

## Section A: Unaudited accounts in respect of academic activities

The scope and basis of preparation differ from the University's financial statements for 2017-18 in that these unaudited accounts exclude the income and expenditure, assets and liabilities of Cambridge Assessment (the Local Examinations Syndicate and its subsidiary undertakings) and of Cambridge University Press, and also exclude from consolidation the associated Trusts. In order to distinguish these accounts from the University's financial statements they are referred to as unaudited accounts in respect of academic activities.

The unaudited accounts have been prepared following the same accounting policies as the audited financial statements for the year ended 31 July 2018. Investment income includes the full value of distributions from the Cambridge University Endowment Fund.

The Academic Group accounts included below reflect the consolidated position of the Academic University together with the 22 subsidiary undertakings listed against "Academic" in Section B.

### UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME IN RESPECT OF ACADEMIC ACTIVITIES FOR THE YEAR ENDED 31 JULY 2018

|  | Note            | Academic Group<br>Year ended<br>31 July 2018<br>£m | Academic Group<br>Year ended<br>31 July 2017<br>£m | Academic University<br>Year ended<br>31 July 2018<br>£m | Academic University<br>Year ended<br>31 July 2017<br>£m |
|--|-----------------|--|--|---|---|
| <b>Income</b>                                  |                 |  |  |   |   |
| Tuition fees and education contracts           | <i>i</i>        | 295.1  | 276.4  | 283.0   | 263.6   |
| Funding body grants                            | <i>ii</i>       | 173.6  | 178.0  | 173.6   | 178.0   |
| Research grants and contracts                  | <i>iii</i>      | 524.9  | 466.0  | 515.5   | 457.5   |
| Donations and endowments                       | <i>iv</i>       | 55.1   | 70.5   | 62.7  | 80.9  |
| Other income                                   | <i>v</i>        | 185.9  | 149.0  | 174.0   | 127.9   |
| Investment income                              | <i>vi</i>       | 73.8   | 72.9   | 73.4  | 71.9  |
| <b>Total income</b>                            |                 | <b>1,308.4</b>                                     | 1,212.8  | <b>1,282.2</b>  | 1,179.8   |
| <b>Expenditure</b>                             |                 |  |  |   |   |
| Staff costs                                    | <i>vii</i>      | 620.4  | 575.5  | 609.0   | 563.7   |
| Other operating expenses                       | <i>viii</i>     | 491.6  | 453.2  | 476.5   | 431.0   |
| Depreciation                                   | <i>viii, xi</i> | 82.6   | 78.7   | 81.7  | 78.2  |
| Interest and other finance costs               | <i>ix</i>       | 30.0   | 27.1   | 30.0  | 27.2  |
| <b>Total expenditure</b>                       |                 | <b>1,224.6</b>                                     | 1,134.5  | <b>1,197.2</b>  | 1,100.1   |
| <b>Surplus before other gains and losses</b>   |                 | <b>83.8</b>  | 78.3   | <b>85.0</b>   | 79.7  |
| Gain on investments                            | <i>xiii</i>     | 96.9   | 253.7  | 92.1  | 245.7   |
| <b>Surplus before tax</b>                      |                 | <b>180.7</b>                                       | 332.0  | <b>177.1</b>  | 325.4   |
| Taxation                                       | <i>x</i>        | (1.2)  | –  | (1.2)   | –   |
| <b>Surplus for the year</b>                    |                 | <b>179.5</b>                                       | 332.0  | <b>175.9</b>  | 325.4   |
| Actuarial gain                                 |                 | 99.1   | (1.0)  | 99.1  | (1.0)   |
| Profit on acquisition of Foundation            | <i>xxiv</i>     | 1.6  | –  | –   | –   |
| Gain arising on foreign currency translation   |                 | –  | 0.2  | –   | 0.1   |
| <b>Total comprehensive income for the year</b> |                 | <b>280.2</b>                                       | 331.2  | <b>275.0</b>  | 324.5   |
| <b>Represented by:</b>                         |                 |  |  |   |   |
| Endowment comprehensive income for the year    | <i>xxi</i>      | 114.5  | 183.7  | 114.3   | 183.4   |
| Restricted comprehensive income for the year   | <i>xxii</i>     | 74.3   | 49.1   | 74.3  | 49.1  |
| Unrestricted comprehensive income for the year |                 | 91.4   | 98.4   | 86.4  | 92.0  |
|  |                 | <b>280.2</b>                                       | 331.2  | <b>275.0</b>  | 324.5   |

