the Higher Education Funding Council for England (HEFCE). The members of the University Council are the charity trustees and are responsible for ensuring compliance with charity law.
4. The Council is advised in carrying out its duties by a number of Committees, including the Finance Committee, the Audit Committee, the Planning and Resources Committee, the Remuneration Committee, the Investment Board, and the Risk Steering Committee. The Finance Committee is chaired by the Vice-Chancellor and advises the Council on the management of the University's assets, including real property, monies, and securities, and on the care and maintenance of all University sites and buildings. The Audit Committee, which has a majority of external members, governs the work of the Internal and External Auditors, reporting on these matters directly to the Council. The Planning and Resources Committee is a joint committee of the Council and the General Board. Its responsibilities include the development and oversight of the University's strategic plan, and the preparation of the University's budget. The Remuneration Committee is chaired by an external member of the Council and advises the Council on the remuneration of senior staff in the University. The Investment Board, which has a majority of external members, advises the Council on the management of the University's investment assets. The Risk Steering Committee is responsible to the Council for the identification of the major corporate risks and their management.

5. Under the terms of the Financial Memorandum between the University and HEFCE, the Vice-Chancellor is the Accountable Officer of the University.
6. Under the Statutes, it is the duty of the Council to exercise general supervision over the finances of all institutions in the University other than the University Press (which is governed by the Council and the Press Syndicate through separate statutory arrangements); to keep under review the University's financial position and to make a report thereon to the University at least once in each year; to recommend bankers for appointment by the Regent House; and to prepare and publish the annual accounts of the University in accordance with UK-applicable accounting standards such that the accounts give a true and fair view of the state of affairs of the University.
7. It is the duty of the Audit Committee to keep under review the effectiveness of the University's internal systems of financial and other controls; to advise the Council on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the internal auditors; to satisfy themselves that satisfactory arrangements are adopted throughout the University for promoting economy, efficiency, and effectiveness; to establish appropriate performance measures and to monitor the effectiveness of external and internal audit; to make an annual report to the Council, the Vice-Chancellor, and to HEFCE; to receive reports from the National Audit Office and from HEFCE. Membership of the Audit Committee includes as a majority five external members (including the chair of the Committee), appointed by the Council with regard to their professional expertise and experience in comparable roles in corporate life.
8. There are Registers of Interests of Members of the Council, the General Board, the Finance Committee, and the Audit Committee, and of the senior administrative officers. Declarations of interest are made systematically at meetings.
9. The University is a self-governing community whose members act in accordance with the seven principles of public life (see paragraph 2 above) and in pursuit of the objectives and purposes of the University as set out in its Statutes. The University complies with most but not all of the voluntary Higher Education Code of Governance published in December 2014 by the Committee of University Chairs. In particular the Vice-Chancellor is chair of the Council, which does not have a majority of external members, and the Council is subject to the statutory authority of the Regent House. The University has no immediate plans to change these arrangements, which have proved reliable over many years in enabling the University to achieve its academic objectives.

Members of the Council and the charity trustees during the year ended 31 July 2015

The Chancellor

Lord Sainsbury of Turville

The Vice-Chancellor

Professor Sir Leszek Borysiewicz

Heads of Colleges

Professor Ian White

Professor David Yates

Professor Francis Kelly (to 31 December 2014)

Professor Dame Jean Thomas (to 31 December 2014)

Mr Stuart Laing (from 1 January 2015)

Professor Susan Smith (from 1 January 2015)

Professors or Readers

Professor Fiona Karet

Professor Dame Athene Donald (to 30 September 2014)

Professor Nicholas Gay (to 31 December 2014)

Professor Andrew Hopper (to 31 December 2014)

Professor Anne Davis (from 1 October 2014)

Professor Ross Anderson (from 1 January 2015)

Dr Susan Oosthuizen (from 1 January 2015)

Members of the Regent House

The Reverend Jeremy Caddick

Dr Rebecca Lingwood

Dr David Good

Dr Rachael Padman

Dr Nick Bampos (to 31 December 2014)

Dr Stephen Cowley (to 31 December 2014)

Mr Ian Du Quesnay (to 30 September 2014)

Dr Susan Oosthuizen (to 31 December 2014)

Dr Richard Anthony (from 1 January 2015)

Dr Ruth Charles (from 1 January 2015)

Dr Nicholas Holmes (from 1 January 2015)

Dr Alice Hutchings (from 3 March 2015)

Student members

Mr Richard Jones (to 30 June 2015)

Dr Evianne van Gijn (to 30 June 2015)

Ms Helen Hoogewerf McComb (to 30 June 2015)

Ms Priscilla Mensah (from 1 July 2015)

Mr Cornelius Roemer (from 1 July 2015)

External members

Mr Mark Lewisohn

Dame Mavis McDonald (Deputy Chair) (to 31 December 2014)

Professor Dame Shirley Pearce

Mr John Shakeshaft (Deputy Chair from 1 January 2015)

Ms Sara Weller (from 1 January 2015)

The Chancellor, external members, student members, Professor Yates, Professor Dame Jean Thomas, Mr Laing, Professor Smith, Mr Caddick, Mr Du Quesnay, and Dr Anthony are not employees of the University. The other members of the Council are employees of the University. No member of the Council receives payment for serving as a member of the Council.

Statement of Public Benefit

The University is an exempt charity subject to regulation by the Higher Education Funding Council for England (HEFCE) under the Charities Act 2006. The University reports annually on the ways in which it has delivered charitable purposes for the public benefit.

The Council, in reviewing the University's activities in this regard, has taken into account the Charity Commission's guidance on public benefit. The Council is satisfied that the activities of the University as described in these Reports and Financial Statements, and in the Annual Report of the Council, fully meet the public benefit requirements.

The Mission of the University

The Mission of the University is 'to contribute to society through the pursuit of education, learning, and research at the highest international levels of excellence'. The University makes a significant contribution, through these activities, directly and most obviously to the advancement of education, research, and dissemination of knowledge.

Research

The University is widely recognised as one of the leading research universities in the world both in terms of quality and in terms of scope and breadth. Research is undertaken at the highest level across a wide range of areas. The University takes seriously its obligations to disseminate and make publicly accessible the outcomes of its academic research activities through publication, teaching, conferences, consultancy, and other knowledge transfer and outreach activities. It therefore offers public benefit through the continued advancement of knowledge across the sciences, medicine, arts, humanities, culture, and heritage.

A substantial proportion of the research undertaken in the University across the fields of clinical medicine, biomedicine, physics of medicine, and engineering leads directly to the advancement of health and the saving of lives. Research is also carried out in the area of sustainability, environmental protection, and improvement.

Research work in the University is focused at local, national, and international levels. The products of this research have a wide-ranging influence through the advancement of understanding and its application in scientific and technological advances, and through informing public debate on policy. The impact of the University's research extends to governments, public sector bodies, and charities.

Education

The University's research activities feed directly into its teaching at every level. Around 19,000 students, of whom 12,000 are undergraduates, pursue courses across a wide range of disciplines. The quality of the education (and, as importantly, the educational experience) which the University provides is consistently recognised by the University's status at or near the top of national and international rankings.

Statement of Public Benefit

The University is committed to admitting students of the highest intellectual potential, irrespective of social, racial, religious, financial, or other considerations. The University ensures that individuals from all backgrounds can benefit from the opportunities afforded by a first-rate education and are not unreasonably excluded from those opportunities by the charging of fees. The University ensures that bursaries are available where necessary and outreach activities are undertaken to improve participation by under-represented groups. Financial support is provided to students from overseas through University funds and by trusts associated with the University. Further information is available at: www.admin.cam.ac.uk/univ/cambridgebursary/ and www.graduate.study.cam.ac.uk/finance/funding.

The University is aware that there are significant variations in the educational opportunities, information, and support available to individuals. It therefore invests significant resource and effort into its access and widening participation activities. The University encourages applications from people with disabilities and from mature students.

For the wider community a broad range of lectures, seminars, and courses provide the opportunity for members of the wider public to share in the University's educational provision. The University's Institute of Continuing Education offers short non-credit courses, residential, and summer schools.

The University is committed to equipping those who participate in its educational programmes with the highest quality of teaching and pastoral, infrastructural, and academic support. It is fundamental to the University's mission that its students are personally, academically, and professionally equipped to contribute positively to society. In this regard, the quality and depth of their student experience benefits them directly but also benefits the societies to which they will contribute, through their participation in the workforce and as informed and questioning citizens.

The wider applications of the University's commitment to disseminating knowledge

The University's publishing house, the Cambridge University Press, contributes to the University's commitment to make publicly accessible the outcomes of academic research activities in Cambridge and from across the world by publishing peer-reviewed academic material and other educational publications. Through Cambridge Assessment, the University develops and delivers a range of widely used and respected examinations, benefiting the UK and world-wide community by offering internationally recognised qualifications, raising aspirations, and transforming lives.

Statement of internal control

1. The Council is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims, and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the *Statutes and Ordinances* and the Financial Memorandum with the Higher Education Funding Council for England (HEFCE).
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims, and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The system of internal control is designed to identify the principal risks to the achievement of policies, aims, and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process was in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance.
4. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - (a) The Council meets eleven times throughout the year to consider the plans and strategic direction of the University.
 - (b) The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and the minutes of all meetings of the Audit Committee.
 - (c) The Council's Risk Steering Committee oversees risk management. The Council receives periodic reports from the Chair of the Risk Steering Committee and the minutes of all meetings of the Risk Steering Committee.
 - (d) The Audit Committee receives regular reports from the internal auditors, which include the internal auditors' independent opinion on the adequacy and effectiveness of the University's system of internal control and risk management, together with recommendations for improvement. Risk management is a standing item on the Audit Committee agenda.
 - (e) The University provides information (primarily through web-based resources) to those who own or manage central or School risks.
 - (f) A system of indicators has been developed for the University's key risks.
 - (g) A robust risk prioritization methodology based on risk ranking and cost-benefit analysis has been established.

The Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors, Deloitte LLP.

5. The Council's review of the effectiveness of the system of internal control is also informed by the work of the senior officers and the risk owners within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Statement of the responsibilities of the Council

Under the University's *Statutes and Ordinances* it is the duty of the Council to prepare and to publish the annual accounts of the University in accordance with UK applicable accounting standards such that the accounts give a true and fair view of the state of affairs of the University.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University.

In preparing the financial statements the Council is required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the University will continue to operate;
- (e) ensure that income has been applied in accordance with the University's *Statutes and Ordinances*, and its Financial Memorandum with the HEFCE and the funding agreement with the National College for Teaching and Leadership; and
- (f) safeguard the assets of the University and take reasonable steps to prevent and detect fraud and other irregularities.

