

CAMBRIDGE UNIVERSITY REPORTER

No 6448

THURSDAY 8 DECEMBER 2016

VOL CXLVII No 14

ANNUAL REPORTS OF THE COUNCIL
AND THE GENERAL BOARD
FOR THE ACADEMICAL YEAR 2015–16

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

CONTENTS

Notice: Annual Reports of the Council and the General Board	201
Annual Report of the Council for the academical year 2015–16	202
Annual Report of the General Board to the Council for the academical year 2015–16	215
Reports and Financial Statements for the year ended 31 July 2016	221



UNIVERSITY OF
CAMBRIDGE

Notice: Annual Reports of the Council and the General Board

Under the terms of Statute A IV 1(c) (*Statutes and Ordinances*, p. 6), the Council is required to make an Annual Report to the Regent House, giving an account of its conduct of affairs during the past academical year; the General Board are required under Statute A V 1(a) (*Statutes and Ordinances*, p. 7) to make a similar Report to the Council. The Council's Annual Report for the academical year 2015–16 is published below together with the General Board's Report. The two Reports, together with the University's Reports and Financial Statements for the year ended 31 July 2016 (which are also published in this issue), will be brought forward for consideration at the Discussion to be held on **24 January 2017**.

Notices for publication in the *Reporter*, or queries concerning content, should be sent to the Editor, Cambridge University Reporter, Registry's Office, The Old Schools, Cambridge, CB2 1TN (tel. 01223 332305, email reporter.editor@admin.cam.ac.uk).

Advice and information on content submission is available on the *Reporter* website at <http://www.reporter.admin.cam.ac.uk/>.

Copy should be sent as early as possible in the week before publication; short notices will be accepted up to **4 p.m. on Friday** for publication the following Wednesday. Inclusion of notices is at the discretion of the Editor.

© 2016 The Chancellor, Masters, and Scholars of the University of Cambridge.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of the University of Cambridge, or as expressly permitted by law.

The University is the owner or the licensee of all intellectual property rights in the site and in the material published on it. Those works are protected by copyright laws and treaties around the world. All such rights are reserved.

Material prepared for the primary purpose of providing information about the University of Cambridge, its teaching and research activities, its subsidiary companies and organizations with which it is associated or affiliated has been placed on the site by the University ('University Material').

Subject to statutory allowances, extracts of University Material may be accessed, downloaded, and printed for your personal and non-commercial use and you may draw the attention of others within your organization to University Material posted on the site.

Annual Report of the Council for the academical year 2015–16

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

In accordance with Statute A IV 1(c), the Council makes the following Annual Report to the University.

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 Maxwell Centre, the Dyson Building, the Crausaz Wordsworth Building at Robinson College, and Leckhampton Hall and Kitchens at Leckhampton Court, Corpus Christi College. Lord Sainsbury attended the Campaign Launch Event in Cambridge, the ‘Ideas to Reality’ Event organized by Cambridge Enterprise, and the Addenbrooke’s Hospital 250th anniversary celebration. He visited Clare College, Cambridge Econometrics, the Faculty of History, and attended a tour at the Sanger Centre.

The Vice-Chancellor

(i) Major engagements in 2015–16

The Vice-Chancellor, Professor Sir Leszek Borysiewicz FRS, addressed the University on 1 October 2015 on Partnership, noting the importance of collaboration at a local and regional level, as well as with industry, and with international and philanthropic partners, in order for the University to fulfil its mission. Speaking on the ‘Advancement of science in Africa through Education’ at the Next Einstein Forum in Dakar in March 2016 he also encouraged policy-makers and scientists in Africa to form global partnerships and strategic alliances to overcome the challenges their countries face. In his speech at the Closing Ceremony at the College of Europe in Natolin in June 2016 he emphasized the importance of European partnerships in Higher Education against the backdrop of the referendum on Britain’s membership in the European Union. The Vice-Chancellor has also undertaken many national and overseas engagements on the University’s behalf, travelling to several European countries, China, Hong Kong, India, Senegal, Singapore, and the United States. There was a ceremony for the conferment of honorary degrees on 3 February 2016 at which His Excellency, the Secretary-General of the United Nations, Ban Ki-moon, had been admitted to an honorary doctorate of law and over which the Vice-Chancellor presided.

(ii) Nomination of a Vice-Chancellor from 1 October 2017

In 2015 the Council initiated the process for the nomination of a Vice-Chancellor to succeed Professor Sir Leszek Borysiewicz from 1 October 2017. An Advisory Committee was established with Professor Ian White, Master of Jesus College and a member of the Council, as Chair. A series of open meetings was held in February 2016 to solicit views on the search and the attributes that the University should seek in the next Vice-Chancellor.¹ The Council received regular updates on the Committee’s work. A Grace proposing the appointment of Professor Stephen John Toope, *T, A.B., Harvard, LL.B., B.C.L., McGill, Ph.D., T*, Officer of the Order of Canada, as Vice-Chancellor for seven years from 1 October 2017, was approved on 7 October 2016.²

¹ *Reporter*, 6411, 2015–16, p. 325.

² *Reporter*, 6436, 2016–17, p. 12.

The Pro-Vice-Chancellors

The following took up office in 2015–16: 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*, and Professor Lynn Gladden, *T*, for their distinguished service since 1 January 2010 as, respectively, Pro-Vice-Chancellor (International Strategy) and Pro-Vice-Chancellor (Research), and to Professor Duncan Maskell, *W*, and Professor Graham Virgo, *DOW*, for their service as Pro-Vice-Chancellors during the academical year.

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. As the persons having responsibility for the general control and management of the administration of the University, members of the Council are regarded as the charity trustees of the University.

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 2015–16); scrutiny of business through the Business Committee, the Advisory Committee on Benefactions and 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. Papers received by the Council (except where reserved or otherwise restricted for reasons such as commercial confidentiality) are 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 Easter Term 2016, the Regent House approved the reappointment of Professor Dame Shirley Pearce and Ms Sara Weller as external members of the Council in class (e).³

³ Graces 10 and 11 of 13 July 2016.

There were also bye-elections in classes (a) and (c). The membership until 31 December 2015 and from 1 January 2016 is attached as Annex A.

(iii) Routine reporting to the Council

During 2015–16, the Council received a progress report on the North West Cambridge Project at its meetings from October–May, after which the Council agreed to receive quarterly reports starting from October 2016. The Council received quarterly reports from the Remuneration Committee. 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.⁴ 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) Retirement of Registrar

Following Dr Jonathan Nicholls' announcement, on 18 April 2016, of his decision to retire on 31 December 2016, the Council initiated the process to identify his successor as Registrar. The Council is grateful to Dr Nicholls for his distinguished service to the Council and to the University as Registrar and Head of the Unified Administrative Service since 2007.

After advertisement and a search process supported by recruitment consultants, the Council decided not to appoint substantively to the office and agreed to appoint Emma Rampton, currently Academic Secretary, as Acting Registrar under Statute C VI 5 for a period of two years from 1 January 2017.

(v) Statement of investment responsibility

In June 2016, the Council received the report 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. 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 Council endorsed the group's recommendations, including revisions to the statement⁵ and support for participation in a process of continuous engagement with the external managers of University funds, underpinned by a developing model for engaging on environmental, social, and governance issues and by an open letter to those managers from the Vice-Chancellor and the Chief Investment Officer.

(vi) Review of the representation of graduate students in the University

In October 2015, the Council agreed to instigate a review of the representation of graduate students in the University, to consider whether the Graduate Union was the most effective body for providing that representation. A review committee established by the Council under the chairship of the Pro-Vice-Chancellor (Education) reported to the Council in February 2016. The review committee concluded that there continued to be a case for retaining two separate Unions in the short term and that the Graduate

Union was, in its current manifestation, providing effective representation for graduate students. The Council endorsed the review committee's view and also agreed that there should be an integrated administrative structure serving both Unions and that consideration should be given to increasing the number of joint services, with further discussions between the Unions facilitated initially by the review committee, which would remain in place for this purpose. The Council agreed that there should be a further review within five years (or less, if necessary) to revisit the question of whether two Unions were required.

(vii) Arrangements for approving market pay

The Council, in February 2016, published a Report proposing changes to the arrangements for approving market pay.⁶ The changes concerned the raising of the threshold at which committee approval was required for an award of market pay, in addition to the approval of the officers. Following a ballot, the recommendations of the Report were not approved (362 votes in favour, 707 votes against). The HR Committee has approved the establishment of a new remuneration working group to take forward the work of the market pay working group and to look more broadly at remuneration issues. The overarching aim remains to ensure that pay and reward policies, practices, and procedures fully support the University's aspiration to attract and retain outstanding staff and are transparent and consistent.

(viii) Review of the University's retirement policy

In July 2016, the General Board and the Council received the recommendations of a review group established in June 2015 to review the University's retirement policy. It agreed to maintain the Employer Justified Retirement Age (EJRA) of 67 but with some adjustments to the stated aims and the criteria for evaluating requests beyond the EJRA.⁷

(ix) Proposals concerning the public display of class-lists and related matters

In the early Easter Term 2016, the Council and the General Board approved the publication of a Report proposing changes to the sharing of information about class-lists, including the discontinuation of the public display of class-lists outside the Senate-House.⁸ In July, following receipt of comments made by the Colleges' Committee, the Council and the General Board agreed to remove from the Report those recommendations relating to the use of data by the Colleges. A ballot has been called by members of the Regent House on the Report's remaining recommendations; the vote will take place in the Michaelmas Term 2016.⁹

(x) Council self-effectiveness review

Regular self-effectiveness reviews enable the Council to reflect on its operations and efficacy. The Council has established a review committee constituted from among the members of the Council to carry out a self-effectiveness review of the Council. The review committee, which is chaired by Mr John Shakeshaft, Deputy Chair of the Council, is expected to report on its recommendations to the Council in the Michaelmas Term 2016.

⁴ In 2015–16, these reports were postponed in order to allow further discussion of the Freeling report (see p. 206) and were presented at the October and November 2016 meetings of the Council. Summaries of activity in 2015–16 are included in this Report (p. 206).

⁵ *Reporter*, 6430, 2015–16, p. 636.

⁶ *Reporter*, 6414, 2015–16, p. 356.

⁷ *Reporter*, 6435, 2016–17, p. 2.

⁸ *Reporter*, 6426, 2015–16, p. 547.

⁹ *Reporter*, 6434, 2015–16, p. 794.

Governance and constitutional matters

(i) Investigation into the governance and management structures of the North West Cambridge project

As was reported in the 2014–15 Annual Report, in July 2015 the Council endorsed the Finance Committee's recommendation that the Audit Committee be asked to commission an investigation into the governance and management structures for the North West Cambridge project.

The Council, at its meeting in October 2015, received the first report of the North West Cambridge Audit Group, chaired by external Council member and Audit Committee Chair Mr Mark Lewisohn. This initial report provided an examination of the causes for the projected cost overruns and identification of the reasons why issues were not reported sooner. A Discussion on a Topic of Concern was called by the Council on 3 November 2015,¹⁰ and the comments made at the Discussion were taken into account in preparing the Audit Group's second report. The Council, at its meeting in March 2016, received this second report and endorsed its recommendations, which identified lessons to be learned for the future in undertaking similar large-scale developments, including successive phases of the project.¹¹ The Council has started the process to recruit a Chief Financial Officer, to take overarching financial and strategic responsibility for large commercial undertakings across the University. A Report proposing a restructuring of the West and North West Cambridge Estates Syndicate as a Board, as amended in light of Discussion remarks, was approved by Grace 4 of 13 July 2016.

(ii) Review of student disciplinary procedures

The Review Committee on Student Discipline is expected to report on further proposals to revise the student disciplinary framework in 2016–17, after proposals for consideration of cases concerning student complaints of harassment and sexual assault have been submitted to the Regent House in the Michaelmas Term 2016.

(iii) Approval of amending Statutes

Amendments to provisions in Statute D I and II concerning student discipline were approved by Her Majesty in Council on 10 February 2016.¹²

(iv) Review of three specific areas of governance

The Council has agreed that it will commence a review encompassing the membership of the Regent House, the membership of the Council, and the format of Discussions in accordance with a timetable to be agreed with the Vice-Chancellor appointed from 1 October 2017.

Accountability and audit

(i) Audit Committee membership

The 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)). Also in attendance at meetings of the Committee are the Chairs of the Cambridge University Press and Cambridge Assessment Audit Committees, senior University officers including the Registry, the

Senior Pro-Vice-Chancellor, and the Director of Finance, the University's internal auditors and, where relevant to agenda items, the external auditors.

There have been two changes to Audit Committee membership during 2015–16. Dr David Good, who was a member of the Committee in class (b), ended his term on 31 December 2015. His vacancy was filled by Council member Reverend Jeremy Caddick, who joined in January 2016. Professor Nigel Slater, who was a member of the Committee in class (d), completed his term at the end of 2015 before taking up the role of Pro-Vice-Chancellor (Enterprise and Regional Affairs). Following agreement at the May 2016 meeting, Professor John Dennis, Head of the Department of Chemical Engineering and Technology, was co-opted on to the Committee to replace Professor Slater; he attended his first meeting in June.

The Council is grateful to all current and former members who give their time and expertise in support of the Audit Committee's work.

(ii) Internal audit function

Deloitte LLP was reappointed for three years with effect from 1 August 2014 to provide the University's internal audit function. This was subject to a refreshed approach to their service, which included an increased focus on priority risk areas aligned with the University's Key Risk Register, a broader insight from specialist and senior input, and greater self-assurance by Schools and Departments. The self-assurance has taken the form of a survey developed to reflect key risk areas and data analytics to give assurance on Departments' compliance with key processes in high risk areas.

The second full exercise of the Departmental assurance survey ran smoothly in 2015–16 with a 100% response rate. The findings were reported to the Audit Committee in June 2016 and were well received. The survey report enables the Audit Committee, administrative offices, and Schools to see at a glance where weaker areas exist by both Department and topic.

Key audits in 2015–16 included master-planning of the estate, international collaborations, sports clubs and events, the student records system, and minor works. Next year's internal audit plan has been approved and will include the CamSIS re-implementation, cyber-security governance and review, operational planning for North West Cambridge, and the follow-up on the recommendations arising from the Freeling review (see p. 206).

Six audit reports carried limited assurance this year, and in each case a senior officer was invited to attend the meeting, or an existing attendee requested to comment, to give an opportunity for a response to the report and to allow for questions. In particular, the Audit Committee heard directly from the Academic Secretary and the Head of Graduate Student Administration on the graduate and exam progression audit, from the Pro-Vice-Chancellor (Education) on the sports clubs and events audit, and from the Director of Estate Strategy on the minor works audit reports.

(iii) Reappointment of external auditors

Market testing of the external auditors is required by HEFCE to be carried out every seven years, and appointment/reappointment of external auditors was due in 2015–16. A sub-group of the Committee, chaired by Ms Legrand, met in May 2015 to consider the approach to market testing of the external audit function. On the basis of positive feedback reports on PwC's performance and Value for Money benchmarking papers for external audit

¹⁰ *Reporter*, 6400, 2015–16, p. 53.

¹¹ *Reporter*, 6421, 2015–16, p. 442.

¹² *Reporter*, 6415, 2015–16, p. 365.

provision in the HE sector, the Sub-group decided not to proceed to a full re-tender, but to consider continuing with PwC for the next three years. HEFCE had previously agreed that market testing did not necessarily require a full tender exercise.

PwC were asked for their proposals to refresh and enhance their service and gave a presentation on this to the Committee at its November meeting. The Committee subsequently agreed to recommend the reappointment of PwC as the University's external auditors until 2018.

(iv) Risk, emergency, and continuity management

Risk management is a standing item on the Audit Committee's agenda. The University's Key Risk Register is updated and reviewed by the Risk Steering Committee, which meets twice a year. The Risk Steering Committee is chaired by the Senior Pro-Vice-Chancellor.

Risk management training is provided twice a year through the University's Personal and Professional Development training programme. Tailored sessions to individual institutions or groups are also given where requested or suggested.

Emergency Action Plans are now completed for all but a few institutions whose plans are in progress. All 31 departments classed as high risk (for example, because they contain high value assets, house essential information, contain animal houses, or host material subject to Anti-Terrorist Crime and Security Act legislation) have plans in place.

Emergency Action Plans are being transferred from the previous online repository to Estate Management's Micad system. This system contains detailed building plans and compliance documents and thus provides a natural platform for hosting the plans. The system also shows information about departmental occupancy of buildings, enabling any missing Plans to be readily identified.

In collaboration with University Information Services (UIS), work has proceeded on equipping the University's Silver Team with essential IT facilities to assist the Team in an emergency. Two new incident management rooms with modernized facilities have been established. Work is now underway to consider a new option for the primary incident room, which has the potential to offer even greater resilience as an emergency planning location.

The University Silver Team was led through a desktop exercise on crisis communications by an external consultant, Mr Donald Steel, in January 2016. A sub-set of the Silver Team was convened in May and June 2016 following two separate incidents.

(v) Policy against bribery and corruption

The Committee received an annual review of the University's policy against bribery and corruption. There had been no reports of bribery and only one case of financial fraud in the University, which was under the threshold that required reporting to HEFCE. Cambridge University Press identified one case of fraud, which was reported to HEFCE since it was over the threshold. Cambridge Assessment had no cases to report.

Training via the online Bribery and Corruption training module has continued with areas of weaker participation targeted. Monitoring of training participation overall continues. Online guidance across the University is being updated to ensure that there is consistent advice on who should undertake training and how frequently. Procurement contracts have been reviewed to ensure that appropriate anti-bribery clauses have been incorporated. A comprehensive review of other forms of contract will now be undertaken.

There was one case of whistleblowing in the University. Following a full review by HR, the claims were considered to be unsubstantiated.

(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. The Director of Finance reported that his annual exercise to compare Colleges' total fee income and restricted funds income with expenditure on education provided assurance concerning the application of funds transferred.

The Chair of the Value for Money Sub-committee of the Bursars' Committee reported on different inter-collegiate value for money exercises such as energy purchasing, joint training events, and joint event organization. It was a significant feature of collaboration between the University and Colleges. It was noted that there was cross-representation on both University and College committees that looked at value for money activities.

(vii) Audit Committee presentations

During 2014–15 the Committee agreed that it was beneficial to seek alternative sources of assurance by inviting senior staff to present at Committee meetings, particularly in areas corresponding to the University's key risks. As part of this cycle, the Committee received the following presentations:

- *8 October 2015* – The Head of the International Strategy Office, Dr Toby Wilkinson, spoke about the University's international strategy and the management of risks in relation to its international activities.
- *14 January 2016* – The Managing Director of BAE Systems Intelligence, Mr Kevin Taylor, gave an external view on cyber security risks and mitigating actions. The Director of the UIS, Dr Martin Bellamy, followed with a presentation on actions taken with respect to cyber security.
- *10 March 2016* – The Senior Pro-Vice-Chancellor gave a current assessment of the risks on the Key Risk Register which he owned (Financial Health, Key Infrastructure, Estate).
- *5 May 2016* – The Pro-Vice-Chancellor (Education) gave a current assessment of the risks on the Key Risk Register which he owned (Student Access/ Admissions and Student Experience and Quality Assurance).
- *30 June 2016* – The Director of Health, Safety, and Regulated Facilities, Dr Martin Vinnell, discussed the development of his Division and associated key risks.

This year senior officers were also invited to attend relevant meetings to supplement and take questions on two of the annual reports received by the Committee. The Head of the University Research Office and two colleagues attended to discuss their report on Research Grants Sponsors Audits at the March meeting and one of the joint Heads of Legal Services attended for the discussion of the Annual Report on Bribery and Corruption at the June meeting.

The Vice-Chancellor gave his annual report to the Committee at its January meeting.

(viii) Audit Committee workshops

A workshop on pensions, with particular focus on USS, was held at Trinity Hall on 6 July 2016. The University's independent actuary, Mr Jonathan Seed of Xafinity Consulting, gave a presentation in which he highlighted the University's pension commitments and associated risks. Mr Howard Jacobs, Chair of the Trustees of the Cambridge University Assistants' Contributory Pension Scheme, contributed to discussions.

(ix) North West Cambridge Audit Group

As reported above (p. 204), the North West Cambridge Audit Group produced two reports, both of which were received by the Audit Committee for discussion prior to consideration by the Council. Mr David Parsons, Deputy Director of Legal Services and the Secretary to the Audit Group, attended for the discussion of the Group's first report, and Mr Parsons also attended for discussion of the second report. Mr David Savage, Senior Manager at PwC, also attended the former meeting to discuss the PwC's investigative report, which had been commissioned in advance of the Audit Group's work.