**UNAUDITED STATEMENT OF CHANGES IN RESERVES IN RESPECT OF ACADEMIC  
ACTIVITIES FOR THE YEAR ENDED 31 JULY 2018**

|  | Endowment<br>£m | Restricted<br>£m | Unrestricted<br>£m | Total<br>£m    |
|--|-----------------|------------------|--------------------|----------------|
| <b>Group</b>   |                 |                  |                    |                |
| Balance at 1 August 2016   | 1,296.9         | 78.7             | 2,038.5            | 3,414.1        |
|  |                 |                  |                    | –              |
| Surplus for the year ended 31 July 2017                                  | 183.7           | 49.1             | 99.2               | 332.0          |
| Other comprehensive income   | –               | –                | (0.8)              | (0.8)          |
| Total comprehensive income for the year ended 31 July 2017               | 183.7           | 49.1             | 98.4               | 331.2          |
| Release of restricted capital funds spent in the year ended 31 July 2017 | –               | (43.2)           | 43.2               | –              |
| <b>Balance at 31 July 2017</b>   | <b>1,480.6</b>  | <b>84.6</b>      | <b>2,180.1</b>     | <b>3,745.3</b> |
|  |                 |                  |                    | –              |
| Surplus / (deficit) for the year ended 31 July 2018                      | 114.5           | 74.3             | (9.3)              | 179.5          |
| Other comprehensive income   | –               | –                | 100.7              | 100.7          |
| Total comprehensive income for the year ended 31 July 2018               | 114.5           | 74.3             | 91.4               | 280.2          |
| Release of restricted capital funds spent in the year ended 31 July 2018 | –               | (61.9)           | 61.9               | –              |
| <b>Balance at 31 July 2018</b>   | <b>1,595.1</b>  | <b>97.0</b>      | <b>2,333.4</b>     | <b>4,025.5</b> |
|  |                 |                  |                    | –              |
| <b>University</b>  |                 |                  |                    |                |
| Balance at 1 August 2016   | 1,294.3         | 78.6             | 2,030.0            | 3,402.9        |
|  |                 |                  |                    | –              |
| Surplus for the year ended 31 July 2017                                  | 183.4           | 49.1             | 92.9               | 325.4          |
| Other comprehensive income   | –               | –                | (0.9)              | (0.9)          |
| Total comprehensive income for the year ended 31 July 2017               | 183.4           | 49.1             | 92.0               | 324.5          |
| Release of restricted capital funds spent in the year ended 31 July 2017 | –               | (43.2)           | 43.2               | –              |
| <b>Balance at 31 July 2017</b>   | <b>1,477.7</b>  | <b>84.5</b>      | <b>2,165.2</b>     | <b>3,727.4</b> |
|  |                 |                  |                    | –              |
| Surplus / (deficit) for the year ended 31 July 2018                      | 114.3           | 74.3             | (12.7)             | 175.9          |
| Other comprehensive income   | –               | –                | 99.1               | 99.1           |
| Total comprehensive income for the year ended 31 July 2018               | 114.3           | 74.3             | 86.4               | 275.0          |
| Release of restricted capital funds spent in the year ended 31 July 2018 | –               | (61.8)           | 61.8               | –              |
| <b>Balance at 31 July 2018</b>   | <b>1,592.0</b>  | <b>97.0</b>      | <b>2,313.4</b>     | <b>4,002.4</b> |
|  |                 |                  |                    | –              |