Independent auditors' report to the Council of the University of Cambridge (the "University")

Report on the financial statements

Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group's and give a true and fair view of the state of the group's and of the University's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and University financial statements (the "financial statements"), which are prepared by the University of Cambridge, comprise:

- the group and University Balance Sheets as at 31 July 2015;
- the consolidated income and expenditure account for the year then ended;
- the note of consolidated historical cost result for the year then ended;
- the consolidated statement of total recognised gains and losses for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the statement of principal accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and University's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report of the Council, the Annual Report of the General Board to the Council and the Reports on pages 29 to 46 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the Statutes and Ordinances of the University; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control is inconsistent with our knowledge of the University and group. We have no exceptions to report from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Council and auditors

As explained more fully in the Statement of Responsibilities of the Council set out on page 46 the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with the Statutes and Ordinances of the University and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
23 November 2015

- (a) The maintenance and integrity of the University of Cambridge's website is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP).

The income and expenditure account includes captions additional to those specified by the SORP in order to present an appropriate overview for the specific circumstances of the University.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties which are included at valuation.

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings including the Gates Cambridge Trust and other Associated Trusts. Details of the subsidiary undertakings included are given in note 33. Intra-group transactions and balances are eliminated on consolidation.

The consolidated financial statements do not include the accounts of the 31 Colleges in the University ('the Colleges'), each of which is an independent corporation. Transactions with the Colleges are disclosed in note 35.

The consolidated financial statements do not include the accounts of Cambridge University Students' Union or of the Cambridge University Graduate Union, as these are separate bodies in which the University has no financial interest and over whose policy decisions it has no control.

Recognition of income

Unrestricted grant income

Recurrent grant from the Higher Education Funding Council for England (HEFCE) is recognised as income in the period to which it relates. Research and development expenditure credits receivable from HM Revenue and Customs are recognised as income when the relevant expenditure has been incurred and there is reasonable assurance of receipt.

Restricted grant income

Grants received for restricted purposes, principally from HEFCE and research sponsors, are recognised as income to the extent that relevant expenditure has been incurred.

Charitable donations

Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the

Statement of Principal Accounting Policies

nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the University, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

Capital grants and donations

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants and released to income over the expected useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to income in the year of acquisition.

Academic fees

Tuition fees for degree courses are charged to students by academic term. Income is recognised for academic terms falling within the period. For short courses, income is recognised to the extent that the course duration falls within the period.

Examination and assessment services

Income from examination-based assessments is recognised when services are rendered and substantially complete. Income from qualifications not based on examination sessions is recognised in proportion to the number of modules achieved by candidates.

Publishing

In the case of books and other print publications, income is recognised on delivery of the goods to the customer. Income generated from electronic publishing, including the provision of perpetual access, is recognised when the material is initially made available. Subscriptions income is recognised evenly over subscription periods. Journals income is recognised when the journals are published and shipped.

Other income

Income is received from a range of activities including residences, catering, conferences, and other services rendered. Income is recognised on the exchange of the relevant goods or services.

Endowment and investment income

All investment income is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in the period is transferred from the income and expenditure account to restricted endowments.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Where foreign branches and subsidiaries of Cambridge University Press accounting in foreign currencies operate as separate businesses, all their assets and liabilities are translated into sterling at year-end rates and the net effect of currency adjustments is taken directly to reserves. Otherwise, monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates and translation differences are taken to the income and expenditure account.

Tangible fixed assets

Land and buildings

Operational land and buildings are included in the financial statements at their 1994 valuation with subsequent additions at cost. On the adoption of Financial Reporting Standard (FRS) 15 (Tangible fixed assets), the University followed the transitional provision to retain the book value of land and buildings, which had last been revalued on 1 August 1994 on the basis of market value for existing use, but not to adopt a policy of revaluations of these properties in the future.

No depreciation is provided on freehold land or on assets in construction. Freehold buildings are written off on a straight line basis over their estimated useful lives, which are between 15 and 50 years, and leasehold properties are written off over the length of the lease.

Equipment

Equipment costing less than £30,000 per individual item is written off in the year of purchase. All other equipment is capitalised and depreciated so that it is written off on a straight line basis over its estimated useful life of between four and ten years.

Heritage assets

The University holds and conserves a number of collections, exhibits, artefacts, and other assets of historical, artistic, or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets), heritage assets acquired before 1 August 1999 have not been capitalised, since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 August 1999 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. In line with the accounting policy in respect of equipment, the threshold for capitalising assets is £30,000. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Intangible fixed assets: goodwill

Goodwill arises on consolidation and is based on the fair value of the consideration given for the subsidiary and the fair value of its assets at the date of acquisition. Goodwill is amortised over its estimated economic life of between five and ten years on a straight line basis. Where there is impairment in the carrying value of goodwill, the loss is included in the results of the period.

Investments

Fixed asset investments and endowment assets are included in the balance sheet at market value, except for investments in subsidiary undertakings which are stated in the University's balance sheet at cost and eliminated on consolidation. Properties held for investment purposes are valued annually on the basis of estimated open market values on an existing use basis by Knight Frank or, in the case of local non-operational properties, by chartered surveyors employed by the University. Marketable securities are valued at midmarket valuation on 31 July. Investments in spin-out companies are valued in accordance with the International Private Equity and Venture Capital Guidelines, and other non-marketable securities are included at valuation by the Council. Current asset investments are included in the balance sheet at the lower of cost and net realisable value.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items. In respect of publishing services, (a) direct costs incurred prior to publication are included in stocks and work in progress and are written off over a period of up to three years from the publication date; and (b) the University makes full provision against the cost of stock in excess of one and a half times the most recent year's sales on all publications dated more than two years before the reporting date.

Bond liabilities

The Bond liabilities are the unsecured Bonds issued by the University in October 2012 and listed on the London Stock Exchange. The Bonds were initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the Bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the Bonds were issued and the transaction cost are accounted for as additional interest expense over the term of the Bonds.

Endowment funds

Endowment funds are classified under three headings:

- Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the University, the fund is classified as an unrestricted permanent endowment.
- Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.
- Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the University must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

Pension costs

The University contributes to a number of defined benefit pension schemes and accounts for the costs in relation to these schemes in accordance with FRS 17 (Retirement benefits).

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year.

For other defined benefit schemes, the assets of each scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs. Endowment and investment income includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of total recognised gains and losses.

Segmental reporting

The University operates in a number of different classes of business. For the purpose of segmental reporting as required by Statement of Standard Accounting Practice 25 (Segmental reporting), classes of business have been identified by reference to the nature of activity, the nature of funding, and the management organisation.

Consolidated income and expenditure account for the year ended 31 July 2015

		Year ended 31 July 2015	Year ended 31 July 2014
	Note	£m	£m
Income			
Funding body grants	1	170	179
Academic fees and support grants	2	226	207
Research grants and contracts	3	397	371
Exceptional income: Research and Development Expenditure Credits	4	54	--
Examination and assessment services	5	367	341
Publishing services		266	258
Other income	6	133	123
Endowment and investment income	7	25	25
Total income		1,638	1,504
Expenditure			
Staff costs	8	710	650
Other operating expenses	9	798	756
Depreciation	9	92	88
Interest and other finance costs	9	13	16
Total expenditure	9	1,613	1,510
Surplus / (deficit) on continuing operations		25	(6)
Taxation	10	(12)	–
Surplus / (deficit) after tax		13	(6)
Transfer from restricted endowments	25	48	50
Surplus for the year retained in general reserves	26	61	44

The income and expenditure account is in respect of continuing activities.

Note of consolidated historical cost result for the year ended 31 July 2015

	<i>Note</i>	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Surplus / (deficit) on continuing operations		13	(6)
Realisation of gains on disposal of fixed asset investments	26	95	72
Depreciation on revaluation element of tangible fixed assets	26	6	6
		<hr/>	<hr/>
Historical cost surplus for the year		114	72
		<hr/>	<hr/>

Additional information:

Total income and surplus on continuing operations as stated above do not include the element of Cambridge University Endowment Fund distributions funded out of long-term capital growth, as described in note 7, amounting to £69m (2014: £66m). The surplus retained in general reserves does not include the proportion of this element relating to reserves, amounting to £32m (2014: £30m). The corresponding figures including these elements are:

	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Total income on a distribution basis	1,707	1,570
	<hr/>	<hr/>
Surplus for the year retained in general reserves on a distribution basis	93	74
	<hr/>	<hr/>

Consolidated statement of total recognised gains and losses for the year ended 31 July 2015

		Year ended 31 July 2015	Year ended 31 July 2014
	<i>Note</i>	£m	£m
Surplus / (deficit) after tax		13	(6)
Valuation gains on investments			
Endowment assets	25	173	71
Fixed asset investments	15, 26	156	68
New endowment capital	25	27	30
Loss arising on foreign currency translation	26	(4)	(9)
Actuarial loss	26	(34)	(62)
Total recognised gains relating to the year		331	92
Total gains since the last annual report		331	
Reconciliation			
Opening reserves and endowments		2,653	
Total gains since the last annual report		331	
Closing reserves and endowments		2,984	

Balance sheets as at 31 July 2015

	Note	Group 31 July 2015 £m	Group 31 July 2014 £m	University 31 July 2015 £m	University 31 July 2014 £m
Fixed assets					
Intangible assets	13	3	4	2	2
Tangible assets	14	1,411	1,272	1,411	1,272
Investments	15	1,324	1,200	1,126	1,017
		2,738	2,476	2,539	2,291
Endowment assets	16	1,455	1,303	1,213	1,082
Current assets					
Stocks and work in progress	17	55	54	47	47
Debtors	18	359	296	358	310
Investments					
University	19	257	308	234	270
Held on behalf of others	19	152	105	625	547
Cash at bank and in hand		67	50	39	27
		890	813	1,303	1,201
Creditors: amounts falling due within one year	20	(717)	(631)	(1,147)	(1,041)
Net current assets		173	182	156	160
Total assets less current liabilities		4,366	3,961	3,908	3,533
Creditors: amounts falling due after more than one year	21	(346)	(346)	(344)	(345)
Pension liabilities	22	(439)	(417)	(89)	(79)
Other retirement benefits liability	23	(20)	(21)	(20)	(21)
		3,561	3,177	3,455	3,088
Represented by:					
Deferred capital grants	24	576	523	576	523
Endowments					
Expendable endowments	25	492	442	254	225
Permanent endowments	25	963	861	959	857
	25	1,455	1,303	1,213	1,082
Reserves					
General reserves	26	1,098	974	1,294	1,156
Operational property revaluation reserve	26	109	115	109	115
Fixed asset investment revaluation reserve	26	322	261	263	212
	26	1,529	1,350	1,666	1,483
Reserves and endowments		2,984	2,653	2,879	2,565
Minority interest in subsidiary undertakings		1	1	-	-
Total		3,561	3,177	3,455	3,088

The financial statements on pages 49 to 98 were approved by the Council on 23 November 2015 and signed on its behalf by:

Professor Sir Leszek Borysiewicz
Vice-Chancellor

John Shakeshaft
Member of Council

Andrew Reid
Director of Finance

Consolidated cash flow statement for the year ended 31 July 2015

	<i>Note</i>	Year ended 31 July 2015 £m	Year ended 31 July 2014 £m
Net cash inflow from operating activities	28	2	4
Returns on investments and servicing of finance	29	10	11
Capital expenditure and financial investment:			
Purchase of tangible fixed assets		(235)	(153)
Acquisition of goodwill and other intangible fixed assets		(1)	(1)
Donations and grants for the purchase of tangible fixed assets		94	40
Proceeds of disposal of tangible fixed assets		8	6
Net disposal of long-term investments (excluding investments held on behalf of others)		84	13
New endowments received		27	31
Net cash outflow from capital expenditure and financial investment	29	(23)	(64)
Cash (outflow) before use of liquid resources and financing:		(11)	(49)
Management of liquid resources:			
Decrease in money market investments	30	19	39
Financing	29	(1)	(1)
Increase / (decrease) in cash in the year		7	(11)
Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash		7	(11)
Cash (inflow) from liquid resources		(19)	(39)
Cash outflow from reduction in debt		1	1
Movement in net funds in the year		(11)	(49)
Net funds at 1 August		11	60
Net funds at 31 July	30	-	11

Notes to the accounts

1 Funding body grants	2015	2014
	£m	£m
Higher Education Funding Council for England (HEFCE)		
Recurrent grant	150.9	158.8
Specific grants	4.0	3.9
Deferred capital grant released in year (see note 24)		
Equipment	1.3	2.1
Buildings	13.8	13.8
HEFCE total	170.0	178.6
2 Academic fees and support grants		
Full-time home / EU students	102.0	88.2
Full-time overseas (non-EU) students	75.6	70.2
Other course fees	23.4	22.4
Research Training Support Grants	25.1	26.7
	226.1	207.5
3 Income: research grants and contracts		
Research councils	123.4	119.4
UK-based charities	122.6	112.8
Other bodies	150.9	139.0
	396.9	371.2
<p>Total research grants and contracts income excludes grants of £13.4m (2014: £18.1m) for the purchase of equipment but includes £15.6m (2014: £13.8m) released from deferred capital grants to match depreciation of which £12.0m (2014: £10.2m) related to equipment. See note 24.</p>		
4 Exceptional income: Research and Development Expenditure Credit		
Research and Development Expenditure Credit (RDEC) receivable before deduction of tax	53.7	–

RDEC is claimed from HM Revenue & Customs at a rate of 10% on qualifying research and development expenditure, and is received net of Corporation Tax (see note 10). The income recognised in the year relates to qualifying expenditure incurred between 1 April 2013 and 31 July 2015. The University is not eligible to claim for RDEC in relation to any expenditure incurred on or after 1 August 2015.

5 Examination and assessment services	2015	2014
	£m	£m
Examination fees	324.0	306.8
Other examination and assessment services	43.0	34.4
	367.0	341.2

6 Other income

Other services rendered	42.7	37.4
Health and hospital authorities	20.4	18.4
Residences, catering and conferences	9.6	9.1
Income from intellectual property	10.7	10.1
Released from deferred capital grants (see note 24)	9.0	8.4
Unrestricted donations	13.1	12.8
Rental income	8.4	7.5
Donations of, and for the purchase of, heritage assets	1.5	0.5
Gain on disposal of tangible fixed assets	–	4.6
Sundry income	18.4	14.8
	133.8	123.6

7 Endowment and investment income

	Credited to funds as income	Excess over income	Underlying income 2015	2014
	£m	£m	£m	£m
Income from expendable endowment asset investments	14.7	(11.5)	3.2	2.8
Income from permanent endowment asset investments	32.6	(26.1)	6.5	7.2
Income from fixed asset investments	42.4	(31.6)	10.8	11.6
Other investment income	2.5	–	2.5	3.0
Net interest on defined benefit pension schemes	2.3	–	2.3	–
	94.5	(69.2)	25.3	24.6

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 2015, distributions by the CUEF exceeded income received in the year by the CUEF from its underlying investments by £69.2m (2014: £65.6m), the balance of the distributions being funded by drawing on long-term capital growth.

See note 27 for further information on the investments held by the CUEF.

8 Staff costs	2015	2014
	£m	£m
Wages and salaries	552.5	506.2
Social security costs	51.4	45.8
Pension costs (see note 32)	106.4	98.2
	710.3	650.2
The average number of staff employed in the year, expressed as full-time equivalents, was:	14,816	13,857
Remuneration of the Vice-Chancellor	2015	2014
	£000	£000
Salary	294	288
Benefits in kind	8	10
	302	298
Total excluding employer pension contributions	302	298
Employer pension contributions	23	46
	325	344

Salary is the contractual salary before adjusting for salary sacrifice arrangements under which, in common with other employees, the Vice-Chancellor sacrificed an amount of pay and the University paid the same amount to the Universities Superannuation Scheme.

8 Staff costs (continued)**Remuneration of other 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 analysed by segment (see note 12).

	Education and Research		Assessment	2015	2014
	Clinical	Non-Clinical	and Press	Total	Total
£100,001– £110,000	20	62	18	100	93
£110,001– £120,000	12	27	8	47	38
£120,001– £130,000	8	21	6	35	34
£130,001– £140,000	8	15	6	29	32
£140,001– £150,000	14	8	9	31	26
£150,001– £160,000	8	10	1	19	17
£160,001– £170,000	17	–	–	17	19
£170,001– £180,000	9	6	2	17	12
£180,001– £190,000	2	3	2	7	9
£190,001– £200,000	6	4	2	12	8
£200,001– £210,000	5	5	1	11	8
£220,001– £230,000	–	–	–	–	2
£230,001– £240,000	1	1	–	2	2
£240,001– £250,000	–	1	2	3	2
£250,001– £260,000	–	1	–	1	2
£260,001– £270,000	–	2	1	3	–
£290,001– £300,000	–	–	–	–	1
£300,001– £310,000	–	–	–	–	1
£310,001– £320,000	–	–	–	–	2
£320,001– £330,000	–	–	–	–	1
£330,001– £340,000	–	2	–	2	–
£350,001– £360,000	–	–	1	1	–
£400,001– £410,000	–	–	–	–	2
£420,000– £430,000	–	1	1	2	–

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 (none in 2014-15; seven in 2013-14):

	2015	2014
	£000	£000
Payments in respect of loss of office	–	796

9 Analysis of expenditure by activity

	Staff costs	Other operating expenses	Depreciation	Interest payable	2015 Total	2014
	£m	£m	£m	£m	£m	£m
Academic departments	222.5	64.8	7.6	–	294.9	281.5
Academic services	23.6	18.0	0.8	–	42.4	43.1
Payments to Colleges (see note 35)	–	45.3	–	–	45.3	44.9
Research grants and contracts	181.2	145.1	15.7	–	342.0	317.7
Other activities:						
Examination and assessment services	102.9	197.2	18.6	–	318.7	295.4
Publishing and printing services	95.4	169.6	6.3	0.2	271.5	258.9
Other services rendered	11.3	27.4	0.1	–	38.8	33.2
Intellectual property	2.8	3.7	–	–	6.5	7.2
Residences, catering and conferences	2.6	9.4	–	–	12.0	11.1
Other activities total	215.0	407.3	25.0	0.2	647.5	605.8
Administration and central services:						
Administration	46.9	2.0	2.1	–	51.0	46.1
General educational	2.4	59.9	0.1	–	62.4	52.0
Staff and student facilities	3.1	1.4	–	–	4.5	4.4
Development office	5.2	5.1	–	–	10.3	7.9
Other	1.6	3.1	–	–	4.7	5.6
Administration and central services total	59.2	71.5	2.2	–	132.9	116.0
Premises	15.4	45.6	40.6	–	101.6	95.4
Interest payable on Bond liabilities	–	–	–	13.2	13.2	13.1
Pension cost adjustments for CPS (see note 32)	(6.6)	–	–	–	(6.6)	(6.7)
Total per income and expenditure account	710.3	797.6	91.9	13.4	1,613.2	1,510.8

The depreciation charge has been funded by:

Deferred capital grants (see note 24)	39.7
Revaluation reserve (see note 26)	6.0
General income	46.2
	91.9

9 Analysis of expenditure by activity (continued)

Other operating expenses include:	2015	2014
	£000	£000
Auditors' remuneration		
Audit fees payable to the University's external auditors	770	688
Other fees payable to the University's external auditors	331	152
Audit fees payable to other firms	77	80
	<hr/>	<hr/>
Payments to trustees		
Reimbursement of expenses to five (2014: three) external members of Council	5	5
	<hr/>	<hr/>

These amounts include related irrecoverable VAT.

10 Taxation

	2015	2014
	£m	£m
UK Corporation Tax	11.7	–
Foreign taxes	0.5	–
	<hr/>	<hr/>
	12.2	–
	<hr/>	<hr/>

As an exempt charity, the University is potentially exempt from Corporation Tax on income and gains falling within 287 of the Corporation Tax Act (CTA) 2009 and sections 471 and 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The charge for UK Corporation Tax is solely in respect of Research and Development Expenditure Credit grants receivable - see note 4 above.

11 Surplus on reserves

	2015	2014
	£m	£m
The surplus for the year retained in general reserves is made up as follows:		
University's surplus for the year	70.5	41.7
Surplus generated by subsidiary undertakings and transferred to the University	4.3	8.4
	<hr/>	<hr/>
Surplus dealt with in the accounts of the University	74.8	50.1
Group level adjustments: Contributory Pension Scheme	7.7	6.7
Deficit retained in subsidiary undertakings	(21.7)	(13.1)
	<hr/>	<hr/>
	60.8	43.7
	<hr/>	<hr/>

12 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 2015					
Education and research	1,015.1	19.3	995.8	(27.7)	3,437.2
Assessment	369.8	–	369.8	33.3	461.3
Press	296.7	25.1	271.6	(0.4)	13.9
	<u>1,681.6</u>	<u>44.4</u>	<u>1,637.2</u>	<u>5.2</u>	<u>3,912.4</u>
Unallocated re Contributory Pension Scheme	1.1	–	1.1	7.7	(350.5)
Group	<u>1,682.7</u>	<u>44.4</u>	<u>1,638.3</u>	<u>12.9</u>	<u>3,561.9</u>
Year ended 31 July 2014					
Education and research	908.9	20.6	888.3	(55.3)	3,084.8
Assessment	351.0	–	351.0	38.2	400.2
Press	265.1	–	265.1	4.1	30.6
	<u>1,525.0</u>	<u>20.6</u>	<u>1,504.4</u>	<u>(13.0)</u>	<u>3,515.6</u>
Unallocated re Contributory Pension Scheme	–	–	–	6.7	(338.5)
Group	<u>1,525.0</u>	<u>20.6</u>	<u>1,504.4</u>	<u>(6.3)</u>	<u>3,177.1</u>