(x) Audit Committee effectiveness review

At its January 2016 meeting, the Committee agreed to commission an external consultant to conduct a review of the Committee's own effectiveness, after considering a Leadership Foundation Report into the effectiveness of HEI Audit Committees. The review involved individual interviews with all members and regular attendees of the Committee. The consultant also observed a meeting. The consultant's report will be submitted to the Committee early in the Michaelmas Term.

Government policy and the national environment*(i) EU referendum*

Following the result of the referendum on the UK's membership of the European Union on 23 June 2016, discussions with senior figures in government and higher education, and other stakeholders, are ongoing to give due prominence to critical issues facing this University and the sector as a whole.

In the short term, the first aim has been to ensure that the University provides accurate and up-to-date information to current and prospective staff and students, with a website at <http://www.cam.ac.uk/eu> providing answers to the most common questions and access to sources of additional information. An EU Working Group, with a membership drawn from across the collegiate University and chaired by the Pro-Vice-Chancellor (Research), is considering the operational issues and will continue to model the impacts as further announcements are made by the government.

More widely, the Council has reaffirmed the University's position as a diverse, international and, above all, tolerant community, which deplores any form of racism.

(ii) National funding and financial considerations

On 2 June 2016 the Office for Fair Access (OFFA) announced the fee caps for 2017–18¹³ applicable to institutions eligible for and wishing to take part in the Teaching Excellence Framework (TEF). The General Board and the Council, with the support of the Colleges' Committee, agreed to participate in TEF 1, the first year of implementation of the TEF, and an increase to the fees to £9,250 in 2017–18 was approved by Grace 1 of 13 July 2016.

¹³ <https://www.offa.org.uk/guidance-notes/fee-caps-inflationary-increases-2017/>

Following publication of a Green Paper and further consultation with the sector, a Higher Education and Research Bill to implement a restructuring of the governance of higher education and research has reached the committee stage in the House of Commons.

(iii) City Deal

In 2015–16, as a partner of the Greater Cambridge City Deal working with the local authorities and the Local Enterprise Partnership, the University has been actively supporting the programme's aim to ensure that Cambridge has the transport infrastructure, housing, and skills it needs to support its growth.

The City Deal partnership has been putting forward proposals on a number of transport infrastructure schemes, which the University has advised on through its representation on the Executive and Programme Boards. These include improving cycle and bus routes in, out, and around Cambridge, and tackling city centre congestion.

(iv) Counter-Terrorism and Security Act 2015

The Council and the General Board have established a Prevent Committee to advise on meeting the requirements of the Counter-Terrorism and Security Act 2015 and the guidance made under the Act's authority.¹⁴ In January 2016, the Council, as the body formally responsible for compliance under the legislation, approved an initial self-assessment and, in July 2016, a more detailed paper including a risk register and action plan, for submission to the HEFCE. Most of the actions concern the review of existing policies and procedures. A Discussion on a Topic of Concern was called by members of the Regent House on 10 May 2016, to which the Council responded in June 2016.¹⁵ The recommendations of a Report proposing the introduction of a University Statement on Freedom of Speech and revisions to the Code of Practice issued under section 43 of the Education (No 2) Act 1986, concerning meetings and public gatherings, were approved by Grace 8 of 13 July 2016. All of these provisions and materials will be subject to ongoing monitoring and review by the Prevent Committee and 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 reports annually to the Council; the Board's report for 2015–16 is annexed to this Report and provides a detailed commentary.

Cambridge Assessment and Cambridge University Press*(ii) Governance*

As was reported in last year's Report, the Council established a review group, under the chairship 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. A group chaired by Mr John Shakeshaft, Deputy Chair of the Council, was constituted in order to advise the Finance Committee and the Council on the

¹⁴ *Prevent Duty Guidance: for higher education institutions in England and Wales.*

¹⁵ *Reporter*, 2015–16: 6426. p. 560; 6430, p. 635.

Freeling report's recommendations. The Council agreed that these two businesses have contributed significantly to the reputation, finances, and educational life of the University. It also agreed that the University, through Council and senior leadership, has to improve its engagement with its commercial operations. An implementation group has been established under the chairship of the Senior Pro-Vice-Chancellor, with representation from the Local Examination Syndicate and the Press Syndicate, to take forward arrangements for a proposed Commercial Board to oversee the University's business operations.

(ii) *Cambridge Assessment (CA)*

The Council annually receives a report from Cambridge Assessment.

Cambridge Assessment's preliminary results for 2015–16 show a 7% growth in income to £396m; an operating surplus of £63m; and an anticipated transfer of £18.5m to the University. The two international businesses continue to perform well and between them now account for 80% of CA's income. The UK market remains challenging and OCR's income declined this year, which was in line with expectations given the various issues it faces.

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 rationalizing 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 and is one of the three IELTS¹⁶ partners.

The development of new office accommodation on the Triangle site remains on track with an anticipated occupation date in late 2017 / early 2018. This development will accommodate all Cambridge-based staff in a single location and provide sufficient space to absorb planned growth.

CA anticipates that income will grow at a faster rate over the next five years and that the operating surplus will double. 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 (plus the current year) is forecast to be in the region of £190m, which includes the estimated value of the central Cambridge buildings occupied currently by CA that will transfer to the University estate once CA has moved to the Triangle site. There will be continued investment in research, technology, product development, infrastructure, and staff, although capital expenditure is expected to fall significantly once the Triangle site is occupied and SAP implementation is complete.

(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 21 November 2016.

The Press's sales in the financial year to 30 April 2016 were £269m. At constant currency (taking out the impact of fluctuations in foreign exchange) this equated to sales growth of 1.5%. Operating profit before exceptional one-off costs was flat at £6.5m.

In line with other publishers the Press has had to respond to continued rapid changes in market conditions and an uncertain global economy. The digital revolution has continued through 2015–16 for all publishers. The Press reports that digital and blended products and services continue to grow at a rate of around 20% per annum, and now account for one third of its revenues. Over 90% of the Press's revenues in this period were from outside the UK, with 36% coming from developing markets.

The Academic publishing environment has remained challenging due to ongoing changes to markets and constrained library budgets. The Press's Academic group has been developing its new online platform Cambridge Core to enhance significantly its digital offering. The quality of its publishing has been recognized through the highest number of citations of any publisher and a record number of prizes in the PROSE awards, the world's most prestigious awards for academic publishing.

The English Language Teaching market has seen rapid change and intensifying competition. There has been strong sales growth in markets such as China, Spain, the Gulf, and Mexico. This year has seen structural changes to streamline the group, to focus people and publishing on key markets, to simplify production processes, to increase investment in new digital products, and to deepen the Press's partnerships with Cambridge Assessment and the wider University.

The Education group grew its underlying sales by close to 30%, with strong performances in India, Australia, and across the world in international education and education reform.

In a rapidly changing world, the Press's focus on quality, digital development, growing markets, efficiency, and partnerships across the University of Cambridge is enabling it to deliver its mission: to advance knowledge, learning, and research. Increasingly it does that by helping teachers, students, and researchers unlock their potential through the quality of its research and learning solutions.

West and North West Cambridge Estates Syndicate¹⁷

(i) *North West Cambridge development*

The North West Cambridge development is a key part of the University's strategy to maintain its global research profile through the development of a vibrant, mixed-use extension to the City, providing affordable and suitable accommodation for 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 significant housing and social facilities for the City more generally.

Regular reports to the Council from the West and North West Cambridge Estates Syndicate in 2015–16 have focused on infrastructure and building works, negotiation of commercial arrangements for market housing, the supermarket, the hotel and provision of local centre facilities including the primary school and the community centre. Work has begun to identify and define the priorities for a possible second phase of development at North West Cambridge.

The University of Cambridge Primary School opened on time and to budget in September 2015. In 2015 the school welcomed 120 pupils in reception and years 1 and 2, and in 2016 the school population will grow to 210 pupils.

¹⁷ The Syndicate was retitled the 'West and North West Cambridge Estates Board' following changes approved by Grace 4 of 13 July 2016.

¹⁶ International English Language Testing System.

The opening of the School is an important contribution to the social and intellectual value of the project, which has a firmly established relationship with the University through the Faculty of Education. More information about the School can be found at: <http://www.universityprimaryschool.org.uk/>.

Over 1,000 people are now working on the site and two million working hours were logged by May 2016. The majority of the buildings in Phase 1 will be completed in 2017, including 700 homes for University and College staff, 325 student rooms, the community centre, nursery, supermarket, shops, and doctor's surgery. Developers constructing housing for sale started on site in summer 2016.

The work of the North West Cambridge Audit Group is reported above (p. 206). The resulting reports confirmed the project would still achieve the strategic aims set by the University but also made a number of recommendations as to the future governance and management of the North West Cambridge Development as well as other major University projects. Considerable progress has been made in implementing the recommendations of the Audit Group's reports, including a review of the reporting arrangements between the Syndicate and other University bodies, the appointment of a new Chair of the Syndicate, the appointment of a full-time Finance Director for the project, a review of the membership of the Syndicate, the transition of the Syndicate to a Board and, significantly, a re-baselining of the entirety of the Phase 1 proposition to reflect appropriate consideration of inflation, contingency requirements, and market conditions.

The governance arrangements for the project now also include a Risk and Audit Committee, which has responsibility for reviewing risks to the project relating to construction, income, and operational matters on a quarterly basis. The Chair of the Board also reports formally to the Council on a quarterly basis.

(ii) West Cambridge development

The Board also has strategic oversight of the adjacent West Cambridge site, which is the University's opportunity to establish a world-class, well connected research and development environment focused on the physical sciences and technology that benefits Cambridge, the region, and the UK – one that provides facilities that help the University to retain its globally competitive position by continuing to attract and retain the world's best academics and researchers, as well as supporting entrepreneurship and collaboration with industry.

A planning application has been submitted and is subject to review by the City Council. The new proposals will allow for 383,300 sq.m. of additional academic and commercial research development. This application sets the context for the redevelopment of the Cavendish Laboratory and integration of the Department of Engineering on the West Cambridge site.

The Board will be looking to ensure as far as practicable that the development of both the North West and West Cambridge sites is complementary and that any opportunities which arise from the parallel development of the sites are exploited.

Development and Alumni Relations (CUDAR)

(i) Performance

(a) Fundraising

New funds raised for the University by the end of the financial year 2015–16 totalled £73.9m (the combined total for the University and the Colleges was £210.7m, the highest annual total to date). There were 17 gifts over £1m including four gifts over £5m settled. Compared with the previous five years, 2015–16 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.

Now in its second year, the embedded model of fundraising for Schools and Non-School Institutions is continuing to bear fruit, with increased philanthropic prospects and funding and growth of teams in priority areas; an example of the latter is the promising pipeline of gifts that the Cambridge University Health Partners team has developed in less than a year. Across collegiate Cambridge, the understanding and awareness of the importance of philanthropy is growing. There is a close engagement with the academic community in developing large, transformative funding opportunities to attract even greater levels of support for the University's key priorities.

(b) Alumni engagement

A new strategy to enhance the way the University works with its global network of 450 alumni groups and societies has been developed and is now being implemented. The strategy introduces a partnership arrangement to clarify how the University and Alumni Groups work together and offers an expanded range of support services and tools to enable the groups to have a greater impact.

The alumni benefits programme continues to add value to the University's relationship with more than 4,000 alumni around the world accessing the JStore-database service offered through the University Library.

(c) Communications

The theme and visual identity for the new campaign was rolled out at the public launch in October 2015 supported by a wide-ranging internal and external campaign communications plan, including the unveiling of the new campaign website and aligned social media. The branding has also been rolled out to all Colleges, including the sharing of key assets on the advancement intranet.

CAM magazine won a silver award in the CASE (Council for the Advancement and Support of Education) Circle of Excellence Awards, scoring very highly both in terms of content and design – a direct result of the magazine's redesign in September 2015. CAM, which goes to 211,000 alumni globally, is just one of the alumni communications channels. The monthly alumni e-newsletter now goes to 140,000 alumni to support deeper alumni engagement. In the six months to 31 May 2016, more than 101,000 alumni have opened one or more alumni engagement emails. This is up 6% from the previous six months and reflects continued stability of open rates (a key measure of alumni interest in the content presented). Both CAM and the e-newsletter incorporate campaign branding and are critical conduits for sharing information on the campaign to the wider alumni community.

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

(ii) Campaign

During 2015–16, CUDAR delivered three global collegiate campaign celebration events; the first was the launch event in Cambridge on 16–18 October 2015 attended by over 300 donors and supporters. Subsequently, over 750 alumni from all 31 Colleges joined the Vice-Chancellor at campaign celebrations for the University and Colleges of Cambridge in Singapore, Hong Kong, and Beijing during April 2016. The Campaign Launch weekend in Cambridge won a Bronze CASE Circle of Excellence Award for the University of Cambridge.

The Campaign Board met in October 2015, March 2016, and June 2016, and work has continued to plan the expansion of membership of the Campaign Board to new seven-figure donors. The Board has agreed the formation of new campaign fundraising committees in support of campaign priorities, with the priority committees identified for the Cavendish Laboratory redevelopment on the West Cambridge site (Cavendish III) and for Medicine. These committees will engage directly with academic leadership (the Head of Department/School and other key academic champions), supported by the CUDAR leadership, and the relevant School fundraiser and campaign team. The Cambridge in America Board has agreed to be the Campaign Board for the United States, supported by Cambridge in America staff. In addition to Board meetings and interim conference calls, CUDAR has also worked closely with each Board member on their individual engagement, to tailor their own personal impact on the campaign.

The Campaign Advisory Group, chaired by the Vice-Chancellor and comprising senior leadership from across the collegiate University, has continued its important work as internal advocates for the campaign and advisors on its strategic direction. In 2015–16 the Group has worked to develop a common understanding of philanthropy, to frame School needs and priorities for philanthropic involvement, and to further develop and articulate the University's philanthropic needs for the campaign.

(iii) Organizational capability and systems

Recruitment has continued apace across all functional teams, including key senior roles in accordance with the agreed business plan. The Head of Alumni and Supporter Relations, the Head of Information Services and Change, and the Head of Finance took up post in the early part of 2016. In addition five fundraisers have also been recruited in the following areas: Papworth Hospital; School of Biological Sciences; School of Clinical Medicine; School of the Humanities and Social Sciences; and the Law Faculty. The Director of Development and the Head of HR and Talent Management have been appointed and will take up their posts in the 2016 Michaelmas Term.

A new fundraising and alumni relations system is scheduled to go live by December 2016, which will enable better information sharing between CUDAR, Cambridge in America, and the Colleges, and facilitate a more collaborative approach to development operations across the collegiate University. The focus of the last twelve months has been on establishing business processes and key functionality and reporting requirements through design workshops and interviews involving around thirty colleagues who represent the functional areas. Detailed work continues on data mapping, user training, report development, and data migration.

(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. Regular shared prospect meetings with all Colleges have continued throughout the year (with increased focus on joint fundraising strategy) supported by the shared interim information system, now used widely by all fundraising staff. The second annual joint advancement conference was held in May 2016 with over 180 attendees from the development community across collegiate Cambridge.

The following sections of this Report are submitted on behalf of the Council and the General Board.

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). The forecasts for the coming five years show a small deficit on the Chest each year. The main factors driving the deterioration in the financial forecasts are reduced estimates of fee income and research grant overhead income. While the University is in a strong position to manage short-term deficits on the Chest, this position is unsustainable for the medium to long term.

Major financial risks continue to overshadow the planning period, most significantly the impact of the referendum result that called for the UK to leave the European Union. In addition, as noted in the General Board's Report, this is a time of great change in the Higher Education legislative framework, and there is uncertainty as to how this will affect funding for teaching and research. On the cost side, local and national pressures on major items of expenditure including pay, pensions, energy, and construction costs are likely to continue for the foreseeable future. The PRC has issued guidance for the next Planning Round which allows for allocations to institutions to increase by no more than one per cent.

The Council reported in its last Annual Report that Chest-derived reserves held by Schools had begun to decline slowly after several years of growth. The accounts for 2015–16 showed that, in aggregate, such reserves had continued to fall. Understanding the reasons why Schools hold reserves, and striking a more appropriate balance between holding 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 2024–25) cumulative cost of projects currently in the Green Zone (which have the highest level of approval that the PRC is able to give before authorization is given to proceed) is £678m, of which £260m 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 bio-facilities. Substantial projects 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, e.g. through philanthropy or government initiatives. Accordingly, the PRC will continue to scrutinize 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.

(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.¹⁸

(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 annual sustainability assurance report (ASSUR) to HEFCE and have been further developed in that context.

(v) Cambridge University Endowment Fund

The Cambridge University Endowment Fund closed its year with a value of £2,656 million as at 30 June 2016 (2015: £2,531m) with further investments from the Colleges, Trusts, and the University itself. The Investment Board meets four times a year to review investment performance and the portfolio's risk profile, consider the Investment Office's analysis and proposals, and advise on investment opportunities and the management of investments. The meetings cover a cycle of work giving particular attention to strategic asset allocation, annual review of manager performance, and focus on specific asset classes.

The CUEF's investment return for the twelve months to 30 June 2016 was 6.3%. The Fund has returned an annualized 10.2% return over a rolling five-year period, which compares favourably to its principal benchmarks and its long term objective of a 5.25% return in real terms.

University employment

(i) Pay and reward

There has been significant work in the course of the year on the development of a 'people strategy'.

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 have been implemented, including conversion of remaining market supplements into Advanced Contribution Supplements or Market Pay with effect from 1 January 2016.

The 2016–17 pay settlement has not yet been agreed. The Universities and Colleges Employers Association (UCEA) made a full and final offer at the last formal New JNCHES negotiating meeting on 28 April 2016. The base pay offer was for a 1.1% uplift on all points (save for the first 7 points of the pay spine where larger increases apply) and the removal of spine point 1.

Following the consultation exercise in 2015, the Universities Superannuation Scheme (USS) closed the final salary section with effect from 31 March 2016. As from 1 April 2016, all members are now accruing benefits on a career-revalued benefits basis. A defined-contribution section is due to be introduced on 1 October 2016.

A new nursery at North West Cambridge is scheduled to open in May 2017 and a tender for service provision is currently being prepared. Negotiations are taking place for the continued service provision at the existing University Nurseries at West Cambridge and Edwinstowe Close, both rated Outstanding by Ofsted, with the current provider, Childbase. Demand for nursery provision still outweighs availability of places and the Nursery Project Board is continuing to explore options.

(ii) Recruitment

Following the outcome of the EU referendum in June 2016, the government has not yet confirmed formally the future status of EU nationals living and working or studying in the UK. However, in the meantime UK ministers have confirmed that the current legal position of EU nationals in the UK remains unchanged and free movement rights still apply; this is likely to remain the case for some time. The HE sector is in a strong position to influence migration policy at the highest levels and will seek to safeguard the recruitment requirements of the sector under any new immigration system.

A project to move the personal paper files for all staff (both existing and future) on to an Electronic Document Management (EDM) system began in December 2015. It is expected the system will be completed by the end of 2016.

(iii) Equality initiatives

A thorough review of progress was undertaken to develop a new Equality and Diversity Strategy for 2016–21. This important exercise enabled the University to identify priority areas, beyond compliance, on which to maintain focus, namely a commitment to improving diversity at the most senior levels, benchmarking best practice, increasing awareness and training in key equality and diversity issues, advancing family-friendly practice, and ensuring an inclusive culture for staff and students. The Council expects to consider this strategy during Michaelmas Term 2016.

Steady progress in achieving Athena SWAN Awards has been made with all of the STEMM (Science, Technology, Engineering, Medicine, and Mathematics) subjects. The expansion of SWAN into the Arts, Humanities, Social Sciences, Business, and Law disciplines has resulted in further engagement, with first submissions planned for later this year. An internal resource, the IDEAS project, has been developed to share good practice.

Amongst a number of high-level events held this year, a highlight was the Equality Pledge, a national event hosted by the University in November 2015, at which signatory organizations pledged to appreciate and value the benefits that different communities contribute to the University and the surrounding region.

¹⁸ See *Reporter*, 6433, 2015–16, p. 749, for the most recent calculation.

(iv) Personal and Professional Development

PPD, in collaboration with Educational and Student Policy and under the direction of a Steering Committee chaired by the Pro-Vice-Chancellor (Education), made a major contribution to the development of the Cambridge Centre for Teaching and Learning. A Postgraduate Certificate in Teaching and Learning in Higher Education will be available from September 2016, which is open to staff who teach students at the University. The University's first Teaching Forum was held in April 2016 and was well received.

A Researcher Development Framework has been established to improve the coherence of programme review and planning and has been adopted in most Schools and at University level.

Ongoing activities included the delivery of the Leadership Development Framework. A Senior Leadership Mentoring Initiative will be piloted in Michaelmas 2016. New online modules of the Leadership Essentials Initiative have been launched, and a new programme, Managing Successful Change, was piloted. Other projects included involvement in the Apprenticeship Levy project, work on the training requirements for meeting the Prevent duty, for roll-out during 2016–17, and a wide range of activities to support departments and Schools, including a new Train the Trainer programme, to be offered on the open programme next year.