## UNAUDITED BALANCE SHEETS IN RESPECT OF ACADEMIC ACTIVITIES AS AT 31 JULY 2018

|  | <i>Note</i>  | Academic<br>Group<br>31 July 2018<br>£m | Academic<br>Group<br>31 July 2017<br>£m | Academic<br>University<br>31 July 2018<br>£m | Academic<br>University<br>31 July 2017<br>£m |
|--|--------------|---|---|--|--|
| <b>Non-current assets</b>                                      |              |   |   |  |  |
| Fixed assets   | <i>xi</i>    | 2,212.6                                 | 2,143.7                                 | 2,214.8                                      | 2,145.5                                      |
| Heritage assets  | <i>xii</i>   | 70.6                                    | 67.3                                    | 70.6   | 67.3   |
| Investments - other investments                                | <i>xiii</i>  | 2,144.4                                 | 2,057.0                                 | 2,122.7                                      | 2,041.6                                      |
| Investments - investment property                              | <i>xiii</i>  | 501.4                                   | 407.1                                   | 501.4  | 407.1  |
|  |              | <b>4,929.0</b>                          | 4,675.1                                 | <b>4,909.5</b>                               | 4,661.5                                      |
| <b>Current assets</b>  |              |   |   |  |  |
| Stocks and work in progress                                    | <i>xiv</i>   | 1.5                                     | 1.7                                     | 1.2  | 1.3  |
| Trade and other receivables                                    | <i>xv</i>    | 225.2                                   | 205.2                                   | 225.3  | 201.7  |
| Investments  | <i>xvi</i>   | 1,253.2                                 | 1,038.0                                 | 1,256.2                                      | 1,040.8                                      |
| Cash and cash equivalents                                      | <i>xvii</i>  | 812.4                                   | 214.1                                   | 793.9  | 197.4  |
|  |              | <b>2,292.3</b>                          | 1,459.0                                 | <b>2,276.6</b>                               | 1,441.2                                      |
| <b>Creditors: amounts falling due within one year</b>          | <i>xviii</i> | <b>(1,717.6)</b>                        | (1,426.2)                               | <b>(1,706.8)</b>                             | (1,414.0)                                    |
| <b>Net current assets</b>                                      |              | <b>574.7</b>                            | 32.8                                    | <b>569.8</b>                                 | 27.2   |
| <b>Total assets less current liabilities</b>                   |              | <b>5,503.7</b>                          | 4,707.9                                 | <b>5,479.3</b>                               | 4,688.7                                      |
| <b>Creditors: amounts falling due after more than one year</b> | <i>xix</i>   | <b>(937.1)</b>                          | (342.5)                                 | <b>(937.1)</b>                               | (342.5)                                      |
| <b>Pension liabilities</b>                                     | <i>xx</i>    | <b>(541.1)</b>                          | (620.1)                                 | <b>(539.8)</b>                               | (618.8)                                      |
| <b>Total net assets</b>  |              | <b>4,025.5</b>                          | 3,745.3                                 | <b>4,002.4</b>                               | 3,727.4                                      |
| <b>Restricted reserves</b>                                     |              |   |   |  |  |
| Income and expenditure reserve - endowment                     | <i>xxi</i>   | 1,595.1                                 | 1,480.6                                 | 1,592.0                                      | 1,477.7                                      |
| Income and expenditure reserve - restricted                    | <i>xxii</i>  | 97.0                                    | 84.6                                    | 97.0   | 84.5   |
| <b>Unrestricted reserves</b>                                   |              |   |   |  |  |
| Income and expenditure reserve - unrestricted                  |              | 2,333.4                                 | 2,180.1                                 | 2,313.4                                      | 2,165.2                                      |
| <b>Total reserves</b>  |              | <b>4,025.5</b>                          | 3,745.3                                 | <b>4,002.4</b>                               | 3,727.4                                      |