13 Intangible fixed assets: goodwill and others

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
Opening balance	4.3	5.5	2.0	3.2
Additions in the year	0.5	0.6	0.6	(0.2)
Amortization charge for the year	(1.3)	(1.6)	(0.9)	(1.0)
Currency adjustments	(0.1)	(0.2)	–	–
Closing balance	3.4	4.3	1.7	2.0

14 Tangible fixed assets

	Land and buildings £m	Assets in construction £m	Equipment £m	Heritage assets £m	2015 Total £m	2014 Total £m
Group						
Cost or valuation						
At 1 August	1,420.6	118.2	361.4	59.3	1,959.5	1,803.4
Additions at cost	14.2	189.5	33.6	1.5	238.8	167.6
Transfers	49.2	(59.9)	10.7	–	–	–
Transfers from fixed asset investments	–	–	–	–	–	1.9
Disposals	(11.6)	(0.1)	(7.4)	–	(19.1)	(10.9)
Currency adjustments	0.2	–	–	–	0.2	(2.5)
At 31 July	1,472.6	247.7	398.3	60.8	2,179.4	1,959.5
Accumulated depreciation						
At 1 August	421.8	–	265.3	–	687.1	609.4
Charge for the year	48.4	–	43.5	–	91.9	88.4
Elimination on disposals	(3.8)	–	(7.0)	–	(10.8)	(9.2)
Currency adjustments	0.1	–	0.1	–	0.2	(1.5)
At 31 July	466.5	–	301.9	–	768.4	687.1
Net book value						
At 31 July	1,006.1	247.7	96.4	60.8	1,411.0	1,272.4
At 1 August	998.8	118.2	96.1	59.3	1,272.4	1,194.0

14 Tangible fixed assets (continued)

University	Land and buildings £m	Assets in construction £m	Equipment £m	Heritage assets £m	2015 Total £m	2014 Total £m
Cost or valuation						
At 1 August	1,425.4	118.1	351.0	59.3	1,953.8	1,795.2
Additions at cost	13.4	190.4	32.7	1.5	238.0	167.3
Transfers	50.2	(60.9)	10.7	–	–	–
Transfers from fixed asset investments	–	–	–	–	–	1.9
Disposals	(11.5)	(0.1)	(6.4)	–	(18.0)	(9.3)
Currency adjustments	0.1	–	–	–	0.1	(1.3)
At 31 July	1,477.6	247.5	388.0	60.8	2,173.9	1,953.8
Accumulated depreciation						
At 1 August	424.8	–	256.7	–	681.5	602.1
Charge for the year	48.9	–	42.6	–	91.5	87.7
Elimination on disposals	(3.8)	–	(6.2)	–	(10.0)	(7.8)
Currency adjustments	0.1	–	–	–	0.1	(0.5)
At 31 July	470.0	–	293.1	–	763.1	681.5
Net book value						
At 31 July	1,007.6	247.5	94.9	60.8	1,410.8	1,272.3
At 1 August	1,000.6	118.1	94.3	59.3	1,272.3	1,193.1

Land and buildings includes land totalling £94.8m (2014: £87.7m) 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.

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.

14 Tangible fixed assets (continued)

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:	2015	2014	2013	2012	2011
	£m	£m	£m	£m	£m
Acquisitions purchased with specific donations	1.1	0.4	4.0	0.9	0.1
Value of acquisitions by donation	0.4	0.1	11.6	4.7	1.2
Total acquired by, or funded by, donations	1.5	0.5	15.6	5.6	1.3
Acquisitions purchased with University funds	-	0.5	0.7	0.3	0.1
Total acquisitions capitalised	1.5	1.0	16.3	5.9	1.4

15 Fixed asset investments

	Group	Group	University	University
	2015	2014	2015	2014
	£m	£m	£m	£m
Opening balance	1,200.3	1,099.7	1,016.8	892.2
Net transfers to tangible fixed assets (see note 14)	-	(1.9)	-	(1.9)
Other net (disposals) additions in the year	(32.1)	34.5	(13.6)	72.9
Valuation gains on investments	156.2	68.0	122.8	53.6
Closing balance	1,324.4	1,200.3	1,126.0	1,016.8
Represented by:				
CUEF units (see note 27)	1,082.9	1,002.1	862.8	803.7
Property	160.4	100.2	159.9	99.7
Securities	61.0	80.2	61.0	80.2
Money market investments	0.1	0.1	0.1	0.1
Investments in subsidiary undertakings	0.5	-	32.1	24.7
Spin-out and similar companies (see note 33)	17.3	16.7	9.6	8.4
Investments in joint ventures	2.2	1.0	0.5	-
	1,324.4	1,200.3	1,126.0	1,016.8

16 Endowment assets

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
CUEF units (see note 27)	1,319.5	1,179.5	1,096.1	979.4
Property	0.6	0.6	0.6	0.6
Securities	37.6	38.0	27.4	26.1
Spin-out and similar companies (see note 33)	6.2	4.6	6.2	4.6
Money market investments	89.3	78.6	82.7	71.8
Cash in hand and at investment managers	1.2	1.2	–	–
Bank balances	0.9	0.5	–	–
	1,455.3	1,303.0	1,213.0	1,082.5

17 Stocks and work in progress

Goods for resale	25.9	27.9	19.8	22.2
Pre-publication costs and other work in progress	29.0	25.9	27.4	24.5
	54.9	53.8	47.2	46.7

18 Debtors

Research grants recoverable	85.5	76.1	85.5	76.1
Amounts due from subsidiary undertakings	–	–	34.6	42.5
Debtors re examination and assessment services	81.6	78.2	79.9	77.8
Debtors re publishing and printing	88.3	78.6	67.3	60.9
Other debtors	103.5	63.0	90.1	53.0
	358.9	295.9	357.4	310.3

19 Current asset investments

CUEF units (see note 27)	149.2	102.3	592.7	500.8
Money market investments	203.8	234.3	210.5	239.8
Securities	0.4	–	0.4	–
Cash in hand and at investment managers	55.6	76.0	55.6	76.0
Other	–	0.1	–	0.1
	409.0	412.7	859.2	816.7

Representing:

University	257.4	307.6	233.8	269.9
Held on behalf of:				
Subsidiary undertakings	–	–	473.8	441.7
Colleges and other associated bodies	151.6	105.1	151.6	105.1

Total held on behalf of others (see note 20)

	151.6	105.1	625.4	546.8
	409.0	412.7	859.2	816.7

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.

20 Creditors: amounts falling due within one year

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
Bank overdraft	12.1	3.0	12.0	3.0
Current portion of long-term bank loan	0.8	1.0	0.8	0.7
Research grants received in advance	223.6	175.0	218.5	173.8
Amounts due to subsidiary undertakings	–	–	11.0	19.2
Creditors re examination and assessment services	75.3	77.3	55.4	56.2
Creditors re publishing services	89.9	76.1	80.8	68.7
Other creditors	163.4	193.2	143.5	172.2
Investments held on behalf of subsidiary undertakings, Colleges, and other associated bodies (see note 19)	151.6	105.1	625.4	546.8
	716.7	630.7	1,147.4	1,040.6

21 Creditors: amounts falling due after more than one year

Bond liabilities	342.4	342.3	342.4	342.3
Bank loans	1.7	2.3	1.7	2.3
Loan from minority interest	1.1	1.2	–	–
Deferred income	0.9	0.5	–	–
	346.1	346.3	344.1	344.6

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 initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the Bonds are measured at amortised cost using the effective interest rate method.

22 Pension liabilities

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
The pension liabilities have been measured in accordance with the requirements of FRS 17.				
Opening balance	417.4	363.6	78.9	72.5
Movement in year:				
Current service cost	23.8	22.5	2.3	2.6
Contributions	(34.6)	(35.0)	(6.4)	(7.2)
Other finance (income) / cost	(3.2)	1.4	(2.1)	0.2
Currency adjustments	0.2	(0.3)	0.2	(0.3)
Actuarial loss recognised in statement of total recognised gains and losses	35.8	65.2	16.0	11.1
Closing balance	439.4	417.4	88.9	78.9

These liabilities relate to the following defined benefit schemes disclosed in note 32:

Cambridge University Assistants' Contributory Pension Scheme (CPS)	350.6	338.5	–	–
Cambridge University Press UK defined benefit schemes (PCPF and PSSPS)	84.8	76.9	84.8	76.9
Cambridge University Press US defined benefit plan (DBP)	4.0	2.0	4.1	2.0
	439.4	417.4	88.9	78.9

23 Other retirement benefits liability

Group and University	2015 £m	2014 £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	21.0	24.2
Movement attributable to the year:		
Current service cost less benefits paid	(0.1)	(0.1)
Contributions	(0.3)	(0.3)
Other finance cost	0.9	1.0
Currency adjustments	0.4	(0.5)
Actuarial loss recognised in statement of total recognised gains and losses	(2.1)	(3.3)
Closing balance	19.8	21.0

24 Deferred capital grants

	Funding Council £m	Research Grants £m	Other Grants £m	2015 Total £m	2014 £m
Group and University					
Balance 1 August					
Buildings	257.3	58.9	178.9	495.1	488.7
Equipment	1.5	26.2	0.5	28.2	22.5
	258.8	85.1	179.4	523.3	511.2
Grants received					
Buildings	48.8	10.9	19.2	78.9	32.2
Equipment	0.1	13.4	0.2	13.7	18.2
	48.9	24.3	19.4	92.6	50.4
Released to income and expenditure					
Buildings – for depreciation	(13.8)	(3.6)	(8.7)	(26.1)	(25.8)
Equipment – for depreciation	(1.3)	(12.0)	(0.3)	(13.6)	(12.3)
Equipment – on disposals	-	(0.2)	-	(0.2)	(0.2)
	(15.1)	(15.8)	(9.0)	(39.9)	(38.3)
Balance 31 July					
Buildings	292.3	66.2	189.4	547.9	495.1
Equipment	0.3	27.4	0.4	28.1	28.2
	292.6	93.6	189.8	576.0	523.3

25 Endowments

Group	Expendable	Permanent	2015 Total	2014
	£m	£m	£m	Total £m
Balance 1 August	442.2	860.8	1,303.0	1,251.4
New endowments received	24.2	3.3	27.5	30.7
Income receivable from endowment asset investments (see note 7)	3.2	6.5	9.7	10.0
Expenditure	(33.2)	(24.7)	(57.9)	(60.3)
Valuation gains on investments	55.9	117.1	173.0	71.2
	<hr/>	<hr/>	<hr/>	
Balance 31 July	492.3	963.0	1,455.3	1,303.0
	<hr/>	<hr/>	<hr/>	
Capital	469.5	831.5	1,301.0	1,172.6
Unspent income	22.8	131.5	154.3	130.4
	<hr/>	<hr/>	<hr/>	
Balance 31 July	492.3	963.0	1,455.3	1,303.0
	<hr/>	<hr/>	<hr/>	
Representing:				
Trust and Special Funds:				
Professorships, Readerships and Lectureships	57.5	473.2	530.7	473.2
Scholarships and bursaries	20.6	123.4	144.0	131.3
Other	83.8	355.6	439.4	436.7
Gates Cambridge Trust	230.8	–	230.8	208.3
Specific donations	94.2	–	94.2	38.8
Examination Board restricted funds	5.4	–	5.4	5.0
General endowments	–	10.8	10.8	9.7
	<hr/>	<hr/>	<hr/>	
Group total	492.3	963.0	1,455.3	1,303.0
	<hr/>	<hr/>	<hr/>	