(v) Office of Postdoctoral Affairs (OPdA)

The year 2015–16 has been a period of consolidation for OPdA, building on a number of initiatives undertaken during the previous two years. Highlights this year have included the opening of a second Postdoc Centre on the Biomedical Campus in August 2016 and preparation for the opening of a third on the North West Cambridge site in early 2017.

Good relations have continued to be strengthened with the PdOC Society and with other groups and departments across the collegiate University. Working within HR has afforded the advancement of representation on committees and working groups, a review of current salaries for research associates, and the early stages of better capture of destination data based on the Alumni Benefits scheme introduced in 2015 for postdocs. A review of postdoc engagement within the Colleges has been completed, with recommendations to enhance College affiliation and to develop a network of College postdoc conveners being implemented. OPdA has also continued to engage with other universities, primarily through Researchers14, a network of UK universities with an interest in sharing and developing good practice in support of early career researchers, which the OPdA was instrumental jointly with Imperial College in establishing in 2014.

OPdA has successfully piloted a mentoring scheme and a scheme for internships and placements for postdocs funded by one of the Research Councils. The Clinical School launched a parallel mentoring scheme aimed at mid-career researchers. The Entrepreneurial Postdocs of Cambridge (EPoC), launched in 2015 with the remit of creating awareness of entrepreneurial opportunities, ran its first postdoc business competition in December 2015 (with financial support from Cambridge Enterprise) and more recently arranged the first entrepreneurial event focused on social enterprise models. The University's recognition of volunteering across Cambridge has led to the adoption and support of a Volunteers Committee within HR to ensure policy, practice, and recognition are managed in an appropriate and holistic manner.

21 November 2016 L. K. BORYSIEWICZ, *Vice-Chancellor*
 CHAD ALLEN
 ROSS ANDERSON
 RICHARD ANTHONY
 JEREMY CADDICK
 R. CHARLES
 ANNE DAVIS
 AMATEY DOKU

MARGARET GLENDENNING
 DAVID GOOD
 NICHOLAS HOLMES
 ALICE HUTCHINGS
 UMANG KHANDELWAL
 STUART LAING
 MARK LEWISOHN
 SUSAN OOSTHUIZEN
 RACHEL PADMAN
 SHIRLEY PEARCE
 MICHAEL PROCTOR
 JOHN SHAKESHAFT
 SUSAN SMITH
 SARA WELLER
 I. H. WHITE

ANNEX A

COUNCIL MEMBERSHIP 2015–16

The Chancellor and the Vice-Chancellor

	To 31 December 2016	To 31 December 2018	To 31 December 2020
<i>Elected as Heads of Colleges</i>			
Prof. Michael Proctor, <i>K</i>		Mr Stuart Laing, <i>CC</i>	
Prof. Ian Hugh White, <i>JE</i>		Prof. Susan Smith, <i>G</i>	
<i>Elected as Professors or Readers</i>			
Prof. Anne Davis, <i>K</i>		Prof. Ross Anderson, <i>CHU</i>	
Prof. Fiona Eve Karet, <i>DAR</i>		Dr Susan Oosthuizen, <i>W</i>	
<i>Elected as members of the Regent House</i>			
The Reverend Jeremy Lloyd Caddick, <i>EM</i>		Dr Richard Anthony, <i>ED</i>	
Dr Margaret Glendenning		Dr Ruth Charles, <i>N</i>	
Dr David Arthur Good, <i>K</i>		Dr Nicholas Holmes, <i>T</i>	
Dr Rachael Padman, <i>N</i>		Dr Alice Hutchings	
<i>External members</i>			
Prof. Dame Shirley Pearce		Mr Mark Lewisohn, <i>CHR</i>	Prof. Dame Shirley Pearce
Ms Sara Weller		Mr John Shakeshaft, <i>T</i>	Ms Sara Weller
<i>Student members (to 30 June 2016)</i>		<i>Student members (from 1 July 2016)</i>	
Mr Chad Allen, <i>K</i>		Mr Chad Allen, <i>K</i>	
Ms Priscilla Mensah, <i>G</i>		Mr Amatey Doku, <i>JE</i>	
Mr Cornelius Roemer, <i>T</i>		Ms Umang Khandelwal, <i>N</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.*

Moreover, the Council shall perform such duties in connection with financial matters as are assigned to it by Statute F I.

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;
- oversees the investment management of the Cambridge University Endowment Fund through its Investment Board;
- 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, responding on behalf of the University to consultations and other matters as required under UK legislation;
- 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 West and North West Cambridge Estates Board;
- 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*, p. 110):

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 2015–16

1. Introduction

The General Board presents this Annual Report on its work for the academical year 2015–16. The Board draws particular attention to the following major activities that have engaged the Board and its Committees during the year:

Higher education landscape

- proposed changes to the higher education landscape, including the introduction of a Teaching Excellence Framework [section 2(i) and 2(ii)];
- a consultation on the Research Excellence Framework [section 2(iii)];

Education

- a review of student conduct, complaints, and appeals [section 3(ii)];
- the publication of the University's Learning and Teaching Strategy and a Digital Strategy for Education [section 3(v)];
- the launch of a Centre for Teaching and Learning [section 3(vi)];

Research

- a programme of Strategic Research Reviews [section 4(ii)];
- Strategic Research Initiatives and Interdisciplinary Research Centres [section 4(iii)];
- strengthening collaborative research with India and the establishment of a Global Alliance [section 5(i)].

2. The higher education landscape

(i) *Higher Education and Research Bill*

The Department for Business, Innovation, and Skills (BIS) published its Green Paper on higher education, *Fulfilling our Potential: Teaching Excellence, Social Mobility, and Student Choice*, on 6 November 2015. Members of the University were invited to comment on the paper to inform the University's response. The General Board and the Council considered and endorsed an early draft of the University's response during Michaelmas Term 2015. The key points were then further worked up with input from senior colleagues across the collegiate University and a final response was approved by the General Board in January 2016.¹

The response outlined fundamental concerns about the separation of the funding and regulation of teaching from that of research, and the removal of a single regulatory body with oversight of the entirety of university activity which was also independent of government. In addition, the response commented on proposals relating to:

- the introduction of a Teaching Excellence Framework (TEF) [see section 2 (ii)];
- the entry of new providers into the sector;
- widening participation and access; and
- structures for research funding (as set out in the Nurse Review of the Research Councils).

The White Paper, *Higher Education: Success as a Knowledge Economy*, was published by BIS on 16 May 2016. The Paper built on the earlier consultation on the Green Paper, and set out a range of reforms to the higher education and research landscape. This was swiftly followed on 19 May 2016 by the publication of the Higher Education and Research Bill. The Bill is now subject to consideration by Parliament.

¹ *Reporter*, 6412, 2015–16, p. 331.

The proposed reforms in the Bill include the establishment of a new market regulator, the Office for Students (OfS). The OfS will be created in place of HEFCE and it will subsume the functions of the Office for Fair Access (OFFA). The reforms also include the establishment of a new research and innovation body, UK Research and Innovation (UKRI), which will allocate funding for research and innovation. UKRI will comprise nine Councils, which will have delegated autonomy and authority. Seven will reflect the functions of the existing Research Councils and one will reflect Innovate UK. The ninth Council, Research England, will be established to undertake functions in relation to research and knowledge exchange that are currently performed by HEFCE (principally the Research Excellence Framework and the allocation of QR funding).

Through the Vice-Chancellor and the Pro-Vice-Chancellor (Education) in particular, the University is contributing to the debate about the Bill. The University has welcomed the Government's recognition of the importance of diversity in research and teaching, and the proposal to raise the profile of excellent teaching. However, there are concerns about the Higher Education and Research Bill, and the University is arguing that it should be amended to provide:

- stronger requirements for cooperation between the OfS and UKRI, and greater clarity around the oversight of the combined education and research portfolio. This is particularly important given the transfer of responsibility for higher education to the Department of Education;
- stronger safeguards around dual funding and protecting the integrity of the QR and Research Council funding streams;
- proper scrutiny over the new powers of the OfS and the Secretary of State, and the potential impact on institutional autonomy, particularly those powers to assess the quality and standards of higher education, and those allowing involvement in particular courses of study.

The Vice-Chancellor appeared before the Public Bill Committee in September 2016. The University will continue to participate fully in developing the Bill during 2016–17.

(ii) *Teaching Excellence Framework*

The University's response to the Green Paper emphasized that any model of TEF must provide a true measure of teaching excellence, and that it should extend to the whole educational experience. The response cautioned against a system that would rely on crude or reductive metrics, which would be misleading to students and could create adverse incentives for institutions. The University was strongly opposed to any relationship between the TEF and an ability to increase tuition fees beyond inflation.

The White Paper confirmed that the TEF would be phased in, and would allow participating universities meeting certain criteria to increase tuition fees in line with inflation from 2017–18. A technical consultation on the TEF was published alongside the White Paper, to which the University responded in July 2016. The Technical Consultation proposed that a set of metrics and a qualitative submission would be trialled during TEF2, with further metrics planned for years 3 and 4 (TEF3 and TEF4). The Technical Consultation also suggested that taught master's programmes could be included from TEF4. The

University's response to the technical consultation focused on the importance of ensuring that the metrics to be used in the TEF were appropriate and defensible.

The Technical Consultation also confirmed that TEF1 would be based on existing Quality Assurance arrangements. As the University was successfully reviewed by the QAA in 2013, it would be entitled to increase the level of its regulated undergraduate fee (i.e. the Home/EU fee) in line with inflation for those students starting in 2017–18. Following a recommendation from the Planning and Resources Committee and with the support of the Colleges' Committee, the General Board and the Council agreed that the University would participate in TEF1.² The question of whether the University will participate in TEF2 will be taken during 2016–17, following the outcome of the technical consultation and after careful consideration of the financial and reputational implications of participation.

(iii) *Stern Review of the Research Excellence Framework*

In March 2016, the Board approved the University's response to a UK-wide review of the Research Excellence Framework (REF), led by Sir Nicholas Stern. The response was prepared in consultation with Councils of Schools, Faculty Boards, Colleges, the Regent House, and a small group of Heads of House. The University's response endorsed the aspiration of the Review to establish a 'simpler, lighter touch, system for the REF', but proposed more radical changes to the existing REF.³ The response included arguments in favour of:

- assessment at an institutional level;
- better use of international review; and
- reducing opportunities for 'game playing'.

The response also restated the risks of separating the regulation and funding of teaching from that of research.

The report of the Stern Review, *Building on Success and Learning from Experience, An Independent Review of the Research Excellence Framework* was published by the Department of Business, Energy, and Industrial Strategy on 28 July 2016. A number of the key elements of the University's submission to the consultation are reflected in the report, but others are not. The Board will consider the report and its recommendations in the Michaelmas Term 2016 and, where possible, will continue to engage with the debate.

(iv) *Other national consultations*

In addition to the consultations described above, the Board also contributed (via its Education Committee) to HEFCE consultations on changes to Unistats and Key Information Sets (KIS), the National Student Survey (NSS), and the future of the survey of Destination of Leavers from Higher Education (DLHE).

3. Education and the learning environment

(i) *Student wellbeing and experience*

The Board, through its Education Committee, endorsed recommendations from a working group in response to concerns about the impact of workload on the undergraduate educational experience and student health and wellbeing. These recommendations included introducing a requirement for Departments and Faculties to make their expectations of students more explicit, and the introduction of arrangements for monitoring workloads.

New arrangements have been put in place to support students following the reduction of central government funding, including changes to the Disabled Students' Allowance (DSA) and withdrawal of the Access to Learning Fund (ALF). A review of hardship funding provided by the University was undertaken by the Education Committee. A number of recommendations were made to set up new arrangements to maintain the overall funding level for student hardship in line with the previous ALF. This was achieved by drawing on funds accumulated in a number of Trust Funds.

The Education Committee has been working with the Equality and Diversity Committee to review arrangements for the consideration of Equality and Diversity matters. The principal purpose of the review was to clarify and to integrate more effectively responsibilities for student issues. The Board, through its Education Committee, endorsed an updated Equality and Diversity Strategy. It is expected that the strategy will be considered further during Michaelmas Term 2016.

A pilot scheme to offer mindfulness courses to students which aims to build resilience in the student body, together with an associated research project, is also under way. Further work has also been undertaken in collaboration with the Senior Tutors' Committee to promote responsible drinking.

(ii) *Student conduct, complaints, and appeals*

Following proposals arising from the Review Committee on Student Discipline (see the Council's annual report) and a review of student complaints procedures, a Student Conduct, Complaints, and Appeals Office (OSCCA) has been established. This new office brings together a team responsible for oversight of disciplinary, complaint, and appeal procedures, with the aim of making the processes more efficient and easier for students to access.

The General Board and the Council also endorsed a framework policy for consideration of complaints by students of harassment and sexual assault. The framework had been the subject of extensive consultation and had received input and endorsement from the Education Committee, Cambridge University Students' Union, the Graduate Union, and from the Colleges through the Senior Tutors' Committee and the Colleges' Committee. A Report to put the formal procedures in place will be prepared for approval during 2016–17.

(iii) *Public display of class-lists*

In Michaelmas Term 2015, the General Board's Education Committee launched a consultation on the future of published class-lists and subsequently recommended to the Board that the public display of class-lists be discontinued. The General Board and the Council approved the publication of a Report proposing the discontinuation of the public display of class-lists outside the Senate-House and in Colleges and University institutions, and proposing changes to the sharing of information relating to class-lists. The Colleges raised concerns about the latter, in light of which the Board and the Council agreed to amend the Report to remove the recommendations relating to the sharing of data. A ballot has been called by members of the Regent House on the recommendations in the Report; the vote will take place in Michaelmas Term 2016.⁴

² An increase to the fees for new Home/EU students from 2017–18 was approved by Grace 1 of 13 July 2016.

³ *Reporter*, 6422, 2015–16, p. 466.

⁴ *Reporter*, 6434, 2015–16, p. 794.

(iv) Student experience surveys

The National Student Survey (NSS) has been capturing final-year undergraduate students' feedback on course experience since 2005. In 2015, for the second year running, the overall satisfaction rate in the NSS dropped by one percentage point to 90%, putting Cambridge University second in the Russell Group (behind Oxford and Newcastle and equal with a number of other Russell Group institutions). Through its Education Committee, the Board continues to work with lower scoring departments to develop action plans to improve NSS scores. NSS scores for 'teaching', 'assessment and feedback', and 'academic support' were proposed in the BIS Technical Consultation as core metrics to be used in the second year of the TEF.

A summary of the results in the Postgraduate Taught Experience Survey (PTES) and the Postgraduate Research Experience Survey (PRES) in 2015 is provided in the table below.

Table 1. Overall satisfaction (PTES and PRES)

2015	Overall satisfaction		
	<i>University of Cambridge</i>	<i>Russell Group average</i>	<i>Sector average</i>
PTES	82%	83%	82%
PRES	82%	82%	83%

82% of postgraduate taught students declared that their expectations had been met, which was up by four percentage points compared to 2014. As in previous years, and in line with the Board's ambitions to improve scores, Departments and Faculties with the lowest scoring courses have met with the Pro-Vice-Chancellor (Education) to discuss improvements, and will report to the Education Committee on actions to be taken in the Michaelmas Term 2016. The Board recognizes the importance of continuing to work with students and Schools to improve the quality of Master's degree courses, and continues to do so through its Education Committee.

(v) Learning and Teaching Strategy

The Board published the University's Learning and Teaching Strategy 2015–2018, which sets out University-wide priorities to maintain and enhance the quality of the student experience in Cambridge. The importance of teaching will be emphasized through a programme of events, and additional ways in which to recognize and reward excellent and innovative teaching will be developed.

The Learning and Teaching Strategy also outlined an ambition for the collegiate University to make greater strides in implementing technology to support and enhance the educational experience. The Board's Education Committee undertook extensive consultation to develop a Digital Strategy for Education and an associated action plan. The Strategy, which was approved in July 2016, has been pedagogically led and sets out a strategic framework for harnessing digital technology to support teaching and learning.

(vi) Learning and teaching excellence

A virtual Centre for Teaching and Learning at Cambridge was formally launched in April 2016. The Centre provides opportunities to build on best practice in teaching and learning across the University and to identify new projects relating to teaching excellence. The intention is that the Centre for Teaching and Learning will play a role in the TEF by demonstrating the University's commitment to the enhancement of teaching, as well as a being a vehicle for quantifying the impact and effectiveness of the University's teaching in ways that cannot be captured by core metrics. The launch of the Centre was accompanied by a Teaching Forum, which some 140 people from across the collegiate University attended.

(vii) Learning and Teaching Reviews

As part of the Board's rolling programme of Learning and Teaching Reviews, the following institutions were reviewed in 2015–16: the School of Clinical Medicine; the Department of Genetics; and the Faculties of Human, Social, and Political Science (HSPS), History and Philosophy of Science (HPS), Law, Music, and Philosophy. Following the review of the Faculty of Modern and Medieval Languages in 2014–15, a working party was established to review the governance of the Faculty and to establish an alternative to the current departmental structure. An interim report will be considered by the Board in Michaelmas Term 2016, to be implemented during 2017. The Education Committee continued to work with the Faculty of Economics on steps to be taken in relation to its educational provision. This work will be taken forward by a newly established working group that will consider this alongside recommendations that arose from the Strategic Research Review of the Faculty (see 4(ii) below).

The Education Committee remains committed to reviewing the Learning and Teaching Review process to ensure that it is fit for purpose and proportionate. This work was put on hold during 2015–16 pending the outcome of a national review of Quality Assurance (QA) processes and the introduction of the TEF. This review will resume in the Michaelmas Term 2016 with a view to having revised arrangements in place for 2017–18 which take account of the new landscape for QA and assessment.

(viii) *Examinations review*

The Board received a progress report from the Examination Review Working Group on its fundamental and comprehensive review of examination processes, policies, and strategies. This review was established by the General Board's Education Committee and the Board of Examinations. Recommendations from the working group on improvements to operational aspects on exams will continue to be implemented in 2016–17. The working group will consider proposals on ways to encourage expansion of assessment methods beyond the traditional three-hour examination. A report on the outcomes of the work achieved in 2015–16, and priorities for 2016–17, will be considered by the Board in Michaelmas Term 2016.

(ix) *Widening access and participation*

The University successfully negotiated with the Office for Fair Access (OFFA) a new access agreement for 2017–18. This agreement covers the following undergraduate admissions targets: a state sector target of 62–64%; a target of 10–13% for students from POLAR3⁵ quintiles 1 and 2 (i.e. the 40% of postcodes which have the lowest participation rates in higher education); a target of 8.2% for students from Output Area Classification⁶ (OAC) supergroups 7 and 8 and groups 3a, 3b, 3c, and 4b; a minimum commitment to offer 600 places on summer schools each year; and a non-continuation target of 2.1%.

(x) *Establishment of degrees and courses*

The Board approved the following new programmes during the 2015–16 academic year:

- Archaeology Tripos;
- Joint Tripos in History and Politics;
- Joint Tripos in History and Modern Languages; and
- Doctor of Business degree (Bus.D.).

The Board also agreed to establish a new M.Res. Degree in Mathematical Genomics and Medicine, an M.Phil. Degree in Translational Biomedical Research, and to rescind the M.Phil. Degree (by advanced study) in Clinical Science.

A number of new non-member awards, at Certificate or Diploma level, were approved in a range of subjects including International Development and Cognitive Psychology. A Postgraduate Certificate in Teaching and Learning in Higher Education was also approved, which will be available from September 2016 and is aimed primarily at academic staff at Cambridge.

4. Research(i) *Research income*

The University has sustained its growth in research income, despite the very competitive environment for research funding both within the UK and internationally. Research income in 2015–16 was in excess of £485m, an increase of over 15% on that in 2014–15, with performance strongest in terms of percentage growth in the Schools of Arts and Humanities and of Clinical Medicine. In contrast to recent years, the most significant contributors to the growth in research income were UK government sponsors and the Research Councils. The value of new awards was in excess of £500m.

⁵ <https://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.

⁶ Output Area Classification (OAC) is a geodemographic segmentation system produced by the UK Office for National Statistics: <http://www.opengeodemographics.com>.

There have been a number of important successes in winning major awards from a range of funding agencies including the Leverhulme Trust and the Research Councils, and some significant new industrial partnerships, for example with Astra Zeneca and Cantab Capital Partners. The University has also continued to perform strongly with the European Research Council and it has been confirmed as the leading University recipient of funding under Horizon 2020. The outcome of the EU Referendum on 23 June 2016 presents a significant challenge to the University in terms of future EU research funding and the University is monitoring developments closely regarding the UK's future participation in Horizon 2020 in the light of the referendum result.