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES

|   | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
|---|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| <b>i Tuition fees and education contracts</b>   |                                 |                                 |                                      |                                      |
| Full-time home / EU students  | 129.2                           | 131.9                           | 129.2                                | 131.9                                |
| Full-time overseas (non-EU) students  | 105.8                           | 87.1                            | 105.8                                | 87.1                                 |
| Other course fees   | 30.9                            | 28.5                            | 18.8                                 | 15.7                                 |
| Research Training Support Grants  | 29.2                            | 28.9                            | 29.2                                 | 28.9                                 |
|   | <b>295.1</b>                    | <b>276.4</b>                    | <b>283.0</b>                         | <b>263.6</b>                         |
| <b>ii Funding body grants</b>   |                                 |                                 |                                      |                                      |
| <b>Office for Students (OfS)</b>  |                                 |                                 |                                      |                                      |
| Recurrent grant: teaching   | 18.0                            | 17.9                            | 18.0                                 | 17.9                                 |
| Recurrent grant: research   | 121.7                           | 121.9                           | 121.7                                | 121.9                                |
| Recurrent grant: museums  | 2.1                             | –                               | 2.1                                  | –                                    |
| Other revenue grants  | 8.3                             | 7.3                             | 8.3                                  | 7.3                                  |
| Total revenue grants  | 150.1                           | 147.1                           | 150.1                                | 147.1                                |
| Capital grants recognised in the year   | 23.5                            | 30.9                            | 23.5                                 | 30.9                                 |
|   | <b>173.6</b>                    | <b>178.0</b>                    | <b>173.6</b>                         | <b>178.0</b>                         |
| <b>iii Income: Research grants and contracts</b>  |                                 |                                 |                                      |                                      |
| Research councils   | 174.9                           | 146.8                           | 174.9                                | 146.8                                |
| UK based charities  | 152.7                           | 142.4                           | 152.5                                | 142.4                                |
| European Commission   | 56.0                            | 59.2                            | 56.0                                 | 59.2                                 |
| UK industry   | 21.0                            | 18.9                            | 19.6                                 | 18.9                                 |
| UK Government   | 49.0                            | 46.1                            | 48.7                                 | 46.1                                 |
| Other bodies  | 71.3                            | 52.6                            | 63.8                                 | 44.1                                 |
|   | <b>524.9</b>                    | <b>466.0</b>                    | <b>515.5</b>                         | <b>457.5</b>                         |
| Total research grants and contracts income includes grants of £20.1m (2017: £8.0m) towards the cost of buildings and £22.2m (2017: £26.7m) for the purchase of equipment.   |                                 |                                 |                                      |                                      |
| <b>iv Donations and endowments</b>  |                                 |                                 |                                      |                                      |
| New endowments  | 21.6                            | 30.4                            | 21.6                                 | 30.4                                 |
| Donations of, and for the purchase of, fixed assets   | 6.6                             | 10.2                            | 6.6                                  | 10.2                                 |
| Donations of, and for the purchase of, heritage assets  | 3.0                             | 1.7                             | 3.0                                  | 1.7                                  |
| Other donations with restrictions   | 14.5                            | 18.0                            | 14.5                                 | 18.0                                 |
| Donations from subsidiary companies   | –                               | –                               | 7.6                                  | 10.4                                 |
| Unrestricted donations  | 9.4                             | 10.2                            | 9.4                                  | 10.2                                 |
|   | <b>55.1</b>                     | <b>70.5</b>                     | <b>62.7</b>                          | <b>80.9</b>                          |
| Included within donations from subsidiary companies is £0.8m relating to capital donations received for the purchase of fixed assets.   |                                 |                                 |                                      |                                      |
| <b>v Other income</b>   |                                 |                                 |                                      |                                      |
| Other services rendered   | 48.9                            | 44.5                            | 40.8                                 | 37.2                                 |
| Health and hospital authorities   | 20.4                            | 20.5                            | 20.4                                 | 20.5                                 |
| Residences, catering and conferences  | 10.8                            | 11.6                            | 10.7                                 | 11.6                                 |
| Income from intellectual property   | 7.7                             | 12.4                            | –                                    | –                                    |
| Rental income   | 15.3                            | 9.5                             | 15.0                                 | 9.5                                  |
| Grants received (other than those included in notes ii and iii above)   | 5.2                             | 4.8                             | 3.8                                  | 3.7                                  |
| Research and Development Expenditure Credit (RDEC) receivable   | 0.6                             | –                               | 0.6                                  | –                                    |
| Transferred from Cambridge Assessment   | 50.3                            | 23.7                            | 50.3                                 | 23.7                                 |
| Transferred from Cambridge University Press   | 4.6                             | 3.1                             | 4.6                                  | 3.1                                  |
| Sundry income   | 22.1                            | 18.9                            | 27.8                                 | 18.6                                 |
|   | <b>185.9</b>                    | <b>149.0</b>                    | <b>174.0</b>                         | <b>127.9</b>                         |
| Other services rendered includes externally generated sales across a wide variety of activities such as University staff and equipment charged out on external projects, the provision of veterinary services, farming sales (crop and milk), and restoration services.   |                                 |                                 |                                      |                                      |
| RDEC has previously been 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 x). The University is not eligible to claim for RDEC in relation to expenditure incurred on or after 1 August 2015. However, retrospective claims for qualifying expenditure have been made and additional income has been received in 2017-18. |                                 |                                 |                                      |                                      |