25 Endowments (continued)**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:

	Expendable	Permanent	2015 Total	2014 Total
	£m	£m	£m	£m
Expenditure	33.2	24.7	57.9	60.3
Less investment income	(3.2)	(6.5)	(9.7)	(10.0)
	<hr/>	<hr/>	<hr/>	<hr/>
Transfer to income and expenditure account	30.0	18.2	48.2	50.3

University

Balance 1 August	225.1	857.4	1,082.5	1,039.0
New endowments received	17.2	3.3	20.5	21.6
Income receivable from endowment asset investments	1.9	6.3	8.2	8.7
Expenditure	(17.6)	(24.5)	(42.1)	(45.6)
Valuation gains on investments	27.2	116.7	143.9	58.8
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 31 July	253.8	959.2	1,213.0	1,082.5
	<hr/>	<hr/>	<hr/>	<hr/>
Capital	231.0	827.7	1,058.7	952.1
Unspent income	22.8	131.5	154.3	130.4
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 31 July	253.8	959.2	1,213.0	1,082.5

26 Reserves

	General reserves	Operational property revaluation reserve	Fixed asset investment revaluation reserve	2015 Total	2014 Total
	£m	£m	£m	£m	£m
Group					
Balance 1 August	973.6	115.1	261.3	1,350.0	1,309.0
Surplus retained for the year	60.8	–	–	60.8	43.6
Actuarial loss	(33.7)	–	–	(33.7)	(61.8)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	95.2	–	(95.2)	–	–
Loss arising on foreign currency translation	(3.5)	–	–	(3.5)	(8.8)
Valuation gains on investments	–	–	156.2	156.2	68.0
	<u>1,098.4</u>	<u>109.1</u>	<u>322.3</u>	<u>1,529.8</u>	<u>1,350.0</u>
Balance 31 July	<u>1,098.4</u>	<u>109.1</u>	<u>322.3</u>	<u>1,529.8</u>	1,350.0
Reserves are reduced by the net liabilities in respect of retirement benefits					
Reserves before net liabilities in respect of retirement benefits	1,557.6	109.1	322.3	1,989.0	1,788.4
Effect of pension liability (see note 22)	(439.4)	–	–	(439.4)	(417.4)
Effect of liability for other retirement benefits (see note 23)	(19.8)	–	–	(19.8)	(21.0)
	<u>1,098.4</u>	<u>109.1</u>	<u>322.3</u>	<u>1,529.8</u>	<u>1,350.0</u>
Reserves balance at 31 July	<u>1,098.4</u>	<u>109.1</u>	<u>322.3</u>	<u>1,529.8</u>	1,350.0
University					
Balance 1 August	1,156.0	115.1	212.4	1,483.5	1,393.7
Surplus retained for the year	74.8	–	–	74.8	50.1
Actuarial loss	(13.9)	–	–	(13.9)	(7.8)
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	72.4	–	(72.4)	–	–
Loss arising on foreign currency translation	(1.8)	–	–	(1.8)	(6.1)
Valuation gains on investments	–	–	122.8	122.8	53.6
	<u>1,293.5</u>	<u>109.1</u>	<u>262.8</u>	<u>1,665.4</u>	<u>1,483.5</u>
Balance 31 July	<u>1,293.5</u>	<u>109.1</u>	<u>262.8</u>	<u>1,665.4</u>	1,483.5

27 Cambridge University Endowment Fund (CUEF)

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 assets of the CUEF were held in the following categories:

	31 July 2015		31 July 2014	
	£m	%	£m	%
Public equity	1,564.3	61.3%	1,449.6	63.5
Private investment	237.0	9.3%	206.8	9.1
Absolute return	345.3	13.5%	269.5	11.8
Credit	44.6	1.7%	72.9	3.2
Real assets	239.7	9.4%	195.7	8.6
Fixed interest / cash	120.7	4.7%	89.4	3.9
Total value of fund	2,551.6	100.0%	2,283.9	100.0

Public equity includes all equity stocks traded on a liquid market, together with related index funds and derivatives (such as futures).

Private investment includes investments where initial capital commitments are drawn down over a period, and the proceeds of the investments once disposed of are returned over the life of each fund. The underlying investments may include unlisted equities and / or corporate credits (such as bonds, loans and other claims).

Absolute return includes investments in trading strategies which are to some degree independent of overall equity market movements. Funds where different equities are simultaneously held (long) and sold (short) are included in this category.

Credit includes corporate securities (such as bonds and loans) traded on a liquid public market.

Real assets includes investments which are expected to some degree to increase in nominal value to match inflation. This category includes commercial property, and securities which reflect the level of commodity values. Inflation-linked government securities are, however, included in the fixed interest category below.

Fixed interest / cash includes cash at bank and on deposit, government securities, the net value of foreign currency contracts and any amounts receivable in general; less amounts payable, including those arising from holding derivative contracts.

The assets of the CUEF are included in the following balance sheet captions in proportion to the number of units held by the relevant funds:

	Group 2015 £m	Group 2014 £m	University 2015 £m	University 2014 £m
Fixed asset investments (see note 15)	1,082.9	1,002.1	803.7	803.7
Endowment assets (see note 16)	1,319.5	1,179.5	1,096.1	979.4
Current asset investments (see note 19) – balances held on behalf of:				
Subsidiary undertakings	–	–	443.5	398.5
Colleges	136.9	91.2	136.9	91.2
Other associated bodies	12.3	11.1	12.3	11.1
Total included in current asset investments	149.2	102.3	592.7	500.8
Total value of units	2,551.6	2,283.9	2,551.6	2,283.9

28 Reconciliation of consolidated operating surplus / (deficit) to net cash inflow from operating activities

	2015	2014
	£m	£m
Surplus / (deficit) on continuing operations	25.1	(6.3)
Depreciation of tangible fixed assets	91.9	88.4
Amortization of goodwill	1.3	1.6
Surplus on disposal of tangible fixed assets	–	(4.6)
Deferred capital grants released to income	(39.7)	(38.1)
Donations of, and for the purchase of, heritage assets	(1.5)	(0.5)
Investment income	(25.3)	(24.6)
Interest payable	13.4	15.7
Pension cost less contributions payable (see note 22)	(10.8)	(12.5)
Other retirement benefits – cost less contributions payable (see note 23)	(0.4)	(0.4)
Currency adjustments	(3.1)	(9.7)
	50.9	9.0
Increase in stock	(1.1)	6.4
Increase in debtors	(74.7)	(23.1)
Increase in creditors	27.4	11.5
Net cash inflow from operating activities	2.5	3.8

29 Cash flows

	2015	2014
	£m	£m
Returns on investments and servicing of finance		
Endowment and investment income received	23.0	24.6
Interest paid	(13.3)	(13.3)
Net cash inflow from returns on investments and servicing of finance	9.7	11.3
Financing		
Repayment of long-term loans	(0.9)	(1.2)
Net cash inflow / (outflow) from financing	(0.9)	(1.2)

30 Analysis of net funds

	Group 2015	Group 2014	Increase / (decrease) 2015	Increase / (decrease) 2014
	£m	£m	£m	£m
Cash at bank and in hand	67.0	50.1	16.9	(11.2)
Bank balances included in endowment assets (note 16)	0.9	0.5	0.4	(0.5)
Bank overdrafts (note 20)	(12.1)	(3.0)	(9.1)	0.6
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash and bank overdraft	55.8	47.6	8.2	(11.1)
Money market investments:				
Included in endowment assets (note 16)	89.3	78.6	10.7	19.0
Included in current asset investments (note 19)	203.8	234.3	(30.5)	(59.0)
Less held on behalf of others	(2.4)	(2.8)	0.4	1.2
Debt due after one year (note 21)	(345.2)	(345.8)	0.6	1.5
Debt due within one year (note 20)	(0.8)	(1.0)	0.2	(0.3)
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	0.5	10.9	(10.4)	(48.7)

31 Capital commitments

	2015	2014
	£m	£m
Commitments for capital expenditure:		
Commitments contracted at 31 July	344.5	167.2
Authorised but not contracted at 31 July	271.9	351.0
	<hr/>	<hr/>
Commitments for capital calls on investments:	328.0	193.3

32 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). With the exception (from 1 January 2013) of the CPS, 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.

32 Pension schemes (continued)

Universities Superannuation Scheme (USS)

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 (Retirement benefits), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Triennial valuation of the scheme

The latest triennial actuarial valuation of the scheme was at 31 March 2014. The assumptions that have the most significant effect on the result of the valuation were as follows:

Investment returns per annum	5.2% in year 1, decreasing linearly over 20 years to 4.7%
Salary scale increases per annum:	4.40%
Pension increases per annum:	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	94

At the valuation date, the value of the assets of the scheme was £41,605m and the value of the scheme's technical provisions was £46,900m. The assets were therefore sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

At 31 March 2015 the actuary has estimated that the funding level had fallen from 89% to 86%. This estimate was based on the results from the valuation at 31 March 2014 allowing primarily for investment returns and changes to market conditions.

The employer contribution rate payable by the University in the year ended 31 July 2015 was 16% of pensionable pay. The scheme's trustees have determined a recovery plan to pay off the shortfall shown by the 31 March 2014 valuation by 31 March 2031; under the recovery plan the University's contribution rate will increase to 18% of pensionable pay from 1 April 2016. The contribution rate will be reviewed as part of each triennial valuation and may be reviewed more frequently.

At 31 March 2014, USS had over 162,000 active members; the University and its subsidiary undertakings had 7,222 active members participating in the scheme.

32 Pension schemes (continued)**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 the Finance Act 2004. The active members of the scheme are employees of the University and its subsidiary undertakings. The scheme's benefit structure changed significantly from 1 January 2013, at which point employees covered by the schemes ceased to be contracted out of the State Second Pension.

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 2012. The results showed the actuarial value of the scheme's assets as £377m. These were insufficient to cover the scheme's past service liabilities of £511m; the scheme had a deficit of £134m and was 74% funded.

From 1 August 2013 employer contributions were set at 11.5% of pensionable pay for existing members at 31 December 2012 and 5.8% of pensionable pay (together with contributions at 5.0% to a separate defined contribution arrangement) for new entrants from 1 January 2013. In addition fixed employer contributions totalling £14.6m per annum are payable over the period from 1 August 2011 to 31 July 2025.