(ii) *Strategic Research Reviews*

The Board approved a programme of Strategic Research Reviews to take place over three years from 2015–16. These reviews are designed to support the further development of the research environment at Cambridge. Of the thirty-eight reviews that are planned, five reviews have been undertaken to date, including those of the Faculties of English, Economics, and Asian and Middle Eastern Studies; and discipline-based reviews of Neuroscience and of Digital Humanities. Recommendations from the reviews will be considered by the Board in conjunction with the Schools.

(iii) *Strategic research initiatives and networks*

The University's programme of Strategic Research Initiatives (SRIs) and Networks (SRNs) has continued to provide a key focus to build critical mass of multidisciplinary research expertise from across the Schools. The Research Policy Committee (RPC) is overseeing a process to enable the transition of successful SRIs to a new status as University Interdisciplinary Research Centres (IRCs). An IRC will maintain interdisciplinary research across at least three Schools, with one School being the 'lead' School. They will continue to develop a strategic vision and will be expected to deliver against an agreed long-term development plan. IRCs will be governed by a memorandum of understanding and will be overseen by the RPC.

(iv) *Open access*

The Board has overseen the ongoing process of implementation of revised policies and procedures required to comply fully with the requirements of HEFCE and other funding agencies. There has been a continuing focus, led by the University Library and the Research Office, to support academic staff to meet the requirements of the policies of HEFCE, the Research Councils, and other funders, such as the Wellcome Trust, on open access to research publications and research data.

(v) *Research integrity*

The University has published its second Annual Statement on Research Integrity in accordance with the requirements of the Research Integrity Concordat.⁷ Compliance with the Concordat requires the University to maintain and continually improve the University's policies, processes, and systems for developing good research practice and cultivating a culture of research integrity. The University Research Ethics Committee (UREC) has oversight of the University's research ethics and governance systems and reports annually to the RPC and the Board.

⁷ <http://www.research-integrity.admin.cam.ac.uk/research-integrity/research-integrity-statement>.

(vi) *Research Administration Review*

The Board received the terms of reference for a review of research administration. The report and recommendations from the review will be considered by the Board during Michaelmas Term 2016.

5. External and international engagement

The University's ongoing programme of strategic engagement with major funding agencies has also continued and included meetings with senior officers of the Research Councils and other important funders such as the British Academy. The University has been very active in dialogue with the European Commission on a range of issues regarding the operational arrangements of Horizon 2020.

(i) *International partnerships*

During 2015–16, the University continued to develop and implement its institutional strategy for international engagement, with a particular focus on building strategic partnerships in Europe, India, Africa, and the United States of America.

Europe

The University continues to build strong bilateral links with leading European research institutions, including holding strategic discussions with the Max Planck Society which have resulted in plans for a joint neuroscience symposium in Berlin and the establishment of a Max-CAM Centre for the Study of Ethics, Human Economy, and Social Change in Cambridge. The Centre will be launched early in 2017.

India

The University's engagement with India was highlighted in the Michaelmas 2015 edition of *Research Horizons*. Work to strengthen collaborative research between Cambridge and leading Indian institutions continues, with the appointment of the first five fixed-term early career researchers in the Departments of Plant Sciences, Genetics, Medicine, and Engineering, who will start in post in September 2016.

In November 2015, the Prime Minister of the UK and the Prime Minister of India launched a UK-India crop science initiative that will focus on fundamental plant science, enhanced yields, and environmental sustainability. The University will lead a consortium of six UK partners as part of this initiative and a memorandum of understanding was subsequently signed in February 2016.

The University has also registered a wholly-owned, not-for-profit subsidiary (Section 8 company) in India that will enable Cambridge to secure funding from India for the support of its activities in India.

Africa

Strategic discussions have been facilitated between the Cambridge-Africa Programme and the University of Oxford's Africa programme, with the possibility of collaboration via a joint bid under the Global Challenges Research Fund.

USA

Strategic engagement with partners in the USA has been enhanced, with a particular effort to raise the profile of Cambridge's research with US foundations and governmental bodies. The University's links between the REAL Centre at the Faculty of Education and the White House's 'Let Girls Learn' initiative have been consolidated.

Global Alliance

The Board and the Council agreed to support a Memorandum of Understanding (MoU) to establish a global alliance between Cambridge, the University of California, Berkeley, and the National University of Singapore for the purposes of collaborative research and educational activities. The MoU was signed in January 2016 and three themes for collaborative research have been determined: Smart Systems, Cities, and Precision Medicine. Proposals for joint research projects have been developed by academics across the three institutions and successful bids will be selected for funding in Michaelmas Term 2016.

(ii) *Future strategy*

Work has commenced on the development of an international strategy for the University, which will be informed by the outcomes of an analysis of international engagement at a School level. Following the outcome of the referendum to leave the European Union, work began immediately to model the short- and longer-term implications for the University, and to provide regularly updated information to the University community. This work will continue to be reported to the General Board and the Council in 2016–17.

6. Human resources

The General Board oversees employment matters through the Human Resources Committee, a joint Committee of the Council and the General Board. In order to reduce repetition between the two reports, further detail on University employment is provided in the Annual Report of the Council in 2015–16, and is submitted on behalf of the Council and the General Board (p. 210).

7. Occupational health and safety

A new UAS Division of Health, Safety, and Regulated Facilities (HSRF) was established in 2015, comprising the Occupational Health and Safety Service (OHSS; Safety Office, Occupational Health Service, and Staff Counselling Service) and the newly created University Biomedical Services. The formation of the Health, Safety, and Regulated Facilities Division has enabled improvements and efficiencies to be made in the common aspects of governance and compliance in these areas. The role of the Division is to continue to prioritize the provision of risk-focused support services, helping to ensure that the University's operations remain compliant while identifying areas of improvement by regular auditing, inspection, and review.

In December 2015, the Safety Office was physically relocated to the newly refurbished Greenwich House. Co-location with other Offices, including Estate Management, the Research Operations Office, and the Finance Division provides opportunities for closer working relationships with respect to health and safety management – both operational and strategic – and for the development of improved policies and procedures throughout the University.

Demand for the Staff Counselling Service has increased again in 2015–16, despite improvements to the service being implemented such as triage prioritization and additional counselling time being made available. New programmes and initiatives for the promotion of staff mental health and wellbeing are being developed and progressed in collaboration with other University stakeholders, with initial feedback for these initiatives being very positive.

The Occupational Health Service has also seen an increase in the number of referrals of University staff requiring appointments for support and advice as well as routine proactive occupational health surveillance in 2015–16. In the short term, this has been accommodated by prioritizing and targeting resources reactively. However, consideration will need to be given for the appropriate level of resourcing required in Occupational Health to ensure the continued maintenance of service delivery.

There have been no significant changes in relevant health and safety legislation during 2015–16. However, the Health and Safety Executive (HSE) has introduced a ‘Fees for Intervention – FFI’ system, by which the University could be charged for HSE visits resulting from investigations or possible non-compliances. This may have a detrimental effect on the nature of visits by the HSE Inspectors if they charge on a time basis.

Key contracts held by OHSS for specialized services, including hazardous waste disposal were renewed on the basis of continued high quality service to Departments, assured compliance with statutory requirements, and value for money.

8. Planning and resource allocation

The General Board oversees planning and resource allocation matters through the Planning and Resources Committee (PRC), a joint Committee of the Council and the General Board. In order to reduce repetition between the two reports, further detail on the University’s resources is provided in the Annual Report of the Council in 2015–16, and is submitted on behalf of the Council and the General Board (p. 209).

9. Other

(i) *Review of the Cambridge Institute for Sustainability Leadership (CISL)*

The Board also conducted a review of the governance and commercial activities of the Cambridge Institute for Sustainability Leadership (CISL). The Board acknowledged the diverse range of CISL’s activities and considered the Institute to be a well-run, niche unit, which has significant external contacts and a high profile internationally. The Institute was encouraged to build further relationships with individual academics, particularly early career researchers, to develop its collaboration within the University, potentially through involvement with SRIs and the impact agenda.

(ii) *New Professorships*

The Board proposed the establishment or reestablishment of the following senior positions, in some cases supported by generous benefactions or other external funds:

- Al-Kindi Professorship
- Professorship of Astronomy
- Professorship of Computer Science
- El-Erian Professorship of Economics
- Professorship of Information and Communications
- Professorship of Infrastructure Geotechnics
- Professorship of Non-linear Mathematical Science
- Professorship of Otology and Skull Base Surgery
- Sir David Williams Professorship of Public Law
- Professorship of Public Policy
- RAND Professorship of Health Services Research
- Russell R. Geiger Professorship of Crop Science

2 November 2016 L. K. BORYSIEWICZ, *Vice-Chancellor*
 CHAD ALLEN
 PHILIP ALLMENDINGER
 ANNE DAVIS
 ABIGAIL FOWDEN

DAVID GOOD
 A. L. GREER
 ROBERTA HULDISCH
 PATRICK MAXWELL
 MARTIN MILLETT

RACHAEL PADMAN
 RICHARD PRAGER
 HELEN THOMPSON
 GRAHAM VIRGO
 CHRIS YOUNG

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

FINANCIAL REVIEW	222
CORPORATE GOVERNANCE	228
MEMBERS OF THE COUNCIL	229
STATEMENT OF PUBLIC BENEFIT	230
STATEMENT OF INTERNAL CONTROL	231
STATEMENT OF THE RESPONSIBILITIES OF THE COUNCIL	231
INDEPENDENT AUDITORS' REPORT TO THE COUNCIL	232
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES	234
STATEMENTS OF COMPREHENSIVE INCOME	237
STATEMENT OF CHANGES IN RESERVES	238
BALANCE SHEETS	239
CONSOLIDATED STATEMENT OF CASH FLOWS	240
NOTES TO THE ACCOUNTS	241

FINANCIAL REVIEW

Preliminary

The commentary that follows is intended to give 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 academic year 2015–16, 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, and 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 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 as follows:

- The government, which, through the Higher Education Funding Council for England (HEFCE), provides a grant for research, determined by the quality and volume of research as assessed through the Research Excellence Framework, and a grant for teaching.
- 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 endowments, capital, and current use.
- Investment income from endowment and other assets.
- Income from services provided to external customers, including the customers of Cambridge Assessment and Cambridge University Press.
- Income from commercialization of intellectual property.

Accounting and presentation of financial statements

Transition to Financial Reporting Standard 102

This is the first year for which the University has presented its financial statements in accordance with FRS102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland. Reference is also made to the *Statement of Recommended Practice: Further and Higher Education 2015* (the SORP) which gives guidance to the sector on implementation of FRS102. The comparative figures for 2014–15 have been restated accordingly. Transition to FRS102 is considered fully in Note 39 to the Accounts.

Accounting for investment income

The main investment pool generating 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. A substantial proportion of the CUEF's investments yield little or no income in the form of dividends, interest, or rents. In the year ended 31 July 2016, distributions by the CUEF exceeded the income received from its underlying investments by £73m (2015: £69m), the balance of the distributions being funded by drawing on long-term capital growth.

In these financial statements total investment income includes the income from the CUEF's underlying investments rather than the distributions made by the CUEF. The impact is that investment income is £73m less than it would have been had it been based on distribution, with a corresponding increase in gains on investments.

Financial results for the year

The results for the University group for the year ended 31 July 2016 are summarized in Table 1.

Table 1	2015–16	2014–15	Change
	£m	£m	%
Income	1,799	1,722	+4.5%
Expenditure	(1,734)	(1,683)	+3.0%
Surplus before other gains and losses	65	39	
Gain on investments	222	329	
Taxation	(3)	(12)	
Actuarial loss	(182)	(13)	
Gain/(loss) on foreign currency translation	10	(4)	
Total comprehensive income for the year	112	339	
Total net assets	4,355	4,243	+2.6%

Included in 2014–15 income is £54m 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 claims have been settled by HMRC in full less tax.

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 from Cambridge Assessment and Cambridge University Press for the University's academic activities. Table 2 gives segmental information, which is considered in further detail in Note 14 to the Accounts.

Table 2	Total income	Expenditure	Investment gains	Surplus before tax
	£m	£m	£m	£m
HEI, Trusts, and others	1,148	(1,121)	204	231
Assessment	395	(358)	17	54
Press	275	(274)	1	2
	1,818	(1,753)	222	287
Financial support to the University from Cambridge Assessment	(19)	19	–	–
	1,799	(1,734)	222	287
Apportionment of CUEF adjustment in the above:				
HEI, Trusts, and others	(66)		66	–
Assessment	(7)		7	–
	(73)		73	–

The single largest source of income to the University is from sponsors of research projects. Research grants and contracts income increased to £469m (+13.8%) with growth particularly marked in UK Research Council funding. European Commission sources increased slightly to £62m; the long-term outlook for such funding remains uncertain following the decision to exit the EU. The recovery of the indirect costs of research remains insufficient and is a major concern as research activity continues to increase.

Income from tuition fees and education contracts increased by £37m to £263m (+16.4%), mainly a consequence of the first year in which University and College postgraduate fees were consolidated into a single fee. The increase is offset by the College share of the consolidated fee represented by the increase in the College fee transfer in expenditures.

Grants from HEFCE were £11m lower than in the previous year. The recurrent grant for teaching is reduced further as the new fee arrangements for Home/EU undergraduates are further phased in, and reduced funding for research is mainly the consequence of 2015–16 being the first year that HEFCE used the volume and quality measures from the latest Research Excellence Framework exercise in the QR formula (replacing those from the previous RAE results).

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 of £392m was a year-on-year increase of 7%, with continued success for the English Language assessment business stream's IELTS product. IGCSE and international A-level revenue grew around the world, particularly in Asia. OCR's revenues fell slightly with planned reduction from withdrawn vocational qualifications and income from general qualifications affected by the first phase of the government's general qualifications reforms.

Cambridge University Press is the University's publishing arm and furthers the University's objective of advancing learning, knowledge, and research worldwide. The Press collaborates with Cambridge Assessment where of benefit, notably in English language and test materials. The Press is organized into three main streams: academic books and journals, English language teaching (ELT) materials, and education publishing. Turnover is derived from sales of educational and scholarly books, e-books, journals, apps, and related services, with some 90% of sales arising outside the UK. Income from this activity was essentially flat, but grew at constant currency, with education sales and sales linked with Cambridge English Language Assessment growing strongly, and other ELT sales delivering slower underlying growth. Journals revenues increased but academic books faced a declining market in the US and, to a lesser extent, Europe.

Donations and endowments income reported under FRS102 is likely to lead to major fluctuations from year to year since donations and endowments are recognized in income in the year when the University is entitled to the funds. In aggregate new endowments, donations for capital and in respect of heritage assets, other restricted donations, and unrestricted donations totalled £71m (2015: £58m). Part of this increase arose from the enhanced philanthropic giving related to the current fundraising campaign.

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, and rents from its non-operational properties. Total Other income increased by 7.1% to £120m.

Investment income provided by the University's financial investments, primarily the CUEF, is an important component of the University's funding mix. As explained above and in Note 8 to the accounts, the CUEF's distribution, which is available for spending on operations, exceeded the income received in the year from its underlying investments by £73m. On a 'distribution basis' investment income was £94m (2015: £92m).

Change in financial position

Table 3 shows the movement in net assets into the group analyzed into its three main segments, and summarizes the impact of transition to FRS102.

Table 3

	HEI, Trusts, and others	Assessment	Press	Eliminations	Group
	£m	£m	£m	£m	£m
Net assets at 31 July 2015 as previously reported	3,091	461	39	(30)	3,562
Impact of transition to FRS102	628	(2)	42	12	681
Net assets at 31 July 2015 under FRS102	3,719	459	81	(18)	4,243
Surplus for the year before tax (Table 2)	231	54	2	–	287
Taxation	–	–	(3)	–	(3)
Actuarial loss	(145)	–	(37)	–	(182)
Gain on currency translation	–	1	9	–	10
Net assets at 31 July 2016	3,805	514	52	(18)	4,355

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. Continued investment in infrastructure is essential if the University is to remain globally competitive.

Capital expenditure on land and buildings in the academic estate totalled £144m during the year, with a further £53m invested in equipment. Significant spending on major projects included the James Dyson Building of the Department of Engineering, Judge Business School, the Sir David Attenborough Building on the New Museums site, and major laboratory facilities on the Cambridge Biomedical Campus.

Cambridge Assessment has maintained a substantial level of investment in its technical infrastructure and is constructing a new office building to accommodate its Cambridge-based staff in a single location. Cambridge University Press also continues to invest in business systems.

North West Cambridge development

The University is developing its site at North West Cambridge. The development will help the University to maintain its global research profile through the development of a vibrant, mixed-use extension to the city, will provide affordable and suitable accommodation for University and College staff (primarily postdoctoral researchers), extensive academic and commercial research space, accommodation for postgraduate students, and local centre facilities to support the new community. The development will also provide significant housing and social 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 the retail and commercial developments contribute significantly to the viability of the development.

Phase 1 of the development is well under way and the majority of buildings will be completed in 2017, including 700 homes for University and College staff, 325 student rooms, a community centre, nursery, supermarket, and shops. The University of Cambridge Primary School opened on the site during the year. Planning work has begun on a possible second phase of the development.

Cumulative net capitalized expenditure on the development was £221m at 31 July 2016 and is included in non-current investments.

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 non-current asset investments 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 Associated Trusts are substantially entirely invested in the CUEF, and several Colleges have made investments.

The CUEF's long-run investment objective is to achieve or exceed an average annual rate of total return (i.e. 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 utilizing diversification of investment strategies, investment asset classes, and 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.

The CUEF reports its performance to 30 June. During the year ended 30 June 2016 the CUEF had an investment return of 6.3% (2015: 14.2%). The Fund has returned an annualized 10.2% return over a rolling 5-year period, which compares favourably to the long-term investment objective over this period of 7.6% annualized. The value of the CUEF at 30 June 2016 was £2,656m (2015: £2,533m).

The asset allocation and investment selection in the Fund is aimed at optimizing the expected future long-run total return, bearing in mind expected future volatility. The CUEF's asset allocation at that date was:

Public equity	60%
Private investment	12%
Absolute return	13%
Credit	1%
Real assets	11%
Fixed interest/cash	3%

Broad asset allocation did not change markedly over the year. Small reductions in percentage terms were made to public equities and cash, and the allocation to private investments increased. Less liquid private credit investments continued to be favoured relative to the public credit markets and absolute return. Real assets grew in sterling terms through an increase in direct and indirect property assets and growth in an infrastructure position.

The year was challenging for active management, especially in the case of absolute return. While the CUEF's hedge fund allocation outperformed its fund-of-funds index, both marginally underperformed a loss-making equity market (measured in US dollars). The CUEF has reduced hedge fund holdings incrementally in favour of other opportunities. In contrast, the allocations to private credit and private equity have performed well in recent years.

(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 Limited.

Long-term borrowings

In 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 to the North West Cambridge development, the funds raised have been invested in the CUEF and other investment vehicles, and to date the investment returns have exceeded the interest cost of the bonds.

The University continues to be rated Aaa (stable) by Moody's Investor Services.

Pensions

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 accounts except to the extent discussed below. Changes to USS benefits in respect of future service were introduced during 2016 and the employers' contribution increased to 18%. The next triennial valuation of the USS will be on 31 March 2017 and it is possible that further changes will be necessary.

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 future accrual. The University is making deficit-recovery contributions to the scheme of £14.6m per annum until 2019. 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.

Accounting for pensions has changed following the transition to FRS102. The principal change is the inclusion on the balance sheet of a liability for the present value of future contributions payable to the USS to the extent that they represent recovery payments towards covering the deficit in the USS. The liability recognized with this treatment was £127m as at 31 July 2016 (2015: £111m). The CPS and the Press schemes, being single-employer schemes, are included in the financial statements following FRS102 and the total net pension liability is £629m (2015: £439m), of which £124m relates to the Press schemes. The increase in net liability is primarily due to further reductions in the interest rates used to value the future liabilities. Pensions are discussed further in Note 32 to the Accounts.

Development and alumni relations

Philanthropy provides a 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 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 2015 with a goal of £2bn for the collegiate University. New funds raised for the University in 2015–16 totalled £74m, and more than £750m of the campaign's goal has already been secured between the University and Colleges.

The financial outlook

Major financial risks and uncertainties continue to face the University and the sector: the impact of Brexit, the changes in the Higher Education legislative framework, and how these will affect funding for teaching and research. Research grants and contracts income is expected to continue to increase, but against the uncertainties of future European research funding, and the proposed restructuring of UK Research Councils. Fee income, subject to Brexit uncertainties, is expected to increase gently as inflationary increases in the regulated undergraduate fee are phased in, and the long-term upward trend in postgraduate student numbers continues. Pressures on major items of expenditure including pay, pensions, energy, and construction costs are likely to persist.