The results of the triennial actuarial valuation as at 31 July 2015 are awaited.

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:

	2015	2014
Discount rate	3.55%	4.20%
Expected rate of return on scheme assets at beginning of year	7.15%	7.15%
Rate of increase in salaries	4.00%	4.15%
Rate of increase in pensions in deferment	3.25%	3.40%
Rate of increase in pensions in payment	3.25%	3.40%
Mortality – equivalent life expectancy for members reaching the age of 65:		
Males currently aged 65	87	87
Males currently aged 45	88	88
Females currently aged 65	90	90
Females currently aged 45	91	92

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

32 Pension schemes (continued)

CPS: Pension costs under FRS 17 (continued)

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2015	2014	2015	2014	2015	2014
	£m	£m	£m	£m	£m	£m
Opening	(848.9)	(756.7)	510.4	465.6	(338.5)	(291.1)
Current service cost	(21.5)	(19.9)	–	–	(21.5)	(19.9)
Employer contributions	–	–	28.1	28.0	28.1	28.0
Expected return on scheme assets	–	–	36.8	33.6	36.8	33.6
Contributions by members	(0.6)	(0.6)	0.6	0.6	–	–
Transfers in from other scheme	–	(0.8)	–	0.8	–	–
Interest cost	(35.7)	(34.9)	–	–	(35.7)	(34.9)
Actuarial (losses) / gains	(16.6)	(55.5)	(3.2)	1.3	(19.8)	(54.2)
Benefits and expenses paid	21.4	19.5	(21.4)	(19.5)	–	–
Closing defined benefit obligation	(901.9)	(848.9)	551.3	510.4	(350.6)	(338.5)

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

	2015	2014
	£m	£m
In endowment and investment income:		
Expected return on pension scheme assets	36.8	–
Less: interest on pension scheme liabilities	(35.7)	–
	1.1	
In interest and other finance costs:		
Interest on pension scheme liabilities	–	34.9
Less: expected return on pension scheme assets	–	(33.6)
	–	1.3
In staff costs: current service cost	21.5	19.9

The total of actuarial losses recognised in the statement of total recognised gains and losses was £19.8m (2014: £54.2m).

Amounts for the current and previous four years were as follows:	2015	2014	2013	2012	2011
	£m	£m	£m	£m	£m
Defined benefit obligation	(901.9)	(848.9)	(756.7)	(642.8)	(587.7)
Plan assets	551.3	510.4	465.6	377.4	359.4
Deficit at the balance sheet date	(350.6)	(338.5)	(291.1)	(265.4)	(228.3)
Experience gains / (losses) for the year on plan liabilities	26.6	8.0	4.4	9.2	(1.6)
Experience gains / (losses) for the year on plan assets	(3.2)	1.3	39.9	(22.4)	9.3

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.

32 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 2013.

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 1 January 2013 valuation to 31 July 2014 and 31 July 2015 for the purposes of these financial statements. The principal assumptions used by the actuary for both schemes were:

	2015	2014
Discount rate	3.55%	4.20%
Expected rate of return on scheme assets at beginning of year	6.70%	6.00%
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%	3.60%
Rate of increase in pensions in payment	3.50%	3.60%
Mortality – equivalent life expectancy for members at age 60:		
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	
	2015	2014	2015	2014	2015	2014
	£m	£m	£m	£m	£m	£m
Opening	(273.4)	(258.1)	196.5	188.4	(76.9)	(69.7)
Current service cost	(1.9)	(1.8)	–	–	(1.9)	(1.8)
Employer contributions	–	–	6.0	6.1	6.0	6.1
Expected return on scheme assets	–	–	13.0	11.2	13.0	11.2
Contributions by members	(0.2)	(0.2)	0.2	0.2	–	–
Interest cost	(11.3)	(11.7)	–	–	(11.3)	(11.7)
Actuarial (losses) / gains	(23.2)	(12.2)	9.5	1.2	(13.7)	(11.0)
Benefits and expenses paid	11.0	10.6	(11.0)	(10.6)	–	–
Closing defined benefit obligation	(299.0)	(273.4)	214.2	196.5	(84.8)	(76.9)

32 Pension schemes (continued)**PCPF and PSSPS: Pension costs under FRS 17 (continued)**

The amounts recognised in the income and expenditure account were as follows:	2015	2014
	£m	£m
In endowment and investment income:		
Expected return on pension scheme assets	13.0	–
Less: interest on pension scheme liabilities	(11.3)	–
	1.7	–
In interest and other finance costs:		
Interest on pension scheme liabilities		11.7
Less: expected return on pension scheme assets		(11.2)
	–	0.5
In staff costs: current service cost	1.9	1.8

The total of actuarial losses recognised in the statement of total recognised gains and losses was £13.7m (2014: £11.0m).

Amounts for the current and previous four years were as follows:	2015	2014	2013	2012	2011
	£m	£m	£m	£m	£m
Defined benefit obligation	(299.0)	(273.4)	(258.1)	(271.7)	(241.4)
Plan assets	214.2	196.5	188.5	177.1	166.9
Deficit at the balance sheet date	(84.8)	(76.9)	(69.6)	(94.6)	(74.5)
Experience gains / (losses) for the year on plan liabilities	–	–	17.8	(4.2)	(8.4)
Experience gains for the year on plan assets	9.5	1.2	6.5	3.5	10.9

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 8) was:

	Employer contributions	FRS 17 adjustment	Total 2015	Employer contributions	FRS 17 adjustment	Total 2014
	2015	2015	2015	2014	2014	2014
	£m	£m	£m	£m	£m	£m
USS	75.7	–	75.7	69.6	–	69.6
CPS	28.2	(6.6)	21.6	28.1	(8.1)	20.0
PCPF	2.6	(1.0)	1.6	2.6	(1.2)	1.4
PSSPS	3.4	(3.1)	0.3	3.5	(3.1)	0.4
NHSPS	2.2	–	2.2	2.1	–	2.1
Other pension schemes	5.1	(0.1)	5.0	4.8	(0.1)	4.7
	117.2	(10.8)	106.4	110.7	(12.5)	98.2

33 Principal subsidiary and associated undertakings and other significant investments

The following undertakings were subsidiary undertakings throughout the year ended 31 July 2015. 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 Centre for Advanced Research in Energy Efficiency in Singapore Limited	<i>a</i>	Research and development
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 Institute for Sustainability Leadership (Australia)	<i>b</i>	Sustainability leadership programmes
Cambridge Institute for Sustainability Leadership (South Africa)	<i>c</i>	Sustainability leadership programmes
Cambridge University Technical Services Limited		Consultancy and commercial exploitation of intellectual property
The Dennis S Avery and Sally Tsui Wong-Avery Endowment Trust	<i>d</i>	Advancement of education and research in cosmology at the University
Fitzwilliam Museum (Enterprises) Limited		Publication of fine art books and sale of museum merchandise
JBS Executive Education Limited		Corporate education services
Lynxvale Limited		Construction and development services
University of Cambridge Dental Practice Limited		Dental services
UTS Cambridge		Primary school education

Associated Trusts

Cambridge Commonwealth, European and International Trust	<i>d</i>	Provision of scholarships, grants and other support for the education of overseas students in the University
Gates Cambridge Trust		
Malaysian Commonwealth Studies Centre in Cambridge		

Cambridge Assessment subsidiary undertakings

Cambridge Assessment Overseas Limited		Overseas office services
Cambridge Assessment Singapore	<i>e</i>	Overseas office services
Cambridge Avaliacao Representacao e Promocao Ltd	<i>f</i>	Overseas office services
Cambridge Assessment Inc	<i>g</i>	Holding entity
Cambridge English (Aus)	<i>h</i>	Examination services
Cambridge Boxhill Language Pty Limited	<i>h</i>	Examination services
Fundacion UCLES	<i>i</i>	Overseas office services
Oxford and Cambridge International Assessment Services Limited		Overseas office services
Oxford Cambridge and RSA Examinations	<i>d</i>	Examination and assessment services

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

Name	Notes	Principal activity
Cambridge University Press subsidiary undertakings		
	<i>j</i>	
Academic Journal Publishing Pty Limited	<i>h</i>	Intermediate holding company
Australian Academic Press Pty Group Limited	<i>h</i>	Publishing and distribution
Cambridge Kazakhstan Limited		Education consultancy
Cambridge Knowledge (China) Limited	<i>k</i>	Representative office
Cambridge University Press (Greece) EPE	<i>l</i>	Representative office
Cambridge University Press (Holdings) Limited		Multi-purpose holding company
Cambridge University Press India (Private) Limited	<i>m</i>	Publishing and distribution
Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi	<i>n</i>	Representative office
Cambridge University Press South Africa (Proprietary) Limited	<i>o</i>	Publishing and distribution
Cambridge Hitachi-Solutions Education Limited	<i>p</i>	Electronic educational publishing
Editorial Edicambridge Cia Ltda	<i>q</i>	Representative office
Digital Services Cambridge Limited		Software development
ELT Trading Limited	<i>r</i>	Publishing
HOTmaths Pty Limited	<i>s</i>	Web-based maths digital learning
United Publishers Services Limited	<i>k</i>	Distribution
Cambridge ClassServer LLP	<i>t</i>	Development of digital educational material for China

- a Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Limited is incorporated in Singapore and has an accounting reference date of 31 March for commercial reasons. The effect of this is not material to the consolidated accounts.
- b Cambridge Institute 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.
- c Cambridge Institute for Sustainability Leadership (South Africa) is incorporated in South Africa.
- d These entities are exempt charities established by trust deeds (see note 36).
- e Cambridge Assessment Singapore is incorporated in Singapore.
- f Cambridge Avaliacao Representacao e Promocao Ltda is incorporated in Brazil.
- g Cambridge Assessment Inc is a United States non-stock non-profit corporation.
- h Cambridge English (Aus), Cambridge Boxhill Language Pty Limited, Academic Journal Publishing Pty Limited and Australian Academic Press Pty Group Limited are incorporated in Australia.
- i Fundacion UCLES is incorporated in Spain.
- j 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).
- k Cambridge Knowledge (China) Limited and United Publishers Services Limited are incorporated in Hong Kong.
- l Cambridge University Press (Greece) EPE is incorporated in Greece.
- m Cambridge University Press India (Private) Limited is incorporated in India.

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

- n Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi is incorporated in Turkey.
- o Cambridge University Press South Africa (Proprietary) Limited is a 75% subsidiary incorporated in South Africa.
- p The University holds 60% of the issued share capital in Cambridge Hitachi-Solutions Education Limited.
- q Editorial Edicambridge Cia Ltda is incorporated in Ecuador.
- r ELT Trading Limited is incorporated in Mexico.
- s HOTmaths Pty Limited is a 55% subsidiary incorporated in Australia.
- t Cambridge ClassServer LLP is a limited liability partnership registered in England and Wales, in which the University has a two thirds interest acting through Cambridge Assessment and Cambridge University Press.

Other significant investments

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 15) and endowment assets (see note 16). In some cases the University's interest amounted to 20% or more of the share capital at the year end, 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
AQDOT Limited	20	Commercial exploitation of intellectual property
Cambridge EpiGenetix Limited	52	Commercial exploitation of intellectual property
Cambridge in America	22	Fundraising
Jukedeck Limited	22	Commercial exploitation of intellectual property
Microbial Technics Limited	23	Commercial exploitation of intellectual property
Reduse Limited	24	Commercial exploitation of intellectual property
Sphere Fluidics Limited	23	Commercial exploitation of intellectual property
The CRISP Consortium Limited	45	Commercial exploitation of intellectual property

In addition, at the year end the University held an interest of 33.5% in Cambridge Innovation Capital plc as part of its investment portfolio. Movements in the carrying value of this investment are not taken through the income and expenditure account.

34 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 organisations in which members of the Council may have an interest. All transactions involving organisations 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 35 below. Included within the financial statements are other transactions with the following related parties:

Academy of Medical Sciences

The Academy of Medical Sciences is an independent registered charity governed by a Council that includes a member of the University's Council. Research grants and contracts income for the year ended 31 July 2015 includes £337,000 in respect of grants funded by the Academy.

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 2014-15 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 2015, provided a grant of £249,000 and made other payments totalling £9,000 for services provided. The Union made payments to the University totalling £13,000 for temporary staff, network and other services provided.

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, is actively involved in setting the Foundation's strategic direction and approving its activities. In 2006 the University approved a proposal to establish a Sainsbury Laboratory for plant science in Cambridge, with Gatsby providing capital funding and research funds over a ten year period. The Sainsbury Laboratory was completed in the year ended 31 July 2011, with Gatsby capital contributions totalling £74m. Research grants and contracts income for the year ended 31 July 2015 includes £7.0m in respect of continuing grants funded by Gatsby.

Higher Education Funding Council for England

The Higher Education Funding Council for England (HEFCE) allocates funding from the Government to universities and colleges in England. HEFCE is led by the HEFCE Board that includes a member of the University's Council. Funding received from HEFCE is included in funding body grants (see note 1) and in deferred capital grants (see note 24) in accordance with the University's accounting policies. At 31 July 2015 current liabilities included £11.4m in respect of funding received from HEFCE but not yet recognised as deferred capital grants or as income.

Kidney Research UK

Kidney Research UK is a registered charity governed by a Board of Trustees that includes a member of the University's Council. Research grants and contracts income for the year ended 31 July 2015 includes £128,000 receivable in respect of grants funded by Kidney Research UK.

34 Related party transactions (continued)**PervasID Limited**

PervasID Limited is a private limited company spun out from research activity in the Department of Engineering that includes a member of the University's Council as a Director. In the year ending 31 July 2015, the University made payments of £97,000 to PervasID Limited.

Royal Society

The Royal Society is a registered charity governed by a Council of distinguished scientists that includes a member of the University's Council. Research grants and contracts income for the year ended 31 July 2015 includes £5.4m in respect of grants funded by the Royal Society.

University of Cambridge Graduate Union

The President of the Graduate Union was also a member of the University's Council for the 2014-15 financial year. Under *Statutes and Ordinances*, Chapter II, the University has discretion to provide financial assistance to the Graduate Union and, in the year ending 31 July 2015, provided a grant of £86,000. The Union made payments to the University totalling £10,000 for network and other services provided.

35 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 £45.3m (2014: £44.9m). 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 £5.8m (2014: £5.4m). These payments are included in other operating expenses. Other operating expenses also include £4.6m (2014: £5.0m) 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 University distributed third party donations to the Colleges totalling £7.2m (2014: £9.3m); these 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 £3.2m (2014: £2.9m), and the Colleges provided accommodation, catering and other services to the University for which the University paid a total of £9.2m (2014: £8.2m). During the year the Colleges made donations to the University totalling £2.5m (2014: £2.1m) of which £1.2m was credited to specific endowments.

Current asset investments include £136.9m (2014: £91.2m) held on behalf of eleven (2014: ten) Colleges in the form of CUEF units (see note 27) and £10.0m (2014: £9.0m) held on behalf of the Isaac Newton Trust.

Colleges Fund	2015	2014
	£000	£000
Balance at 1 August	17	15
Contributions received from Colleges	4,139	3,979
Interest earned	4	3
Payments to Colleges	(4,140)	(3,980)
Balance at 31 July included in creditors	20	17

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.

36 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; 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	Income	Expenditure	Market value increase	Closing Balance
	£m	£m	£m	£m	£m
Consolidated (see note 33)					
Cambridge Commonwealth, European and International Trust	128.7	21.6	(22.2)	13.9	142.0
Gates Cambridge Trust	208.3	7.4	(6.7)	21.8	230.8
Malaysian Commonwealth Studies Centre in Cambridge	8.4	0.4	(2.0)	0.5	7.3
The Dennis S Avery and Sally Tsui Wong-Avery Endowment Trust	2.2	0.1	–	0.2	2.5
Oxford Cambridge and RSA Examinations	90.8	84.7	(91.3)	8.1	92.3
Strangeways Research Laboratory	1.2	0.1	(0.1)	0.2	1.4
	439.6	114.3	(122.3)	44.7	476.3

Fund balances are included in the consolidated balance sheet as:

Expendable endowments	218.1	239.9
Permanent endowments	3.5	3.8
Reserves	218.0	232.6
	439.6	476.3

36 Connected charitable institutions (continued)

	Opening Balance	Income	Expenditure	Market value increase	Closing Balance
	£m	£m	£m	£m	£m
Not consolidated					
Isaac Newton Trust, established by Trinity College (see note 35) to promote education, learning, and research in the University (accounts drawn up to 30 June 2015)	11.2	6.8	(7.7)	1.3	11.6
University of Cambridge Veterinary School Trust, for the support of veterinary education in the University	1.1	0.3	(0.5)	–	0.9
One smaller scholarship trust	0.3	–	–	–	0.3
Registered clubs and societies:					
Cambridge Dancers' Club	–	0.1	(0.1)	–	–
Cambridge University Amateur Dramatic Club	0.1	0.2	(0.2)	–	0.1
Cambridge University Boat Club	1.8	1.0	(0.8)	–	2.0
Cambridge University Polo Club	0.3	0.1	(0.1)	–	0.3
Cambridge University Real Tennis Club	0.2	0.1	(0.1)	–	0.2
Cambridge University Rugby Union Football Club	0.9	0.5	(0.6)	–	0.8
Cambridge University Women's Boat Club Association	0.2	0.6	(0.3)	–	0.5
Cambridge University Yacht Club	–	0.1	(0.1)	–	–
391 smaller clubs and societies	2.8	2.6	(2.3)	–	3.1
	18.9	12.4	(12.8)	1.3	19.8

37 Financial risk management

In the ordinary course of its activities, the University manages a variety of financial risks including credit risk, liquidity risk and market risk. The principal risks and the University's approach to managing them are set out below. In view of the significance of the Cambridge University Endowment Fund (CUEF, see note 27), some aspects of financial risk management are considered for CUEF and non-CUEF separately.

Through the CUEF, the University invests in various categories of assets for the long term in order to achieve the CUEF's investment objective of a total return of RPI plus 5.25 per cent per annum. The CUEF is managed by the University's Investment Office, with the oversight of the University's Investment Board. In order to pursue its investment objective the CUEF seeks exposure to a variety of risks. This exposure could result in a reduction in the University's net assets.

a Credit risk

Credit risk is the risk that the University would incur a financial loss if a counterparty were to fail to discharge its obligations to the University.

Credit risk exposure

The University is exposed to credit risk in respect of its financial assets held with various counterparties. The following table details the maximum exposure to credit risk at 31 July:

	2015	2014
	£m	£m
Interest-bearing securities	14.8	15.0
Derivative financial instrument asset positions	51.7	25.0
Investment cash balances	111.7	162.1
Trade debtors: invoices receivable	168.4	156.1
Other debtors	190.5	145.4
Money market investments	293.1	313.0
Cash at bank	67.0	50.1
	<hr/>	<hr/>
Total financial assets exposed to credit risk	897.2	866.7

Of the above financial assets only certain trade debtors, as detailed below, were past their due date or were impaired during the year.

Trade debtors: outstanding invoices	175.9	161.6
Less: Provision for impairment of receivables	(7.5)	(5.5)
	<hr/>	<hr/>
	168.4	156.1

37 Financial risk management (continued)

Trade debtors that are less than three months past their due date are not considered impaired unless they are included in the specific provision. At 31 July 2015, trade debtors with carrying value of £46.2 m (2014: £53.5m) were past their due date but not impaired.

	2015	2014
	£m	£m
Balances against which a provision has been made	10.5	11.3
Balances not past their due date	119.1	96.8
Up to 3 months past due	36.5	36.7
3 to 6 months past due	6.2	9.5
Over 6 months past due	3.5	7.3
	175.8	161.6

Movement on provision of impairment of receivables

Opening balance	5.5
Provided in year	3.1
Balances written off	(1.1)
Closing balance	7.5

Risk management policies and procedures

The University aims to minimise its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties, including setting appropriate exposure limits and maturities. The creditworthiness and financial strength of trading customers and research sponsors is assessed at inception and on an ongoing basis. Counterparties for investment assets and bank accounts are selected based on their financial ratings, regulatory environments and specific circumstances.

In respect of the CUEF, fund managers appointed by the CUEF have responsibility for choosing reliable counterparties. Where CUEF investments are managed directly by the University, investment transactions are carried out with well established, approved brokers. Investment transactions are done on a cash against receipt or cash against delivery basis.

Term deposits and cash balances outside the CUEF are subject to authorised limits and rating criteria which are subject to annual review.

The ratings of term deposits and cash balances at 31 July were as follows:

Fitch credit quality rating (short / long term)	2015	2014
	£m	£m
F1+ / AA Highest / Very High	60.1	94.8
F1 / A+ Highest / High	46.7	8.7
F1 / A Highest / High	161.0	236.7
F2 / A- Good / High	87.4	16.1
F3 / BBB Fair / Good	2.4	6.6
Lower ratings	2.5	0.2
	360.1	363.1

37 Financial risk management (continued)

b Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments.

Risk management policies and procedures

The majority of the assets held by the CUEF are investments in quoted securities and in funds that are readily realisable; while these assets are not available to fund obligations beyond those of the CUEF, there is no significant liquidity risk in relation to the CUEF itself.