Cambridge Assessment's international activities are expected to continue to grow over the next five years and OCR has stabilized. Cambridge Assessment continues its investment in its technological and physical estate to accommodate its growth and achieve operational efficiencies. Cambridge University Press expects the next few years to be challenging given the fast-moving nature of many of its markets and continuing global economic challenges. The Council has approved proposals for closer coordination of Cambridge Assessment and the Press with each other and the academic University within an overall strategy to ensure that opportunities are realized and the risks best managed.

The University faces significant challenges in funding its ambitious but essential strategic capital expenditure programme, with major academic developments planned at the Cambridge Biomedical Campus, the New Museums site, the Old Addenbrooke's site, and West Cambridge.

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 in 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, attract the best staff and students, and 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 University's key financial uncertainties and risks are:

- the probability of further cuts to government support for teaching and research;
- the continuing deficit between the costs of our education delivered to UK and EU undergraduates and the support for it from government grants and student fees;
- the outcome of the restructuring of Research Councils, the funding available to them, and the potential consequential impact on the University's research funding;
- research sponsorship from EU sources following the UK's forthcoming exit from the European Union;
- the ability to recover the full economic costs of research. Charities and foundations are unwilling to cover the full costs;
- movements in investment markets impacting the value of the endowment and other investment assets;
- the costs and risks of pension provision, in particular from participation in the Universities Superannuation Scheme;
- pay inflation, against a background of pay restraint in recent years;
- the ability to continue to invest in buildings, and in infrastructure and equipment for both teaching and research, against a background of limited government capital funding;

- the support by benefactors for endowment, capital expenditure, and for current use;
- 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 further impact of the UK’s forthcoming exit from the European Union on these risks and uncertainties.

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

In conclusion

The University group’s financial operating performance over 2015–16 was satisfactory with a small overall surplus after all donations, endowments, and significant surplus from Cambridge Assessment’s activities. Overall the financial position is finely balanced with operating cash flows not sufficient to support our strategic capital programme ambitions. Additional external funding through philanthropic giving and other sources will continue to be required. The University is active in diversifying its funding sources to avoid dependence on any single stream.

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 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, the Commissary, and the external members of the Council. The approval of the Regent House is required for changes to the University's Statutes and Ordinances and for any other matter for which in Statute or Ordinance the University's approval must be obtained; the Council and the General Board may also decide to seek the Regent House's approval on questions of policy which are considered likely to be controversial. 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 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. The West and North West Cambridge Estates Board reports to the Council on its oversight of the development of two key University sites.

5. Under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England, 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; 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 2016*The Chancellor*

Lord Sainsbury of Turville

The Vice-Chancellor

Professor Sir Leszek Borysiewicz

Heads of Colleges

Professor Ian White

Professor David Yates (until 30 September 2015)

Professor Michael Proctor (from 1 October 2015)

Mr Stuart Laing

Professor Susan Smith

Professors or Readers

Professor Fiona Karet

Professor Anne Davis

Professor Ross Anderson

Dr Susan Oosthuizen

Members of the Regent House

The Reverend Jeremy Caddick

Dr Rebecca Lingwood (until 7 September 2015)

Dr Margaret Glendenning (from 8 September 2015)

Dr David Good

Dr Rachael Padman

Dr Richard Anthony

Dr Ruth Charles

Dr Nicholas Holmes

Dr Alice Hutchings

Student members

Ms Priscilla Mensah (until 30 June 2016)

Mr Cornelius Roemer (until 30 June 2016)

Mr Chad Allen (from 27 November 2015)

Mr Amatey Doku (from 1 July 2016)

Ms Umang Khandelwal (from 1 July 2016)

External members

Mr Mark Lewisohn

Professor Dame Shirley Pearce

Mr John Shakeshaft (Deputy Chair)

Ms Sara Weller

The Chancellor, external members, student members, Professor Yates, Mr Laing, Professor Smith, Mr Caddick, 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 HEFCE under the Charities Act 2011. 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 recognized 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 recognized by the University's status at or near the top of national and international rankings.

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 <http://www.admin.cam.ac.uk/univ/cambridgebursary/> and <http://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, and 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 recognized 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 Memorandum of Assurance and Accountability with 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 2016 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 Memorandum of Assurance and Accountability with 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 University of Cambridge's group financial statements and University financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the University's affairs as at 31 July 2016 and of the group's income and expenditure, 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.

What we have audited

The financial statements comprise:

- the group and University Balance Sheets as at 31 July 2016;
- the group and University Statements of Comprehensive Income for the year then ended;
- the group and University Statement of Changes in Reserves for the year then ended;
- the Consolidated Statement of Cash Flows 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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

Opinions on other matters prescribed in the HEFCE Audit Code of Practice 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 Memorandum of Assurance and Accountability, 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 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.

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.

We primarily focus our work in these areas by assessing the Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 222 to 231 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
21 November 2016

- (a) The maintenance and integrity of the University 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

General information

The Chancellor, Masters, and Scholars of the University of Cambridge (the University) is a common law corporation, governed by its Statutes and Ordinances together with applicable United Kingdom and European Union legislation. The University is a public benefit entity and an exempt charity subject to regulation by the Higher Education Funding Council for England (HEFCE) under the Charities Act 2011.

The contact address is: University of Cambridge, The Old Schools, Trinity Lane, Cambridge, CB2 1TN, UK.

The principal activities of the University and its subsidiary undertakings are teaching, research, and related activities which include: publishing services; examination and assessment services; the operation of museums, libraries, and collections; and the commercialization of intellectual property generated within the University.

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), including the public benefit entity requirements of FRS 102, and the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the SORP).

The statement of comprehensive income 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 preparation

The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The University has taken advantage of exemptions in FRS 102:

- from preparing a statement of cash flows for the University, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the University's cash flows; and
- from the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, in relation to the University, as the information is provided in the consolidated financial statement disclosures.

The preparation of financial statements requires judgement in the process of applying the accounting policies and the use of accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings, details of which 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

Revenue

Income arising from the sale of goods or the provision of services is recognized in income on the exchange of the relevant goods or services. In particular:

Academic fees

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

Examination and assessment services

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

Publishing services

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

Investment income

Investment income is recognized in income in the period in which it is earned.

Grant income

All grant funding, including HEFCE grants, research grants, and capital grants, from government and other sources, is recognized in income when the University is entitled to the funding and any performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognized as deferred income within creditors on the balance sheet and released to income as the conditions are met. Research and development expenditure credits receivable from HM Revenue and Customs are recognized as income when the relevant expenditure has been incurred and there is reasonable assurance of receipt.

Donations and new endowments

Donations and endowments are recognized in income when the University is entitled to the funds.

Donations are credited to endowment reserves, restricted reserves, or unrestricted reserves depending on the nature and extent of restrictions specified by the donor.

Donations with no substantial restrictions are included in unrestricted reserves.

Donations which are to be retained for the future benefit of the University are included in endowment reserves. 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.

Other donations with substantially restricted purposes are included in restricted reserves until such time as the restrictions have been met.

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 subsidiary undertakings 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 included in other comprehensive income. Otherwise, monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates and translation differences are included in income or expenditure.

Intangible assets and goodwill

Software development and acquisition costs are capitalized and amortized on a straight line basis over its estimated useful life of between four and ten years.

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 amortized 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.

Fixed assets

Land and buildings

The University has used the exemption in FRS 102 to measure operational land and buildings on the date of transition to FRS 102 at fair value and to use that fair value as deemed cost.

Operational land and buildings were valued as at 1 August 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Professional Standards, January 2014 amendment, FRS 102, and the SORP. The valuation was undertaken on a fair value basis, with specialized properties valued by reference to depreciated replacement cost and non-specialized operational properties valued on a fair value basis equating to market value on the assumption of a continuation of the existing use.

Operational land and buildings are included in the financial statements at their 2014 valuation as deemed cost, with subsequent additions at cost.

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 60 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 capitalized 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. Heritage assets acquired before 1 August 1999 have not been capitalized, since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 August 1999 have been capitalized 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 capitalizing 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.

Investments

Non-current investments are included in the balance sheet at fair value, except for:

- (a) investments in subsidiary undertakings which are stated in the University's balance sheet at cost and eliminated on consolidation; and
- (b) The North West Cambridge development, currently under construction, which is held at cost.

Other 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 realizable 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 amortized 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.

Pension costs

The University contributes to a number of defined benefit pension schemes for certain employees. A defined benefit scheme defines the pension benefit that an employee will receive on retirement, dependent upon several factors including length of service and remuneration.

- (a) Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer 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. Where the University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognized in expenditure.
- (b) For other defined benefit schemes, the net liability recognized in the balance sheet in respect of each scheme is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the University engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the University's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognized in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognized in expenditure as a finance cost.

Segmental reporting

For the purpose of segment information presented in note 14, operating segments are defined on the basis of reports regularly reviewed by the Council, which is the University's chief operating decision maker.

Statements of comprehensive income for the year ended 31 July 2016

		Group Year ended 31 July 2016	Group Year ended 31 July 2015	University Year ended 31 July 2016	University Year ended 31 July 2015
	<i>Note</i>	£m	£m	£m	£m
Income					
Tuition fees and education contracts	<i>1</i>	263	226	250	214
Funding body grants	<i>2</i>	193	204	193	204
Research grants and contracts	<i>3</i>	469	412	462	408
Exceptional income: RDEC	<i>4</i>	1	54	1	54
Examination and assessment services	<i>5</i>	392	367	312	303
Publishing services		269	266	242	237
Donations and endowments	<i>6</i>	71	58	67	60
Other income	<i>7</i>	120	112	98	97
Investment income	<i>8</i>	21	23	18	20
Total income	<i>9</i>	1,799	1,722	1,643	1,597
Expenditure					
Staff costs	<i>10</i>	762	765	708	710
Other operating expenses	<i>11</i>	862	816	751	714
Depreciation	<i>11, 16</i>	77	69	76	68
Interest and other finance costs	<i>11, 12</i>	33	33	33	33
Total expenditure		1,734	1,683	1,568	1,525
Surplus before other gains and losses		65	39	75	72
Gain on investments	<i>18</i>	222	329	180	267
Surplus before tax		287	368	255	339
Taxation	<i>13</i>	(3)	(12)	(2)	(13)
Surplus for the year		284	356	253	326
Other comprehensive income					
Actuarial loss	<i>25, 26</i>	(182)	(13)	(182)	(13)
Gain / (loss) arising on foreign currency translation		10	(4)	11	(2)
Total comprehensive income for the year		112	339	82	311
Represented by:					
Endowment comprehensive income for the year	<i>27</i>	105	152	93	130
Restricted comprehensive income for the year	<i>28</i>	66	86	66	86
Unrestricted comprehensive income for the year		(59)	101	(77)	95
		112	339	82	311

Additional information:

Total income and surplus before other gains and losses 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 8, amounting to £73m (2014–15: £69m). The corresponding figures including these elements are:

	Group Year ended 31 July 2016	Group Year ended 31 July 2015	University Year ended 31 July 2016	University Year ended 31 July 2015
	£m	£m	£m	£m
Total income on a distribution basis	1,872	1,791	1,702	1,654
Surplus before other gains and losses on a distribution basis	138	108	134	128

Statement of changes in reserves for the year ended 31 July 2016

	Endowment £m	Restricted £m	Unrestricted £m	Total £m
Group				
Balance at 1 August 2014	1,262	57	2,585	3,904
Surplus for the year ended 31 July 2015	152	86	118	356
Other comprehensive income	–	–	(17)	(17)
Total comprehensive income for the year ended 31 July 2015	152	86	101	339
Release of restricted capital funds spent in the year ended 31 July 2015	–	(62)	62	–
Balance at 31 July 2015	1,414	81	2,748	4,243
Surplus for the year ended 31 July 2016	105	66	113	284
Other comprehensive income	–	–	(172)	(172)
Total comprehensive income for the year ended 31 July 2016	105	66	(59)	112
Release of restricted capital funds spent in the year ended 31 July 2016	–	(68)	68	–
Balance at 31 July 2016	1,519	79	2,757	4,355
University				
Balance at 1 August 2014	1,046	57	2,379	3,482
Surplus for the year ended 31 July 2015	130	86	110	326
Other comprehensive income	–	–	(15)	(15)
Total comprehensive income for the year ended 31 July 2015	130	86	95	311
Release of restricted capital funds spent in the year ended 31 July 2015	–	(62)	62	–
Balance at 31 July 2015	1,176	81	2,536	3,793
Surplus for the year ended 31 July 2016	93	66	95	254
Other comprehensive income	–	–	(172)	(172)
Total comprehensive income for the year ended 31 July 2016	93	66	(77)	82
Release of restricted capital funds spent in the year ended 31 July 2016	–	(68)	68	–
Balance at 31 July 2016	1,269	79	2,527	3,875

Balance sheets as at 31 July 2016

	Note	Group 31 July 2016 £m	Group 31 July 2015 £m	University 31 July 2016 £m	University 31 July 2015 £m
Non-current assets					
Intangible assets and goodwill	15	75	73	74	70
Fixed assets	16	2,249	2,080	2,243	2,075
Heritage assets	17	65	61	65	61
Investments	18	2,904	2,688	2,440	2,256
		5,293	4,902	4,822	4,462
Current assets					
Stocks and work in progress	19	53	55	46	47
Trade and other receivables	20	368	361	369	359
Investments	21	242	226	694	669
Cash and cash equivalents	22	328	342	292	312
		991	984	1,401	1,387
Creditors: amounts falling due within one year	23	(792)	(713)	(1,228)	(1,144)
Net current assets		199	271	173	243
Total assets less current liabilities		5,492	5,173	4,995	4,705
Creditors: amounts falling due after more than one year	24	(359)	(359)	(347)	(347)
Pension liabilities	25	(756)	(551)	(751)	(545)
Other retirement benefits liability	26	(22)	(20)	(22)	(20)
Total net assets		4,355	4,243	3,875	3,793
Restricted reserves					
Income and expenditure reserve – endowment	27	1,519	1,414	1,269	1,176
Income and expenditure reserve – restricted	28	79	81	79	81
Unrestricted reserves					
Income and expenditure reserve – unrestricted		2,757	2,748	2,527	2,536
Total reserves		4,355	4,243	3,875	3,793

The financial statements on pages 234 to 265 were approved by the Council on 21 November 2016 and signed on its behalf by:

Professor Sir Leszek Borysiewicz
Vice-Chancellor

John Shakeshaft
Member of Council

Andrew Reid
Director of Finance

Consolidated statement of cash flows for the year ended 31 July 2016

	<i>Note</i>	Group Year ended 31 July 2016 £m	Group Year ended 31 July 2015 £m
Cash flow from operating activities			
Surplus for the year		284	356
Adjustments for non-cash items:			
Depreciation	<i>11, 16</i>	77	69
Amortization of intangible assets	<i>15</i>	23	19
Gain on investments	<i>18</i>	(222)	(329)
Decrease / (increase) in stocks and work in progress		2	(1)
Increase in trade and other receivables		(7)	(63)
Increase in creditors		8	21
Revision of deficit recovery cost recognized in the year	<i>10, 25</i>	18	62
Other pension costs less contributions payable	<i>25</i>	7	–
Other retirement benefit costs less contributions payable	<i>26</i>	–	1
Receipt of donated assets	<i>17</i>	(3)	–
Currency adjustments		11	(3)
Adjustments for investing or financing activities:			
Investment income	<i>8</i>	(21)	(23)
Interest payable		14	13
New endowments	<i>6</i>	(30)	(10)
Capital grants and donations		(109)	(94)
Gain on the sale of fixed assets		–	2
Net cash inflow from operating activities		52	20
Cash flows from investing activities			
Capital grants and donations		109	94
Proceeds from sales of fixed assets		2	–
Proceeds of sales: North West Cambridge		20	–
Net disposal of other non-current asset investments		127	117
Net disposal of current asset investments		28	34
Investment income	<i>8</i>	21	23
Payments made to acquire intangible assets		(26)	(33)
Payments made to acquire fixed assets		(244)	(195)
Payments made to acquire heritage assets		(2)	(1)
Payments made re North West Cambridge development costs		(137)	(52)
Net cash outflow from investing activities		(102)	(13)
Cash flows from financing activities			
New endowments	<i>6</i>	30	10
Interest paid		(14)	(13)
Capital element of of finance lease repayments		(1)	–
Repayments of loans		(1)	(1)
Net cash inflow / (outflow) from financing activities		14	(4)
(Reduction) / Increase in cash and cash equivalents in the year		(36)	3
Cash and cash equivalents at beginning of the year		330	327
Cash and cash equivalents at end of the year		294	330
Represented by:			
Cash and cash equivalent assets	<i>22</i>	328	342
Bank overdrafts	<i>23</i>	(34)	(12)
		294	330

NOTES TO THE ACCOUNTS

	2016 Group £m	2015 Group £m	2016 University £m	2015 University £m
1 Tuition fees and education contracts				
Full-time home / EU students	122.0	102.0	122.0	102.0
Full-time overseas (non-EU) students	87.8	75.6	87.8	75.6
Other course fees	25.2	23.4	12.4	11.6
Research Training Support Grants	27.8	25.1	27.8	25.1
	262.8	226.1	250.0	214.3
2 Funding body grants				
Higher Education Funding Council for England (HEFCE)				
Recurrent grant: teaching	20.7	24.5	20.7	24.5
Recurrent grant: research	120.0	124.4	120.0	124.4
Other revenue grants	7.5	6.0	7.5	6.0
Total revenue grants	148.2	154.9	148.2	154.9
Capital grants recognised in the year	44.8	48.9	44.8	48.9
	193.0	203.8	193.0	203.8
3 Research grants and contracts				
Research councils	161.1	125.8	161.1	125.8
UK based charities	127.3	128.7	127.2	128.7
European Commission	61.5	58.3	61.5	58.2
UK industry	23.6	19.0	22.2	17.5
UK Government	49.6	37.8	49.3	37.3
Other bodies	45.9	42.7	41.1	41.1
	469.0	412.3	462.4	408.6
Total research grants and contracts income includes grants of £7.8m (2015: £10.9m) towards the cost of buildings and £38.6m (2015: £13.4m) for the purchase of equipment.				
4 Exceptional income: RDEC				
Research and Development Expenditure Credit (RDEC) receivable before deduction of tax	1.3	53.7	1.3	53.7
RDEC is claimed from HM Revenue & Customs at a rate of 10% or 11% on qualifying research and development expenditure, and is received net of Corporation Tax (see note 13). The income recognised in the year and the previous 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				
Examination fees	349.2	324.0	276.0	244.1
Other examination and assessment services	42.5	43.0	35.5	58.5
	391.7	367.0	311.5	302.6
6 Donations and endowments				
New endowments	30.3	9.8	28.9	9.8
Donations of, and for the purchase of, fixed assets	9.2	15.9	9.2	15.9
Donations of, and for the purchase of, heritage assets	3.7	1.5	3.7	1.5
Other donations with restrictions	15.0	17.7	8.5	10.7
Donations from subsidiary companies	–	–	5.4	10.2
Unrestricted donations	13.0	13.2	11.6	11.8
	71.2	58.1	67.3	59.9
7 Other income				
Other services rendered	42.4	42.7	33.6	35.3
Health and hospital authorities	19.9	20.4	19.9	20.4
Residences, catering and conferences	10.4	9.6	10.4	10.5
Income from intellectual property	13.8	10.6	3.5	3.6
Rental income	10.4	8.4	10.5	8.9
Grants received (other than those included in notes 2 and 3 above)	5.0	3.5	4.1	3.5
Sundry income	18.0	17.0	15.5	14.9
	119.9	112.2	97.5	97.1

Notes to the accounts (continued)

8 Investment income	2016	2015	2016	2015
	Group	Group	University	University
	£m	£m	£m	£m
Income from non-current asset investments:				
Credited to individual funds as income	91.9	89.6	75.0	74.1
Less distributed from long-term capital gain	(72.6)	(69.2)	(59.2)	(56.5)
Underlying income	19.3	20.4	15.8	17.6
Income from current asset investments and cash equivalents	2.0	2.5	2.1	2.5
	21.3	22.9	17.9	20.1
Credited to:				
	Credited to	Excess	Underlying	Underlying
	funds as	over	income	income
	income	income	2016	2015
Group	2016	2016	2016	2015
	£m	£m	£m	£m
Permanent endowment reserves	33.9	(29.0)	4.9	6.5
Expendable endowment reserves	14.8	(11.7)	3.1	2.6
Restricted reserves	0.6	(0.5)	0.1	0.1
Unrestricted reserves	44.6	(31.4)	13.2	13.7
	93.9	(72.6)	21.3	22.9
University				
Permanent endowment reserves	33.7	(28.9)	4.8	6.3
Expendable endowment reserves	6.7	(5.1)	1.6	1.3
Restricted reserves	0.6	(0.5)	0.1	0.1
Unrestricted reserves	36.1	(24.7)	11.4	12.4
	77.1	(59.2)	17.9	20.1

The University operates a unitised fund, the Cambridge University Endowment Fund (CUEF), for long-term investment in respect of individual restricted endowments and other balances, and by other group undertakings. The CUEF is managed on a total return basis and invests in asset classes some of which generate little or no income. Distributions are made to unit-holding funds according to a formula which has regard to the total return reasonably to be expected in the long term, in proportion to the number of units held. Investing funds receive distributions as income. In the year ended 31 July 2016, distributions by the CUEF exceeded income received in the year by the CUEF from its underlying investments by £72.6m (2015: £69.2m), the balance of the distributions being funded by drawing on long-term capital growth.