Outside the CUEF, the Group monitors its exposure to liquidity risk by regularly monitoring its liabilities and commitments and holding appropriate levels of liquid assets. The Finance Committee approves the Liquidity Policy periodically. Liquidity and cash forecasts are reviewed by the Director of Finance on a quarterly basis. Cash and short-term deposits are maintained at levels sufficient to fund three months' operational and capital expenditure. Short-term deposits are placed with various terms between call and six months.

The following tables summarise the maturity of the Group's undiscounted contractual payments.

	Three months or less £m	More than one year £m	Between one and five years £m	More than five years £m	Total £m
As at 31 July 2015:					
Bond liabilities	6.6	6.6	52.5	829.0	894.7
Derivative financial instruments liability positions	51.7	–	–	–	51.7
Investments held on behalf of others	151.6	–	–	–	151.6
Bank overdraft	12.1	–	–	–	12.1
Bank and other loans	0.4	1.6	1.5	–	3.5
Other creditors excluding deferred income	151.2	0.6	1.1	–	152.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals at 31 July 2015	373.6	8.8	55.1	829.0	1,266.5
As at 31 July 2014:					
Bond liabilities	6.6	6.6	52.5	842.2	907.9
Derivative financial instruments liability positions	24.0	–	–	–	24.0
Investments held on behalf of others	105.1	–	–	–	105.1
Bank overdraft	3.0	–	–	–	3.0
Bank and other loans	0.3	0.5	3.3	–	4.1
Other creditors excluding deferred income	146.9	7.9	–	–	154.8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals at 31 July 2014	285.9	15.0	55.8	842.2	1,198.9

Capital commitments, excluded from the above analysis, are disclosed at note 31.

37 Financial risk management (continued)**c Market risk**

Market risk is the risk of changes to the fair value of the Group's financial instruments. Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

CUEF

The Investment Board advises the Council and is made up of investment professionals. The Investment Board monitors the performance of the Investment Office as well as providing advice to it. Investments in the CUEF are selected and combined with the aim of optimising the future long-term total return bearing in mind the expected future volatility of the return. The risk taken in order to meet the total return objective is managed by utilising diversification of investment strategies, of investment asset classes and of external investment managers. The CUEF operates an evolving asset allocation, in the context of a long-term direction. The proposed changes over the following twelve months are revised quarterly in discussion with the Investment Board. Within each asset class, fund managers are appointed and carry out the day-to-day investment transactions.

c (i) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The functional currency of the University and the presentational currency of the Group is Sterling. However, the Group has investment assets denominated in currencies other than Sterling and is impacted by fluctuations in foreign currency exchange rates.

At 31 July the CUEF had the following principal net exposures:

	2015	2014
Pounds Sterling	54.9%	51.4%
US Dollar	29.6%	30.4%
Euro	3.4%	4.6%
Japanese Yen	4.5%	4.5%
Other currency	7.6%	9.1%
	100.0%	100.0%

The currency exposure for overseas investments is based on the quotation or reporting currency of each holding, while the currency exposure for net monetary assets is based on the currency in which each asset or liability is denominated.

37 Financial risk management (continued)

The following table summarizes the significant assets and liabilities exposed to currency risk as at 31 July 2015:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	1,949.2	252.5	1,249.1	178.8	364.9	1,792.8
CUEF forward currency contracts	(774.9)	(131.1)	(496.6)	(92.8)	(56.5)	(645.9)
Net exposure of CUEF	1,174.3	121.4	752.5	86.0	308.4	1,146.9
Exposures outside CUEF:						
Debtors	44.7	15.8	28.6	11.2	19.9	59.7
Cash balances	14.5	6.6	9.3	4.7	11.0	25.0
Creditors including bank and other loans	(44.1)	(6.6)	(25.2)	(2.0)	(12.6)	(39.8)
Net exposure	1,189.4	137.2	765.2	99.9	326.7	1,191.8
Impact on total recognised gains for the year 2014–15						
10% US Dollar appreciation						76.5
10% Euro appreciation						10.0

The following table summarises the significant assets and liabilities exposed to currency risk as at 31 July 2014:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	1,736.0	248.8	1,028.3	197.2	361.2	1,586.7
CUEF forward currency contracts	(563.2)	(117.6)	(333.6)	(93.2)	(49.1)	(475.9)
Net exposure of CUEF	1,172.8	131.2	694.7	104.0	312.1	1,110.8
Exposures outside CUEF:						
Debtors	35.1	15.6	20.8	12.4	20.1	53.3
Money market investments	4.0	8.5	2.4	6.8	–	9.2
Cash balances	9.0	5.0	5.4	4.0	12.5	21.9
Creditors including bank and other loans	(34.0)	(4.0)	(20.2)	(3.2)	(13.0)	(36.4)
Forward currency contracts	(39.5)	(47.5)	(23.4)	(37.6)	–	(61.0)
Net exposure	1,147.4	108.8	679.7	86.4	331.7	1,097.8
Impact on total recognised gains for the year 2013–14						
10% US Dollar appreciation						68.0
10% Euro appreciation						8.6

37 Financial risk management (continued)

Risk management policies and procedures

Currency positions in the assets and liabilities of the CUEF are reviewed regularly by the Chief Investment Officer and the currency exposure is managed within the asset allocation strategy.

c (ii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in market interest rates (ie for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (ie for floating rate assets or liabilities).

Interest rate exposure and sensitivity

As stated in the accounting policies, the University's Bond liabilities are measured at amortised cost using the effective interest rate method, rather than at fair value. The University has not invested in variable rate deposits or interest-bearing securities.

Interest rate risk is focused on the potential impact of interest rate changes on the fair value of investments in fixed interest securities.

At 31 July 2015 the University held £14.8m (2014: £15.0m) of corporate and overseas government bonds with fixed interest.

Risk management policies and procedures

The University takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions.

c (iii) Other price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price (other than those arising from currency risk or interest rate risk), caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This is a key risk for the University because of the significance of the endowments and other funds invested in the CUEF and the dependence of future plans on maintaining the value of CUEF units in real terms.

Concentration of exposure to other price risk

As the majority of the CUEF's investments are carried at fair value, all changes in market conditions will directly affect the University's net assets. The fund's asset allocation at the reporting date is shown in note 27.

38 Fair value

Debtors and current liabilities are stated in the Group balance sheet at book values which are not materially different from their fair values. The Bond liabilities are measured at amortised cost of £342.4m (2014: £342.3m, see note 21), whereas the fair value of the Bond liabilities at 31 July 2015 was £414m (2014: £370m) based on trading nearest to the balance sheet date. The book values of the Group's other financial assets and liabilities shown on the balance sheet are the same as the fair values.

The following table categorises the fair values of the Group's investment assets and liabilities based on the inputs to the valuation. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1: Valued using quoted prices in active markets for identical assets.

Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

Fair value measurements using the FRS 29 fair value hierarchies		Level 1	Level 2	Level 3	Total
		£m	£m	£m	£m
Investment assets at fair value as at 31 July 2015					
CUEF:	Quoted investments	778.2	–	–	778.2
	Unquoted investments	–	1,685.2	21.7	1,706.9
	Derivative financial instruments asset positions	51.7	–	–	51.7
	Cash in hand and at investment managers	66.6	–	–	66.6
<hr/>					
	Total CUEF assets	896.5	1,685.2	21.7	2,603.4
	Other quoted investments	29.8	–	–	29.8
	Other unquoted investments	–	55.6	39.9	95.5
	Investment properties	–	161.0	–	161.0
	Money market investments	293.1	–	–	293.1
	Cash in hand and at investment managers	12.1	45.1	–	57.2
<hr/>					
	Total investment assets at fair value	1,231.5	1,946.9	61.6	3,240.0
	Derivative financial instruments liability positions (CUEF)	(51.8)	–	–	(51.8)
<hr/>					
Total investments at fair value at 31 July 2015		1,179.7	1,946.9	61.6	3,188.2

38 Fair value (continued)**Investment assets at fair value as at 31 July 2014**

The following analysis differs from that presented in the 2014 financial statements, having been restated following the receipt of additional information from the University's custodian.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
CUEF:				
Quoted investments	816.3	–	–	816.3
Unquoted investments	–	1,312.6	29.8	1,342.4
Derivative financial instruments asset positions	25.0	–	–	25.0
Cash in hand and at investment managers	67.3	56.9	–	124.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total CUEF assets	908.6	1,369.5	29.8	2,307.9
Other quoted investments	28.6	–	–	28.6
Other unquoted investments	–	69.5	42.4	111.9
Investment properties	–	100.8	–	100.8
Money market investments	313.0	–	–	313.0
Cash in hand and at investment managers	6.0	71.5	–	77.5
	<hr/>	<hr/>	<hr/>	<hr/>
Total investment assets at fair value	1,256.2	1,611.3	72.2	2,939.7
Derivative financial instruments liability positions (CUEF)	(24.0)	–	–	(24.0)
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments at fair value at 31 July 2014	1,232.2	1,611.3	72.2	2,915.7

A reconciliation of the opening and closing balances for Level 3 assets measured at fair value is detailed in the table below:

Fair value 1 August 2014	72.2
Purchases less sales proceeds	(22.0)
Total gains / (losses)	11.4
	<hr/>
Fair value 31 July 2015	61.6

Unquoted investments include investments in hedge funds, private equity funds and property funds. The fair values of unquoted investments and derivative financial instruments held through pooled funds and partnerships are based on valuations of the underlying investments as supplied to the University's custodian by the administrators of those funds or partnerships. The Council considers that no reasonably foreseeable change to key assumptions in the Level 3 valuations would result in a significant change in fair value. Transfers into and out of Level 3 occur when the classification of the underlying assets and liabilities of these funds changes.

Contacts

Information for journalists

Tel: +44(0)1223 332300

Fax: +44(0)1223 764062

Email: communications@admin.cam.ac.uk

www.cam.ac.uk/communications

Cambridge in America

Tel: +1 212 984 0960

Fax: +1 212 984 0970

Email: mail@cantab.org

www.cantab.org

This information is available in other accessible formats upon request.

Email: communicationsresources@admin.cam.ac.uk

Find us on:



[cam.ac.uk/facebook](https://www.facebook.com/cam.ac.uk)



[cam.ac.uk/flickr](https://www.flickr.com/photos/cam.ac.uk/)



[cam.ac.uk/twitter](https://twitter.com/cam.ac.uk)



[cam.ac.uk/youtube](https://www.youtube.com/c/cam.ac.uk)



[cam.ac.uk/instagram](https://www.instagram.com/cam.ac.uk)



[cam.ac.uk/itunesu](https://www.apple.com/itunes/artist/cam.ac.uk/)

Produced by: Communications Team, the Office of External Affairs and Communications, University of Cambridge

Design and printed by: Tim Bond www.timbond.design

Cover image: Cedric Bousquet, University of Cambridge.

For further information contact:

The University of Cambridge
Office of External Affairs and Communications
Tel: +44(0)1223 332300
Fax: +44(0)1223 764062
Email: communications@admin.cam.ac.uk
www.cam.ac.uk/communications