See note 30 for further information on the investments held by the CUEF.

9 Total income

Consolidated total income is credited to reserves as follows:

	Group year ended 31 July 2016			Group year ended 31 July 2015		
	Endowments	Restricted	Unrestricted	Endowments	Restricted	Unrestricted
	£m	£m	£m	£m	£m	£m
Tuition fees and education contracts	–	–	262.8	–	–	226.1
Funding body grants	–	44.8	148.2	–	48.9	154.9
Research grants and contracts	–	17.4	451.6	–	19.0	393.3
Exceptional income: RDEC	–	–	1.3	–	–	53.7
Examination and assessment services	–	–	391.7	–	–	367.0
Publishing services	–	–	269.4	–	–	265.5
Donations and endowments	30.3	20.3	20.6	9.8	35.1	13.2
Other income	–	5.0	114.9	–	3.5	108.7
Investment income	8.0	0.1	13.2	9.1	0.1	13.7
	38.3	87.6	1,673.7	18.9	106.6	1,596.1

Consolidated total income is attributable as follows to the three broad categories defined by FRS 102: revenue, government grants and non-exchange transactions:

	Government grants			Non-exchange transactions		
	Revenue	Government grants	Non-exchange transactions	Revenue	Government grants	Non-exchange transactions
	£m	£m	£m	£m	£m	£m
Tuition fees and education contracts	235.0	27.8	–	201.0	25.1	–
Funding body grants	–	193.0	–	–	203.8	–
Research grants and contracts	–	272.2	196.8	–	221.3	191.0
Exceptional income: RDEC	–	1.3	–	–	53.7	–
Examination and assessment services	391.7	–	–	367.0	–	–
Publishing services	269.4	–	–	265.5	–	–
Donations and endowments	–	–	71.2	–	–	58.1
Other income	96.9	5.0	18.0	91.7	3.5	17.0
Investment income	21.3	–	–	22.9	–	–
	1,014.3	499.3	286.0	948.1	507.4	266.1

Notes to the accounts (continued)

10 Staff costs	2016 Group £m	2015 Group £m	2016 University £m	2015 University £m
Wages and salaries	572.8	552.7	529.5	511.6
Social security costs	56.9	51.4	52.6	47.1
Pension costs:				
Current service cost	114.2	98.1	108.7	91.7
Change in underlying assumptions in calculating USS deficit recovery provision (see note 25)	17.6	62.3	17.1	59.3
Total pension costs (see note 32)	131.8	160.4	125.8	151.0
	761.5	764.5	707.9	709.7
The average number of staff employed in the year, expressed as full-time equivalents, was:	15,287	14,816		

Remuneration of the Vice-Chancellor	2016 £000	2015 £000
Salary for the year	323	294
Backdated increase in respect of the previous year	22	–
Total salary paid in the year	345	294
Taxable benefits in kind	4	8
Total excluding employer pension contributions	349	302
Employer pension contributions	4	23
	353	325

Salary is the contractual salary before adjusting for salary sacrifice arrangements.

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.

	2016	2015
£100,001 - £110,000	104	100
£110,001 - £120,000	74	47
£120,001 - £130,000	44	35
£130,001 - £140,000	41	29
£140,001 - £150,000	35	31
£150,001 - £160,000	26	19
£160,001 - £170,000	17	17
£170,001 - £180,000	14	17
£180,001 - £190,000	7	7
£190,001 - £200,000	13	12
£200,001 - £210,000	13	11
£210,001 - £220,000	2	–
£220,001 - £230,000	1	–
£230,001 - £240,000	2	2
£240,001 - £250,000	3	3
£250,001 - £260,000	3	1
£260,001 - £270,000	–	3
£290,001 - £300,000	2	–
£300,001 - £310,000	2	–
£310,001 - £320,000	1	–
£320,001 - £330,000	1	–
£330,001 - £340,000	1	2
£350,001 - £360,000	1	1
£380,001 - £390,000	1	–
£420,001 - £430,000	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 four members of staff earning in excess of £100,000 per annum (none in 2014-15):	2016 £000	2015 £000
Payments in respect of loss of office	290	–

Key management personnel

The total remuneration of the Vice-Chancellor, Pro-Vice-Chancellors and Registry for the year, comprising salary and benefits excluding employer pension contributions, was:	1,090	1,038
--	--------------	-------

*Notes to the accounts (continued)***11 Analysis of consolidated expenditure by activity**

	Staff costs £m	Other operating expenses £m	Depreciation £m	Interest payable £m	2016 Total £m	2015 Total £m
Academic departments	229.6	69.5	8.1	–	307.2	294.9
Academic services	28.5	12.2	0.8	–	41.5	42.4
Payments to Colleges (see note 35)	–	64.1	–	–	64.1	45.3
Research grants and contracts	192.7	167.7	16.8	–	377.2	339.1
Other activities:						
Examination and assessment services	114.0	214.7	6.7	0.3	335.7	318.9
Publishing services	91.5	175.0	4.0	3.9	274.4	276.6
Other services rendered	11.3	27.3	0.1	–	38.7	38.8
Intellectual property	3.0	6.7	–	–	9.7	6.5
Residences, catering and conferences	3.0	11.2	–	–	14.2	12.0
Other activities total	222.8	434.9	10.8	4.2	672.7	652.8
Administration and central services:						
Administration	49.2	2.5	0.9	–	52.6	51.0
General educational	2.6	55.5	0.1	–	58.2	62.9
Staff and student facilities	2.9	1.5	–	–	4.4	4.5
Development office	5.7	6.9	–	–	12.6	10.3
Other	1.4	2.6	–	–	4.0	4.7
Administration and central services total	61.8	69.0	1.0	–	131.8	133.4
Premises	16.2	44.7	39.6	–	100.5	98.4
Interest payable on bond liabilities	–	–	–	13.2	13.2	13.2
Pension cost adjustments for USS	13.0	–	–	3.3	16.3	55.7
Pension cost adjustments for CPS (see note 32)	(3.1)	–	–	12.4	9.3	7.5
Total per income and expenditure account	761.5	862.1	77.1	33.1	1,733.8	1,682.7

Other operating expenses include:

	2016 Group £000	2015 Group £000
Auditors' remuneration		
Audit fees payable to the University's external auditors	781	770
Other fees payable to the University's external auditors	202	331
Audit fees payable to other firms	26	77
Payments to trustees		
Reimbursement of expenses to three (2015: five) external members of Council	5	5

These amounts include related irrecoverable VAT.

12 Interest and other finance costs

	2016 Group £m	2015 Group £m	2016 University £m	2015 University £m
Interest payable on bond liabilities (see note 24)	13.2	13.2	13.2	13.2
Interest on pension liabilities (see note 25)	18.8	18.9	18.7	18.9
Interest paid on other retirement benefit liabilities (see note 26)	0.7	0.9	0.7	0.9
Other interest payable	0.4	0.3	0.3	0.3
	33.1	33.3	32.9	33.3

13 Taxation

	2016	2015	2016	2015
UK Corporation Tax	0.3	11.7	0.3	12.0
Foreign taxes	2.7	0.5	1.4	0.5
	3.0	12.2	1.7	12.5

As an exempt charity, the University is potentially exempt from Corporation Tax on income and gains falling within section 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.

*Notes to the accounts (continued)***14 Segment information**

The group's reportable segments are:

Higher Education Institution (HEI)	Teaching and research undertaken by the University
Assessment	Examination and assessment services, carried out by the University of Cambridge Examinations Syndicate and subsidiary undertakings, collectively known as Cambridge Assessment
Press	Publishing services, carried out by the Cambridge University Press Syndicate and subsidiary undertakings
Cambridge University Endowment Fund (CUEF)	The investment fund managed by the group and holding the majority of the group's investments together with some investments of Colleges and other associated bodies (see note 30)
Trusts and other	The combination of smaller segments including the associated trusts and subsidiary companies not included in the Assessment and Press groups

The Council monitors the results of operating segments separately for the purposes of assessing performance and making decisions about the allocation of resources. Segment performance is evaluated based on reported surplus. The Press segment reports for financial years ending 30 April. CUEF reports for financial years ending 30 June and focuses on total return as the measure of income and surplus. The segment information presented below uses the same measures as reported by each segment, adjusted for Press and CUEF to the financial year ended 31 July.

	HEI £m	Assessment £m	Press £m	CUEF £m	Trusts and other £m	Eliminations and adjustments £m	Group £m
Year ended 31 July 2016							
Total income							
External	1,066.4	394.6	274.4	235.6	49.6	(221.0)	1,799.6
Intersegment	90.2	7.2	0.6	–	105.8	(203.8)	–
Total	1,156.6	401.8	275.0	235.6	155.4	(424.8)	1,799.6
Surplus for the year	206.6	72.5	–	235.6	31.3	(261.4)	284.6
Included in surplus for the year:							
Investment income	71.8	7.4	0.8	15.5	13.2	(87.4)	21.3
Depreciation and amortisation	(67.6)	(22.1)	(9.2)	–	(0.3)	(1.2)	(100.4)
Interest payable	(28.3)	(0.9)	(3.9)	–	–	–	(33.1)
Gain on investments	114.2	10.5	0.9	220.1	24.3	(148.2)	221.8
Additions to intangible assets, fixed assets, heritage assets and investment property	348.2	58.9	17.2	–	1.0	(0.8)	424.5
Assets	4,831.7	645.5	253.2	2,753.9	467.4	(2,667.0)	6,284.7
Liabilities	(1,428.8)	(131.4)	(243.9)	–	(76.3)	(49.5)	(1,929.9)
Net assets	3,402.9	514.1	9.3	2,753.9	391.1	(2,716.5)	4,354.8
Year ended 31 July 2015							
Total income							
External	1,031.3	368.5	269.0	336.5	38.6	(322.3)	1,721.6
Intersegment	92.3	7.5	26.7	–	132.4	(258.9)	–
Total	1,123.6	376.0	295.7	336.5	171.0	(581.2)	1,721.6
Surplus for the year	281.9	66.5	20.6	336.5	39.7	(389.3)	355.9
Included in surplus for the year:							
Investment income	71.3	7.6	0.5	15.0	16.8	(88.3)	22.9
Depreciation and amortisation	(60.7)	(18.7)	(7.4)	–	(0.2)	(1.2)	(88.2)
Interest payable	(28.7)	(0.3)	(4.3)	–	–	–	(33.3)
Gain on investments	195.9	19.7	0.8	321.6	35.6	(244.4)	329.2
Additions to intangible assets, fixed assets, heritage assets and investment property	230.0	78.0	14.0	–	0.2	(32.9)	289.3
Assets	4,584.2	579.7	241.2	2,551.6	438.5	(2,510.5)	5,884.7
Liabilities	(1,242.8)	(120.3)	(203.9)	–	(73.6)	(1.5)	(1,642.1)
Net assets	3,341.4	459.4	37.3	2,551.6	364.9	(2,512.0)	4,242.6

*Notes to the accounts (continued)***14 Segment information (continued)****Eliminations and adjustments**

The following eliminations and adjustments reconcile the totals of segment measures to the consolidated measures reported in these financial statements.

	2016 £m	2015 £m		
Total income				
Elimination of intersegment income	(203.8)	(258.9)		
Exclude investment gain element of CUEF total return	(220.1)	(321.6)		
Exclude CUEF investment income attributable to external investors	(0.9)	(0.7)		
Total eliminations and adjustments	(424.8)	(581.2)		
Surplus for the year				
Eliminate CUEF surplus recognised in other segments or attributable to external investors	(235.6)	(336.5)		
Eliminate transfers from other segments to HEI based on surpluses	(23.9)	(27.1)		
Apply group accounting policy to Press operational property: depreciation	(1.0)	(1.1)		
Elimination of intersegment funding commitments	(0.3)	2.0		
Eliminate intersegment surplus on transfer of fixed assets	(0.6)	(26.6)		
Total eliminations and adjustments	(261.4)	(389.3)		
Assets and liabilities				
	Assets	Liabilities	Net assets	Net assets
	2016	2016	2016	2015
	£m	£m	£m	£m
Eliminate CUEF assets recognised in other segments or attributable to external investors	(2,564.2)	(189.7)	(2,753.9)	(2,551.6)
Apply group accounting policy to Press operational property: net book value	43.0	–	43.0	44.0
Eliminate accrual for intersegment funding commitments	–	17.3	17.3	17.7
Eliminate intersegment surplus on transfers of fixed assets	(19.6)	–	(19.6)	(19.0)
Eliminate investments in subsidiaries	(3.3)	–	(3.3)	(3.1)
Eliminate intersegment balances	(122.9)	122.9	–	–
Total eliminations and adjustments	(2,667.0)	(49.5)	(2,716.5)	(2,512.0)

15 Intangible assets and goodwill

Group	Software	Goodwill	Others	2016	
				Total	2015
	£m	£m	£m	£m	£m
Cost					
At 1 August	159.0	15.8	9.0	183.8	151.7
Additions	25.9	–	0.1	26.0	32.9
Disposals	(1.0)	–	–	(1.0)	(0.4)
Currency adjustments	–	0.3	–	0.3	(0.4)
At 31 July	183.9	16.1	9.1	209.1	183.8
Accumulated amortisation					
At 1 August	89.9	13.5	7.9	111.3	92.5
Charge for the year	22.0	0.9	0.4	23.3	19.5
Eliminated on disposals	(1.0)	–	–	(1.0)	(0.5)
Currency adjustments	–	0.1	–	0.1	(0.2)
At 31 July	110.9	14.5	8.3	133.7	111.3
Net book value	73.0	1.6	0.8	75.4	72.5
University					
	Software	Goodwill	Others	2016	2015
	£m	£m	£m	Total	Total
	£m	£m	£m	£m	£m
Cost					
At 1 August	151.0	1.1	13.0	165.1	132.6
Additions	25.7	–	0.1	25.8	32.7
Disposals	(1.0)	–	–	(1.0)	(0.1)
Currency adjustments	–	–	–	–	(0.1)
At 31 July	175.7	1.1	13.1	189.9	165.1
Accumulated amortisation					
At 1 August	82.5	1.1	11.3	94.9	76.4
Charge for the year	21.8	–	0.3	22.1	18.6
Eliminated on disposals	(1.0)	–	–	(1.0)	(0.1)
Currency adjustments	–	–	–	–	–
At 31 July	103.3	1.1	11.6	116.0	94.9
Net book value	72.4	–	1.5	73.9	70.2

Notes to the accounts (continued)

16 Fixed assets	Land £m	Buildings £m	Assets in construction £m	Equipment £m	2016	2015
					Total £m	Total £m
Group						
Cost						
At 1 August	421.0	1,429.3	213.2	277.4	2,340.9	2,147.7
Additions	–	3.4	184.1	59.8	247.3	202.5
Transfers	–	173.7	(174.0)	0.3	–	–
Disposals	–	(4.0)	–	(8.5)	(12.5)	(9.6)
Currency adjustments	–	0.1	–	0.2	0.3	0.3
At 31 July	421.0	1,602.5	223.3	329.2	2,576.0	2,340.9
Accumulated depreciation						
At 1 August	–	48.2	–	212.4	260.6	199.1
Charge for the year	–	46.4	–	30.7	77.1	68.7
Elimination on disposals	–	(2.5)	–	(8.3)	(10.8)	(7.6)
Currency adjustments	–	–	–	0.1	0.1	0.4
At 31 July	–	92.1	–	234.9	327.0	260.6
Net book value						
At 31 July	421.0	1,510.4	223.3	94.3	2,249.0	2,080.3
At 1 August	421.0	1,381.1	213.2	65.0	2,080.3	1,948.6
University						
Cost						
At 1 August	421.0	1,421.0	214.5	274.8	2,331.3	2,138.1
Additions	–	3.2	184.8	57.9	245.9	202.0
Transfers	–	174.9	(175.2)	0.3	–	–
Disposals	–	(4.1)	–	(7.6)	(11.7)	(9.0)
Currency adjustments	–	0.1	–	0.1	0.2	0.2
At 31 July	421.0	1,595.1	224.1	325.5	2,565.7	2,331.3
Accumulated depreciation						
At 1 August	–	45.6	–	211.0	256.6	195.4
Charge for the year	–	46.2	–	30.0	76.2	68.1
Elimination on disposals	–	(2.7)	–	(7.6)	(10.3)	(7.2)
Currency adjustments	–	–	–	0.1	0.1	0.3
At 31 July	–	89.1	–	233.5	322.6	256.6
Net book value						
At 31 July	421.0	1,506.0	224.1	92.0	2,243.1	2,074.7
At 1 August	421.0	1,375.4	214.5	63.8	2,074.7	1,942.7

17 Heritage assets	2016 Group £m	2015 Group £m	2016 University £m	2015 University £m
Opening balance	60.9	59.4	60.9	59.4
Additions in the year	4.2	1.5	4.2	1.5
Closing balance	65.1	60.9	65.1	60.9

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

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

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

Additions for the current and previous four years were as follows:	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Acquisitions purchased with specific donations	1.2	1.1	0.4	4.0	0.9
Value of acquisitions by donation	2.5	0.4	0.1	11.6	4.7
Total acquired by, or funded by, donations	3.7	1.5	0.5	15.6	5.6
Acquisitions purchased with University funds	0.5	–	0.5	0.7	0.3
Total acquisitions capitalised	4.2	1.5	1.0	16.3	5.9

Notes to the accounts (continued)

18 Non-current asset investments	Group 2016 £m	Group 2015 £m	University 2016 £m	University 2015 £m
Opening balance	2,688.2	2,422.9	2,256.1	2,027.4
North West Cambridge: additions	141.8	53.0	141.8	53.0
North West Cambridge: disposals at cost and transfers to fixed assets	(23.7)	(1.0)	(23.7)	(1.0)
Other net disposals in the year	(123.7)	(115.8)	(114.6)	(90.1)
Valuation gains on investments	221.8	329.2	180.2	266.8
Closing balance	2,904.4	2,688.3	2,439.8	2,256.1
Represented by:				
CUEF units (see note 30)	2,564.2	2,402.4	2,093.6	1,958.9
North West Cambridge development	220.6	102.5	220.6	102.5
Other property	67.4	58.5	67.4	57.9
Securities	21.4	98.7	9.8	88.4
Spin-out and similar companies (see note 33)	26.3	23.5	16.3	15.8
Investments in subsidiary undertakings	–	–	31.4	32.1
Other	4.5	2.7	0.7	0.5
	2,904.4	2,688.3	2,439.8	2,256.1
Phase 1 of the North West Cambridge development, currently under construction, includes accommodation for University staff and students and for others, infrastructure and community facilities. Individual buildings considered at completion to have a primary purpose of supporting education will be transferred to fixed assets.				
19 Stocks and work in progress	Group 2016 £m	Group 2015 £m	University 2016 £m	University 2015 £m
Goods for resale	25.0	24.4	19.1	18.4
Pre-publication costs and other work in progress	27.0	29.0	25.2	27.4
Other stocks	1.3	1.5	1.3	1.4
	53.3	54.9	45.6	47.2
20 Trade and other receivables				
Amounts due within one year				
Research grants recoverable	100.1	85.5	100.1	85.5
Amounts due from subsidiary undertakings	–	–	39.4	34.6
Debtors re examination and assessment services	84.5	81.6	82.7	79.9
Debtors re publishing and printing	99.8	88.3	78.8	67.3
Other debtors	83.2	105.1	68.0	91.6
	367.6	360.5	369.0	358.9
21 Current asset investments				
CUEF units held on behalf of other entities (see note 30)	189.7	149.2	660.3	592.7
Securities	–	0.4	–	0.4
Money market investments	40.6	76.0	22.6	76.2
Other	11.4	–	11.4	–
	241.7	225.6	694.3	669.3
22 Cash and cash equivalents				
Money market investments with maturity less than three months	240.1	217.1	240.1	217.1
Cash at bank and in hand and with investment managers	88.1	124.6	51.6	94.9
	328.2	341.7	291.7	312.0
23 Creditors: amounts falling due within one year				
Bank overdraft	33.9	12.1	33.9	12.0
Current portion of long-term bank loan	0.9	0.8	0.9	0.8
Finance leases	1.3	1.6	1.3	1.6
Research grants received in advance	190.5	208.2	189.1	203.1
Amounts due to subsidiary undertakings	–	–	20.0	11.0
Creditors re examination and assessment services	81.1	76.9	59.3	56.5
Creditors re publishing services	94.7	91.6	84.2	82.5
Other creditors	194.4	169.9	165.4	151.6
Investments and cash equivalents held on behalf of subsidiary undertakings	–	–	477.9	473.7
Investments and cash equivalents held on behalf of Colleges and other associated bodies	195.5	151.6	195.5	151.6
	792.3	712.7	1,227.5	1,144.4

*Notes to the accounts (continued)***24 Creditors: amounts falling due after more than one year**

	Group 2016 £m	Group 2015 £m	University 2016 £m	University 2015 £m
Bond liabilities	342.5	342.4	342.5	342.4
Bank loans	1.7	1.7	0.5	1.7
Finance leases	3.9	3.0	3.9	3.0
Loan from minority interest	–	1.1	–	–
Accruals and deferred income	10.6	10.9	–	–
	358.7	359.1	346.9	347.1

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. 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.

25 Pension liabilities

<i>Group</i>	CPS £m	Press £m	Defined benefit total £m	USS deficit recovery £m	Total 2016 £m	Total 2015 £m
Opening balance	350.5	88.9	439.4	111.1	550.5	472.9
Movement in year:						
Current service cost	25.0	1.9	26.9	–	26.9	23.8
Contributions	(28.1)	(6.1)	(34.2)	(4.6)	(38.8)	(42.8)
Interest on liability	12.4	3.1	15.5	3.3	18.8	18.9
Currency adjustments	–	0.7	0.7	–	0.7	0.2
Change in underlying assumptions	–	–	–	17.6	17.6	62.3
Actuarial loss	145.2	35.6	180.8	–	180.8	15.2
Closing balance	505.0	124.1	629.1	127.4	756.5	550.5
University						
Opening balance	350.5	88.9	439.4	105.9	545.3	470.3
Movement in year:						
Current service cost	25.0	1.9	26.9	–	26.9	23.8
Contributions	(28.1)	(6.1)	(34.2)	(4.4)	(38.6)	(42.4)
Interest on liability	12.4	3.1	15.5	3.2	18.7	18.9
Currency adjustments	–	0.7	0.7	–	0.7	0.2
Change in underlying assumptions	–	–	–	17.1	17.1	59.3
Actuarial loss	145.2	35.6	180.8	–	180.8	15.2
Closing balance	505.0	124.1	629.1	121.8	750.9	545.3

The net liabilities in respect of the Cambridge University Assistants' Contributory Pension Scheme (CPS) and the Press defined benefit schemes represent the present value of the schemes' obligations to provide future benefits in relation to past service, less the assets of the schemes. For additional information please refer to note 32.

The liability in respect of deficit recovery payments to the Universities Superannuation Scheme (USS) represents the present value of estimated future employer contributions to the USS to the extent that, under the schedule of contributions agreed between the USS and participating employers in July 2015, they are payments towards the recovery of the deficit identified in the actuarial valuation as at 31 March 2014. For this purpose estimated deficit recovery payments over the period of the schedule of contributions ending in March 2031 have been discounted at 1.75% (2015: 3.0%). The movements described as "change in underlying assumptions" include the impact of movements in discount rates and, for 2014-15, the impact of the revision of the deficit recovery plan in July 2014. The resulting increase in provision is included in staff costs (see note 10).

26 Other retirement benefits liabilities

<i>Group and University</i>	2016 £m	2015 £m
Opening balance	19.8	20.9
Movement attributable to the year:		
Current service cost less benefits paid	0.3	(0.1)
Contributions	(0.8)	(0.3)
Other finance cost	0.7	0.9
Currency adjustments	1.0	0.4
Actuarial loss / (gain)	1.4	(2.0)
Closing balance	22.4	19.8

These liabilities arise in relation to unfunded post-retirement medical and insurance schemes.

Notes to the accounts (continued)

27 Endowment reserves	Permanent	Expendable	2016	2015	
Group	£m	£m	Total	Total	
			£m	£m	
Balance 1 August	963.0	451.0	1,414.0	1,262.3	
New endowments received	26.3	4.1	30.4	9.9	
Investment income	4.9	3.1	8.0	9.1	
Expenditure	(29.5)	(20.2)	(49.7)	(38.9)	
Valuation gains on investments	81.1	35.4	116.5	171.6	
Balance 31 July	1,045.8	473.4	1,519.2	1,414.0	
Capital	904.6	452.5	1,357.1	1,263.5	
Unspent income	141.2	20.9	162.1	150.5	
Balance 31 July	1,045.8	473.4	1,519.2	1,414.0	
Representing:					
Trust and Special Funds:					
Professorships, Readerships and Lectureships	524.0	67.5	591.5	530.7	
Scholarships and bursaries	133.1	18.6	151.7	143.6	
Other	364.4	142.2	506.6	497.1	
Gates Cambridge Trust	–	239.6	239.6	226.5	
Examination Board restricted funds	–	5.5	5.5	5.4	
General endowments	24.3	–	24.3	10.7	
Group total	1,045.8	473.4	1,519.2	1,414.0	
University					
Balance 1 August	959.2	217.2	1,176.4	1,046.1	
New endowments received	24.8	4.1	28.9	9.8	
Income receivable from endowment asset investments	4.8	1.6	6.4	7.6	
Expenditure	(29.4)	(9.4)	(38.8)	(29.6)	
Valuation gains on investments	80.8	15.2	96.0	142.5	
Balance 31 July	1,040.2	228.7	1,268.9	1,176.4	
Capital	899.0	207.4	1,106.4	1,025.9	
Unspent income	141.2	21.3	162.5	150.5	
Balance 31 July	1,040.2	228.7	1,268.9	1,176.4	
28 Restricted reserves					
	Unspent	Unspent			
	capital	research	Specific	2016	
	grants	grants	donations	Total	
	£m	£m	£m	£m	
Group				2015	
				Total	
				£m	
Balance 1 August	29.5	15.4	37.0	81.9	57.0
Donations and grants recognised in the year	61.9	9.6	16.0	87.5	106.5
Investment income	–	–	0.1	0.1	0.1
Expenditure	–	(4.3)	(18.7)	(23.0)	(22.0)
Capital grants spent	(68.5)	–	–	(68.5)	(61.5)
Valuation gains on investments	–	–	1.2	1.2	1.8
Balance 31 July	22.9	20.7	35.6	79.2	81.9
University					
Balance 1 August	29.5	15.4	36.6	81.5	56.6
Donations and grants recognised in the year	61.9	9.6	8.6	80.1	99.3
Investment income	–	–	0.1	0.1	0.1
Expenditure	–	(4.3)	(11.5)	(15.8)	(14.8)
Capital grants spent	(68.5)	–	–	(68.5)	(61.5)
Valuation gains on investments	–	–	1.1	1.1	1.8
Balance 31 July	22.9	20.7	34.9	78.5	81.5
29 Non-controlling interests					
The following balances and movements are included in unrestricted reserves in the interests of clarity:				2016	2015
				Group	Group
				£m	£m
Opening balance				0.8	0.8
Share of surplus for the year				0.3	0.3
Payment of dividend to non-controlling interest				(0.2)	(0.3)
Closing balance				0.9	0.8

Non-controlling interests represent the interests of minority shareholders in the net assets of subsidiary companies where the University holds less than 100% of the issued share capital (see note 33).

*Notes to the accounts (continued)***30 Cambridge University Endowment Fund (CUEF)**

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. A number of subsidiary undertakings, Cambridge Colleges and other associated bodies also hold units in the CUEF. The assets of the CUEF were held in the following categories:

	31 July 2016		31 July 2015	
	£m	%	£m	%
Public equity	1,662.1	60.3%	1,564.2	61.3%
Private investment	327.4	11.9%	237.0	9.3%
Absolute return	360.1	13.1%	345.3	13.5%
Credit	11.5	0.4%	44.6	1.8%
Real assets	305.4	11.1%	239.7	9.4%
Fixed interest / cash	87.4	3.2%	120.8	4.7%
Total value of fund	2,753.9	100.0%	2,551.6	100.0%

Public equity includes all equity stocks traded on a liquid market, together with related index funds and derivatives.

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	Group	University	University
	2016	2015	2016	2015
	£m	£m	£m	£m
Non-current asset investments (see note 18)	2,564.2	2,402.4	2,093.6	1,958.9
Current asset investments (see note 21) - balances held on behalf of:				
Subsidiary undertakings	–	–	470.6	443.5
Colleges	176.7	136.9	176.7	136.9
Other associated bodies	13.0	12.3	13.0	12.3
Total included in current asset investments	189.7	149.2	660.3	592.7
Total value of units	2,753.9	2,551.6	2,753.9	2,551.6

31 Capital commitments

	Group	Group
	2016	2015
	£m	£m
Commitments for capital expenditure:		
Commitments contracted at 31 July	465.1	344.5
Authorised but not contracted at 31 July	175.4	271.9
Commitments for capital calls on investments:	357.4	328.0

*Notes to the accounts (continued)***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). The USS and the CPS are not closed, nor is the age profile of their active membership rising significantly.

Cambridge University Press operates two pension schemes for its UK staff, the Press Contributory Pension Fund (PCPF) and the Press Senior Staff Pension Scheme (PSSPS). The PCPF and the PSSPS have been closed to new members.

The assets of the schemes are held in separate trustee-administered funds. The schemes are defined benefit schemes which are each valued every three years using the projected unit method by professionally qualified actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

Universities Superannuation Scheme (USS)

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 section 28 of FRS 102, accounts for the scheme as if it were a defined contribution scheme.

The latest triennial actuarial valuation of the scheme was at 31 March 2014.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective to have sufficient and appropriate assets to cover their technical provisions. At 31 March 2014, the value of the assets of the scheme was £41,605m and the value of the scheme's technical provisions was £46,900m indicating a deficit of £5,295m. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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 increased from 16% to 18% of pensionable pay with effect from 1 April 2016. The contribution rate will be reviewed as part of each triennial valuation and may be reviewed more frequently.

The recovery plan determines how each employer within the scheme will fund the shortfall shown by the 2014 valuation. The University recognises a liability for the present value of estimated deficit contributions payable in future periods under the recovery plan (see note 25).

The amount included in staff costs represents contributions payable to the scheme in respect of the accounting period, adjusted in respect of movements in the estimate of future deficit contributions.

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.

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 2015. The results showed the actuarial value of the scheme's assets as £551m. These were insufficient to cover the scheme's past service liabilities of £612m; the scheme had a deficit of £61m and was 90% funded.

Since 1 August 2013 employer contributions have been 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 January 2019.

*Notes to the accounts (continued)***32 Pension schemes (continued)****CPS: Pension costs under FRS 102**

The liabilities of the plan have been calculated for the purposes of FRS102 based on the calculations previously undertaken for the funding actuarial valuation as at 31 July 2015, allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date. The principal assumptions used by the actuary were:

	2016	2015
Discount rate	2.40%	3.55%
Rate of increase in salaries	3.60%	4.00%
Rate of increase in pensions in deferment	2.85%	3.25%
Rate of increase in pensions in payment	2.85%	3.25%
Mortality - equivalent life expectancy for members reaching the age of 65:		
Males currently aged 65	86	87
Males currently aged 45	88	88
Females currently aged 65	90	90
Females currently aged 45	91	91

The following results were measured in accordance with the requirements of FRS 102, based on the assumptions summarised above:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m
Opening	(901.9)	(848.9)	551.4	510.4	(350.5)	(338.5)
Current service cost	(25.0)	(21.5)	-	-	(25.0)	(21.5)
Employer contributions	-	-	28.1	28.2	28.1	28.2
Contributions by members	(0.6)	(0.6)	0.6	0.6	-	-
Benefits and expenses paid	22.6	21.4	(22.6)	(21.4)	-	-
Interest income / (expense)	(32.1)	(35.7)	19.7	21.6	(12.4)	(14.1)
Remeasurement gains / (losses):						
Actuarial losses	(144.9)	(16.6)	-	-	(144.9)	(16.6)
Return on assets excluding interest	-	-	(0.3)	12.0	(0.3)	12.0
Closing defined benefit obligation	(1,081.9)	(901.9)	576.9	551.4	(505.0)	(350.5)

The movement for the year in the net pension liability is reflected in note 25.

The total cost recognised in expenditure was:

Current service cost	25.0	21.5
Interest cost	12.4	14.1
	37.4	35.6

The fair values of the major categories of scheme assets expressed as a percentage of the total were:

Equities and hedge funds	73.5%	73.2%
Bonds and cash	15.9%	16.7%
Property	10.6%	10.1%
	100.0%	100.0%

The return on the scheme's assets was:

Interest income	19.7	21.6
Return on assets excluding interest income	(0.3)	12.0
	19.4	33.6

*Notes to the accounts (continued)***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 2016.

Pension costs under FRS 102

For accounting purposes the schemes' assets are measured at fair 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 2016 valuation to 31 July 2016 for the purposes of these financial statements. The principal assumptions used by the actuary for both schemes were:

	2016	2015
Discount rate	2.40%	3.55%
Rate of increase in salaries - schemes are now on frozen current salary basis	0.00%	0.00%
Rate of increase in pensions in deferment	3.35%	3.50%
Rate of increase in pensions in payment	3.35%	3.50%
Mortality - equivalent life expectancy for members at age 60:		
Males	87	87
Females	89	89

The following results were measured in accordance with the requirements of FRS 102, 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	
	2016 £m	2015 £m	2016 £m	2015 £m	2016 £m	2015 £m
Opening	(299.0)	(273.4)	214.2	196.5	(84.8)	(76.9)
Current service cost	(1.9)	(1.9)	-	-	(1.9)	(1.9)
Employer contributions	-	-	6.1	6.0	6.1	6.0
Contributions by members	(0.2)	(0.2)	0.2	0.2	-	-
Benefits and expenses paid	11.0	11.0	(11.0)	(11.0)	-	-
Interest income / (expense)	(10.4)	(11.3)	7.5	8.1	(2.9)	(3.2)
Remeasurement gains / (losses):						
Actuarial (losses) / gains	(44.0)	(23.2)	8.2	14.4	(35.8)	(8.8)
Closing defined benefit obligation	(344.5)	(299.0)	225.2	214.2	(119.3)	(84.8)

The movement for the year in the net pension liability is reflected in note 25.

The total cost recognised in expenditure was:

Current service cost	1.9	1.9
Interest cost	2.9	3.2
	4.8	5.1

The fair values of the major categories of scheme assets expressed as a percentage of the total were:

Equities	37.8%	36.5%
Gilts	20.7%	20.6%
Property	6.8%	7.2%
Cash and annuities	0.7%	0.8%
Diversified growth fund	34.0%	34.9%
	100.0%	100.0%

The return on the scheme's assets was:

Interest income	7.5	8.1
-----------------	-----	-----

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 group pension cost for the year (see note 10) was:

	Employer contributions	Provisions (note 25)	Total	Employer contributions	Provisions (note 25)	Total
	2016 £m	2016 £m	2016 £m	2015 £m	2015 £m	2015 £m
USS	86.7	13.0	99.7	75.7	54.1	129.8
CPS	28.1	(3.1)	25.0	28.1	(6.7)	21.4
PCPF	2.7	(1.0)	1.7	2.6	(1.0)	1.6
PSSPS	3.4	(3.2)	0.2	3.4	(3.1)	0.3
NHSPS	2.2	-	2.2	2.2	-	2.2
Other pension schemes	3.0	-	3.0	5.1	-	5.1
	126.1	5.7	131.8	117.1	43.3	160.4

*Notes to the accounts (continued)***33 Principal subsidiary and associated undertakings and other significant investments**

The following undertakings were subsidiary undertakings throughout the year ended 31 July 2016. 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	a	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 Limited		Land development
Cambridge Investment Management Limited		Investment management
Cambridge Institute for Sustainability Leadership (Australia)	b	Sustainability leadership programmes
Cambridge Institute for Sustainability Leadership (South Africa)	c	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	d	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	d	Provision of scholarships, grants and other support for the education of overseas students in the University
Cambridge Commonwealth, European and International Trust		
Gates Cambridge Trust		
Malaysian Commonwealth Studies Centre in Cambridge		
Cambridge Assessment subsidiary undertakings		
Cambridge Assessment Overseas Limited	e	Overseas office services
Cambridge Assessment Singapore	e	Overseas office services
Cambridge Avaliacao Representacao e Promocao Ltda	f	Overseas office services
Cambridge Assessment Inc	g	Holding entity
Cambridge English (Aus)	h	Examination services
Cambridge Boxhill Language Pty Limited	h	Examination services
Fundacion UCLES	i	Overseas office services
Oxford and Cambridge International Assessment Services Limited		Overseas office services
Oxford Cambridge and RSA Examinations	d	Examination and assessment services

*Notes to the accounts (continued)***33 Principal subsidiary and associated undertakings and other significant investments (continued)**

Cambridge University Press subsidiary undertakings		
Academic Journal Publishing Pty Limited	j	
Australian Academic Press Pty Group Limited	h	Intermediate holding company
Cambridge Daigaku Shuppan KK	h	Publishing and distribution
Cambridge Knowledge (China) Limited	k	Representative office
Cambridge University Press (Greece) EPE	l	Representative office
Cambridge University Press (Holdings) Limited	m	Representative office
Cambridge University Press India (Private) Limited		Multi-purpose holding company
Cambridge University Press Nigeria Limited	n	Publishing and distribution
Cambridge University Press Operations Limited	o	Publishing and distribution
Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi		Shared services support company
Cambridge University Press South Africa (Proprietary) Limited	p	Representative office
Cambridge Hitachi-Solutions Education Limited, subsequently renamed Cambridge Learning Limited	q	Publishing and distribution
Editorial Edicambridge Cia Ltda	r	Electronic educational publishing
Digital Services Cambridge Limited	s	Representative office
ELT Trading Limited		Software development
HOTmaths Pty Limited	t	Publishing
United Publishers Services Limited	u	Web-based maths digital learning
	l	Distribution
Cambridge ClassServer LLP	v	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 Daigaku Shuppan KK is incorporated in Japan.	
l	Cambridge Knowledge (China) Limited and United Publishers Services Limited are incorporated in Hong Kong.	
m	Cambridge University Press (Greece) EPE is incorporated in Greece.	
n	Cambridge University Press India (Private) Limited is incorporated in India.	
o	Cambridge University Press Nigeria Limited is incorporated in Nigeria.	
p	Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi is incorporated in Turkey	
q	Cambridge University Press South Africa (Proprietary) Limited is a 75% subsidiary incorporated in South Africa.	
r	During the year, the University held 60% of the issued share capital in Cambridge Learning Limited. Since the year-end the company has become wholly-owned.	
s	Editorial Edicambridge Cia Ltda is incorporated in Ecuador.	
t	ELT Trading Limited is incorporated in Mexico.	
u	HOTmaths Pty Limited is a 55% subsidiary incorporated in Australia.	
v	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 non-current asset investments (see note 18). 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
Cambridge in America	22	Fundraising
Morphogen-IX Limited	28	Commercial exploitation of intellectual property
Reduse Limited	24	Commercial exploitation of intellectual property
ROADMap Systems Limited	32	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 included in the consolidated surplus for the year.

*Notes to the accounts (continued)***34 Related party transactions**

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 financial statements of the University include transactions with:

- (a) entities over which a member of Council or of key management personnel (see note 10) has control or joint control;
- (b) entities over which a member of Council has significant influence; and
- (c) entities of which a member of Council is a member of the key management personnel

Such transactions are summarised below where they are considered material to the University's financial statements and / or to the other party. The University has taken advantage of the exemption within FRS 102 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 2016 includes £386,000 in respect of grants funded by the Academy, of which £178,000 was included in creditors at the year end.

Cambridge University Hospitals NHS Foundation Trust

Cambridge University Hospitals NHS Foundation Trust (the 'Trust'), comprising Addenbrooke's and the Rosie hospitals, is controlled by a membership of patients, public and staff who are represented by a council of governors which includes a member of the University's key management personnel. Research grants and contracts income for the year ended 31 July 2016 includes £28.8m in respect of continuing grants funded by the Trust, and £14.5m was invoiced to the Trust in respect of other services, principally salary recharges. The University made payments to the Trust totalling £7.2m in the year ended 31 July 2016. Balances with the Trust at the year end were trade debtors £4.2m, trade creditors £0.5m and net research invoiced in advance and treated as a creditor £8.9m.

Cambridge University Students Union

One of the student members on the University Council held a part time executive position in the Student Union for the 2015-16 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 2016, provided a grant of £291,000 and made other payments totalling £16,000 for services provided. The Union made payments to the University totalling £11,000 for temporary staff, network and other services provided.

Gatsby Charitable Foundation

Lord Sainsbury of Turville, the Chancellor of the University, 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 2016 includes £8.7m in respect of continuing grants funded by Gatsby of which £3.3m was included in creditors at the year end.

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 2) in accordance with the University's accounting policies. At 31 July 2016 current liabilities included £13.8m in respect of funding received from HEFCE but not yet recognised 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 2016 includes £163,000 in respect of grants funded by Kidney Research UK, of which £56,000 was included in debtors at the year end.

University of Cambridge Graduate Union

The President of the Graduate Union was also a member of the University's Council for the 2015-16 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 2016, provided a grant of £100,000. The Union made payments to the University totalling £11,000 for network and other services provided.

*Notes to the accounts (continued)***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 the University paid the Colleges sums totalling £64.1m (2015: £45.3m) under the terms of agreements between the University and the Colleges to share fee income with the Colleges in a way that recognises the relative contributions of the University and the Colleges. These payments are included as "Payments to Colleges" in note 11 above. Other operating expenses also include £3.6m (2015: £4.6m) 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 (see note 36).

The University distributed third party donations to the Colleges totalling £7.5m (2015: £7.2m); these payments are not included in the consolidated statement of comprehensive income. During the year the University provided printing, network and other services to the Colleges for which the Colleges paid a total of £3.6m (2015: £3.2m), and the Colleges provided accommodation, catering and other services to the University for which the University paid a total of £9.5m (2015: £9.2m). During the year the Colleges made donations to the University totalling £6.4m (2015: £2.5m).

Current asset investments include £176.7m (2015: £136.9m) held on behalf of 13 (2015: 11) Colleges in the form of CUEF units (see note 30) and £10.6m (2015: £10.0m) held on behalf of the Isaac Newton Trust.

Colleges Fund	2016	2015
	£000	£000
Balance at 1 August	20	17
Contributions received from Colleges	4,292	4,139
Interest earned	4	4
Payments to Colleges	(4,310)	(4,140)
	<hr/>	<hr/>
Balance at 31 July included in creditors	6	20

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 statement of comprehensive income.

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			Market value	Closing
	Balance	Income	Expenditure	increase	balance
	£m	£m	£m	£m	£m
Consolidated (see note 33)					
Cambridge Commonwealth, European and International Trust	120.2	23.9	(22.5)	7.7	129.3
Gates Cambridge Trust	226.5	7.9	(8.3)	13.5	239.6
Malaysian Commonwealth Studies Centre in Cambridge	7.3	0.3	(2.6)	–	5.0
The Dennis S Avery and Sally Tsui Wong-Avery Endowment Trust	2.5	0.1	(0.1)	0.1	2.6
Oxford Cambridge and RSA Examinations	86.7	78.0	(78.2)	4.5	91.0
Strangeways Research Laboratory	1.4	0.1	–	0.1	1.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	444.6	110.3	(111.7)	25.9	469.1
Fund balances are included in the consolidated balance sheet as:					
Expendable endowments	233.8				246.0
Permanent endowments	1.4				5.4
Restricted reserves	0.4				0.5
Unrestricted reserves	209.0				217.2
	<hr/>				<hr/>
	444.6				469.1
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 2016)	11.6	2.1	(3.2)	(0.2)	10.3
University of Cambridge Veterinary School Trust, for the support of veterinary education in the University	0.9	0.9	(0.2)	–	1.6
One smaller scholarship trust	0.3	–	–	–	0.3
Registered clubs and societies:					
Cambridge University Boat Club	2.0	0.4	(0.4)	–	2.0
Cambridge University Eco Racing	–	0.1	(0.1)	–	–
Cambridge University Polo Club	0.3	0.1	(0.2)	–	0.2
Cambridge University Real Tennis Club	0.2	0.1	(0.1)	–	0.2
Cambridge University Rugby Union Football Club	0.8	0.6	(0.7)	–	0.7
Cambridge University Women's Boat Club Association	0.4	0.5	(0.3)	–	0.6
410 smaller clubs and societies	3.2	2.6	(2.3)	–	3.5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	19.7	7.4	(7.5)	(0.2)	19.4

*Notes to the accounts (continued)***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 30), 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:

	2016	2015
	£m	£m
Interest-bearing securities	15.0	14.8
Derivative financial instrument asset positions	57.7	51.7
Investment cash balances	51.8	66.6
Trade debtors: invoices receivable	157.3	168.4
Other debtors	210.3	192.1
Money market investments	280.7	293.1
Cash at bank	88.1	124.6
	860.9	911.3

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	164.0	175.8
Less: Provision for impairment of receivables	(6.7)	(7.4)
	157.3	168.4

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 2016, trade debtors with carrying value of £55.4m (2015: £46.2m) were past their due date but not impaired.

	2016	2015
	£m	£m
Balances against which a provision has been made	8.5	10.5
Balances not past their due date	100.1	119.1
Up to 3 months past due	40.8	36.5
3 to 6 months past due	7.4	6.2
Over 6 months past due	7.2	3.5
	164.0	175.8

Movement on provision for impairment of receivables

Opening balance	7.4	5.4
Provided in year	0.5	3.1
Balances written off	(1.2)	(1.1)
	6.7	7.4

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.

*Notes to the accounts (continued)***37 Financial risk management (continued)****a Credit risk (continued)**

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

Fitch credit quality rating (short / long term)		2016 £m	2015 £m
F1+ / AA	Highest / Very High	76.5	60.1
F1 / A+	Highest / High	81.3	46.7
F1 / A	Highest / High	146.5	218.6
F2 / A-	Good / High	32.1	87.4
F3 / BBB	Fair / Good	25.0	2.4
Lower ratings		7.4	2.5
		368.8	417.7

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	Between three months and one year £m	Between one and five years £m	More than five years £m	Total £m
As at 31 July 2016:					
Bond liabilities	6.6	6.6	52.5	815.9	881.6
Derivative financial instruments liability positions	57.7	–	–	–	57.7
Investments held on behalf of others	195.5	–	–	–	195.5
Bank overdraft	33.9	–	–	–	33.9
Bank and other loans	0.3	0.6	1.7	–	2.6
Finance leases	0.3	1.0	3.9	–	5.2
Other creditors excluding deferred income	161.0	3.5	–	–	164.5
Totals at 31 July 2016	455.3	11.7	58.1	815.9	1,341.0
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
Finance leases	0.4	1.2	3.0	–	4.6
Other creditors excluding deferred income	139.3	0.6	1.1	–	141.0
Totals at 31 July 2015	362.1	10.0	58.1	829.0	1,259.2

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

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.

*Notes to the accounts (continued)***37 Financial risk management (continued)****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:

	2016	2015
Pounds Sterling	52.7%	54.9%
US Dollar	30.6%	29.6%
Euro	3.6%	3.4%
Japanese Yen	4.2%	4.5%
Other currency	8.9%	7.6%
	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.

The following table summarises the significant assets and liabilities exposed to currency risk as at 31 July 2016:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	1,311.8	138.8	840.6	98.3	360.1	1,299.0
CUEF forward currency contracts	(854.4)	(140.3)	(547.5)	(99.3)	(49.7)	(696.5)
Net exposure of CUEF	457.4	(1.5)	293.1	(1.0)	310.4	602.5
Exposures outside CUEF:						
Debtors	46.4	15.8	29.8	11.2	16.0	57.0
Cash balances	9.4	38.6	6.0	27.3	13.8	47.1
Creditors including bank and other loans	(26.1)	(3.6)	(13.7)	0.1	(15.3)	(28.9)
Forward currency contracts	-	(30.0)	-	(27.5)	-	(27.5)
Net exposure	487.1	19.3	315.2	10.1	324.9	650.2

The impact on total recognised gains for the year 2015-16 of additional 10% variations in the principal exchange rates would have been:

10% US Dollar appreciation	68.0
10% Euro appreciation	8.6

The following table summarises 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

The impact on total recognised gains for the year 2014-15 of additional 10% variations in the principal exchange rates would have been:

10% US Dollar appreciation	76.5
10% Euro appreciation	10.0

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.

*Notes to the accounts (continued)***37 Financial risk management (continued)****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 2016 the University held £15.0m (2015: £14.8m) 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 30.

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 £342.5m (2015: £342.4m, see note 24) whereas the fair value of the Bond liabilities at 31 July 2016 was £513m (2015: £414m) 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.

Fair value measurements

The following tables categorise 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.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment assets at fair value as at 31 July 2016				
CUEF:				
Quoted investments	767.1	11.6	–	778.7
Unquoted investments	–	1,917.7	5.7	1,923.4
Derivative financial instruments asset positions	57.7	–	–	57.7
Cash in hand and at investment managers	51.8	–	–	51.8
Total CUEF assets	876.6	1,929.3	5.7	2,811.6
Other quoted investments	11.7	–	–	11.7
Other unquoted investments	–	7.7	32.6	40.3
Investment properties	–	288.0	–	288.0
Money market investments	40.6	–	–	40.6
Cash in hand and at investment managers	10.7	–	–	10.7
Total investment assets at fair value	939.6	2,225.0	38.3	3,202.9
Derivative financial instruments liability positions (CUEF)	(57.7)	–	–	(57.7)
Total investments at fair value at 31 July 2016	881.9	2,225.0	38.3	3,145.2
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
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	76.0	–	–	76.0
Total investment assets at fair value	1,002.3	1,901.8	61.6	2,965.7
Derivative financial instruments liability positions (CUEF)	(51.8)	–	–	(51.8)
Total investments at fair value at 31 July 2015	950.5	1,901.8	61.6	2,913.9

*Notes to the accounts (continued)***38 Fair value (continued)**

A reconciliation of the opening and closing balances for Level 3 assets measured at fair value is detailed in the table below:		
	2016	2015
	£m	£m
Fair value 1 August 2015	61.6	72.2
Purchases less sales proceeds	(16.4)	(22.0)
Total gains / (losses)	8.2	11.4
Transfers out of Level 3	(15.1)	–
Fair value 31 July 2016	38.3	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.

39 Transition to FRS 102

This is the first year for which the University has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 July 2015. The date of transition to FRS 102 was 1 August 2014. Set out below are the changes in accounting policies which reconcile surplus for the financial year ended 31 July 2015 and total reserves as at 1 August 2014 and 31 July 2015 between UK GAAP as previously reported and FRS 102. Reference is also made to the requirements of the Statement of Recommended Practice: Further and Higher Education (SORP) published in 2015, which replaced the previous SORP and gives guidance to the sector in the implementation of FRS 102.

(a) Recognition of capital grants

Grants and donations are received for the purposes of funding the acquisition and construction of fixed assets. In previous years, in the case of depreciable assets, these were credited to deferred capital grants when receivable and released to income over the expected useful life of the respective assets in line with the depreciation policy. Such grants and donations, whether from government or other sources, are now recognised in income when receivable, and where relevant are included in restricted reserves until spent.

(b) Operational property

In previous years the University had a policy of stating operational land and buildings at their 1994 valuation with subsequent additions at cost. On transition to FRS 102 the University has elected to use a new valuation of land and buildings at 1 August 2014 as the deemed cost for those assets. This has resulted in an increase of £790.5m in the book value of operational land and buildings at the transition date. The depreciation charge on the building assets for the year ended 31 July 2015 has been restated based on the deemed cost at 1 August 2014 and on useful remaining lives as determined in relation to the valuation. The resulting depreciation charge on buildings for the year ended 31 July 2015 is £5.4m lower than that previously stated.

(c) Multi-employer defined benefit pension scheme: deficit recovery payments

The University is a participating employer in the Universities Superannuation Scheme (USS), a multi-employer defined benefit pension scheme. The University continues to account as if the USS were a defined contribution scheme. Following the requirements of FRS 102, the University recognises a liability for the present value of future contributions payable to the USS to the extent that they represent payments towards recovering the deficit in the USS as identified in the schedule of contributions agreed between the USS and participating employers in effect at the balance sheet date.

(d) Defined benefit pension schemes

In previous years the University recognised an expected return on defined benefit plan assets in the income and expenditure account. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the statement of comprehensive income. There has been no change in the defined benefit liability at either 1 August 2014 or 31 July 2015. The effect of the change has been to increase the charge against the surplus in the year to 31 July 2015 by £20.5m and increase the credit in other comprehensive income by an equivalent amount.

The net liability in respect of the Cambridge University Assistants' Contributory Pension Scheme (CPS) has previously been recognised in the consolidated balance sheet, but not in the University's own balance sheet. FRS 102 requires that one entity in the group recognises the net liability in its financial statements, and so the net liability is now recognised in the University balance sheet. No estimate of the extent to which the net liability is attributable to subsidiary entities is reflected in these accounts.

(e) Recognition of research income

In previous years restricted grants for research were recognised in income to the extent that recoverable expenditure was incurred in the period. Under FRS 102, grants for research which are classified as government grants or non-exchange transactions are recognised when receivable subject to any performance-related conditions. In cases where grants are received with no performance-related conditions, or where such conditions are met in advance of expenditure being incurred, this results in an acceleration of income recognition. Income recognised in advance of cost is credited to restricted reserves.

(f) Holiday pay accruals

FRS 102 requires short term employee benefits to be charged to the statement of comprehensive income as the employee service is received. This has resulted in the University recognising a liability for holiday pay of £9.7m, net of the element recoverable from research sponsors, on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the income and expenditure account as they were paid. In the year to 31 July 2015 a charge of £0.2m was recognised in the statement of comprehensive income and the net liability at 31 July 2015 was £9.9m.

(g) Reclassification of investments

In compliance with the previous SORP, previous balance sheets included three classes of investments: fixed asset investments, endowment assets and current asset investments. Endowment assets were not included in current assets. The current SORP specifies two classes of investment, namely non-current assets and current assets.

(h) Restricted reserves

The SORP requires restricted reserves to be identified in the statement of comprehensive income and balance sheet. The University has identified a number of restricted reserves, including: (i) the unspent balances of donations made for restricted purposes, which were classified as expendable endowments under the previous SORP; (ii) unspent capital grants as noted in (a) above; and (iii) research grants received in advance of spend as noted in (e) above.

Notes to the accounts (continued)

39 Transition to FRS 102 (continued)

Statement of changes in reserves

	Balance at 1 August 2014 £m	Surplus for the year £m	Other com- prehensive income £m	Balance at 31 July 2015 £m
Movement in total reserves and endowments as previously reported in the consolidated state recognised gains and losses (STRGL)	2,653.0	12.6	319.5	2,985.1
Adjustments on transition to FRS 102:				
Income previously recognised in the STRGL now included in surplus:				
New endowments	–	27.5	(27.5)	–
Gain on investments	–	329.2	(329.2)	–
Capital grants recognised in income (a)	523.3	52.8	–	576.1
Operational property (b)	790.5	4.0	–	794.5
Deficit recovery payments: USS (c)	(55.4)	(55.7)	–	(111.1)
Defined benefit pension schemes (d)	–	(20.5)	20.5	–
Research income recognition (e)	8.7	6.7	–	15.4
Holiday pay accruals (f)	(9.7)	(0.2)	–	(9.9)
Accrued scholar payments	(7.9)	(0.4)	–	(8.3)
Other adjustments	0.2	(0.1)	(0.1)	–
Total adjustments on transition to FRS 102	1,249.7	343.3	(336.3)	1,256.7
Inclusion of non-controlling interest in unrestricted reserves (see note 29)	0.8	–	–	0.8
As reported in the statement of changes in reserves	3,903.5	355.9	(16.8)	4,242.6

Group balance sheet at 31 July 2015: net assets

	Non-current assets £m	Current assets £m	Current liabilities £m	Other liabilities and provisions £m	Net assets £m
As previously reported	4,194.1	889.8	(716.7)	(805.3)	3,561.9
Adjustments on transition to FRS 102:					
Operational property (b)	794.7	–	–	–	794.7
Deficit recovery payments: USS (c)	–	–	–	(111.1)	(111.1)
Research income recognition (e)	–	–	15.4	–	15.4
Holiday pay accruals (f)	–	1.5	(11.4)	–	(9.9)
Reclassification of investments (g)	(91.4)	91.4	–	–	–
Finance lease recognised	4.6	–	(1.6)	(3.0)	–
Accrued scholar payments	–	–	1.6	(10.0)	(8.4)
Total adjustments on transition to FRS 102	707.9	92.9	4.0	(124.1)	680.7
As reported in the group balance sheet	4,902.0	982.7	(712.7)	(929.4)	4,242.6

Group balance sheet at 31 July 2015: funds and reserves

	Deferred capital grants £m	Endowment reserves £m	Restricted reserves £m	Unrestricted reserves £m	Non- controlling interest £m	Total £m
As previously reported	576.0	1,455.3	–	1,529.8	0.8	3,561.9
Adjustments on transition to FRS 102:						
Capital grants recognised in income (a)	(576.0)	–	29.5	546.5	–	–
Operational property (b)	–	–	–	794.7	–	794.7
Deficit recovery payments: USS (c)	–	–	–	(111.1)	–	(111.1)
Research income recognition (e)	–	–	15.4	–	–	15.4
Holiday pay accruals (f)	–	–	–	(9.9)	–	(9.9)
Reclassification of restricted reserves (h)	–	(37.0)	37.0	–	–	–
Accrued scholar payments	–	(4.3)	–	(4.1)	–	(8.4)
Total adjustments on transition to FRS 102	(576.0)	(41.3)	81.9	1,216.1	–	680.7
Inclusion of non-controlling interest in unrestricted reserves (see note 29)	–	–	–	0.8	(0.8)	–
As reported in the group balance sheet	–	1,414.0	81.9	2,746.7	–	4,242.6

*Notes to the accounts (continued)***39 Transition to FRS 102 (continued)****University balance sheet at 31 July 2015: net assets**

	Non-current assets £m	Current assets £m	Current liabilities £m	Other liabilities and provisions £m	Net assets £m
As previously reported	3,751.5	1,303.1	(1,147.4)	(452.8)	3,454.4
Adjustments on transition to FRS 102:					
Operational property (b)	788.7	–	–	–	788.7
Deficit recovery payments: USS (c)	–	–	–	(105.9)	(105.9)
Defined benefit pension schemes (d)	–	–	–	(350.5)	(350.5)
Research income recognition (e)	–	–	15.4	–	15.4
Holiday pay accruals (f)	–	1.4	(10.8)	–	(9.4)
Reclassification of investments (g)	(82.9)	82.9	–	–	–
Finance lease recognised	4.6	–	(1.6)	(3.0)	–
Total adjustments on transition to FRS 102	710.4	84.3	3.0	(459.4)	338.3
As reported in the University balance sheet	4,461.9	1,387.4	(1,144.4)	(912.2)	3,792.7

University balance sheet at 31 July 2015: funds and reserves

	Deferred capital grants £m	Endowment reserves £m	Restricted reserves £m	Unrestricted reserves £m	Total £m
As previously reported	576.0	1,213.0	–	1,665.4	3,454.4
Adjustments on transition to FRS 102:					
Capital grants recognised in income (a)	(576.0)	–	29.5	546.5	–
Operational property (b)	–	–	–	788.7	788.7
Deficit recovery payments: USS (c)	–	–	–	(105.9)	(105.9)
Defined benefit pension schemes (d)	–	–	–	(350.5)	(350.5)
Research income recognition (e)	–	–	15.4	–	15.4
Holiday pay accruals (f)	–	–	–	(9.4)	(9.4)
Reclassification of restricted reserves (h)	–	(36.6)	36.6	–	–
Total adjustments on transition to FRS 102	(576.0)	(36.6)	81.5	869.4	338.3
As reported in the University balance sheet	–	1,176.4	81.5	2,534.8	3,792.7

Notices for publication in the *Reporter*, or queries concerning content, should be sent to the Editor, Cambridge University Reporter, Registry's Office, The Old Schools, Cambridge, CB2 1TN (tel. 01223 332305, email reporter.editor@admin.cam.ac.uk). Advice and information on content submission is available on the *Reporter* website at <http://www.reporter.admin.cam.ac.uk/>. Copy should be sent as early as possible in the week before publication; short notices will be accepted up to **4 p.m. on Friday** for publication the following Wednesday. Inclusion of notices is at the discretion of the Editor.

© 2016 The Chancellor, Masters, and Scholars of the University of Cambridge.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of the University of Cambridge, or as expressly permitted by law.

The University is the owner or the licensee of all intellectual property rights in the site and in the material published on it. Those works are protected by copyright laws and treaties around the world. All such rights are reserved.

Material prepared for the primary purpose of providing information about the University of Cambridge, its teaching and research activities, its subsidiary companies and organizations with which it is associated or affiliated has been placed on the site by the University ('University Material').

Subject to statutory allowances, extracts of University Material may be accessed, downloaded, and printed for your personal and non-commercial use and you may draw the attention of others within your organization to University Material posted on the site.