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

|  | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| <b>vi Investment income</b>                                |                                 |                                 |                                      |                                      |
| Income from non-current asset investments:                 | 72.6                            | 71.8                            | 72.2                                 | 70.9                                 |
| Income from current asset investments and cash equivalents | 1.2                             | 1.1                             | 1.2                                  | 1.0                                  |
|  | <b>73.8</b>                     | <b>72.9</b>                     | <b>73.4</b>                          | <b>71.9</b>                          |
| <i>Credited to:</i>  |                                 |                                 |                                      |                                      |
| Permanent endowment reserves                               | 40.7                            | 36.6                            | 40.6                                 | 36.5                                 |
| Expendable endowment reserves                              | 8.7                             | 8.0                             | 8.7                                  | 8.0                                  |
| Restricted reserves  | 0.9                             | 0.7                             | 0.9                                  | 0.7                                  |
| Unrestricted reserves                                      | 23.5                            | 27.6                            | 23.2                                 | 26.7                                 |
|  | <b>73.8</b>                     | <b>72.9</b>                     | <b>73.4</b>                          | <b>71.9</b>                          |

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 2018   |               | 31 July 2017 |        |
|-----------------------|----------------|---------------|--------------|--------|
|                       | £m             | %             | £m           | %      |
| Public equity         | 1,887.6        | 58.1%         | 1,758.7      | 59.0%  |
| Private investment    | 297.0          | 9.1%          | 395.4        | 13.2%  |
| Absolute return       | 309.1          | 9.5%          | 353.0        | 11.8%  |
| Credit                | 183.3          | 5.6%          | 11.8         | 0.4%   |
| Real assets           | 348.9          | 10.7%         | 337.2        | 11.3%  |
| Fixed interest / cash | 226.9          | 7.0%          | 128.3        | 4.3%   |
| Total value of fund   | <b>3,252.8</b> | <b>100.0%</b> | 2,984.4      | 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:

|  | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Non current asset investments (see note xiii)                          | 2,069.7                         | 1,996.4                         | 2,066.7                              | 1,993.6                              |
| Current asset investments (see note xvi) - balances held on behalf of: |                                 |                                 |                                      |                                      |
| Subsidiary undertakings  | –                               | –                               | 3.0                                  | 2.8                                  |
| Colleges   | 411.6                           | 277.3                           | 411.6                                | 277.3                                |
| Other associated bodies  | 771.5                           | 710.7                           | 771.5                                | 710.7                                |
| Total included in current asset investments                            | <b>1,183.1</b>                  | 988.0                           | <b>1,186.1</b>                       | 990.8                                |
| Total value of units   | <b>3,252.8</b>                  | 2,984.4                         | <b>3,252.8</b>                       | 2,984.4                              |

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

|   | <b>Academic<br/>Group<br/>2018<br/>£000</b> | Academic<br>Group<br>2017<br>£000 | <b>Academic<br/>University<br/>2018<br/>£000</b> | Academic<br>University<br>2017<br>£000 |
|---|---|-----------------------------------|--|--|
| <b>vii Staff costs</b>  |   |                                   |  |  |
| Wages and salaries  | <b>455.1</b>                                | 425.3                             | <b>445.5</b>                                     | 415.4                                  |
| Social security costs   | <b>50.0</b>                                 | 45.6                              | <b>49.3</b>                                      | 45.0                                   |
| Pension costs:  |   |                                   |  |  |
| Current service cost  | <b>109.7</b>                                | 104.8                             | <b>108.6</b>                                     | 103.7                                  |
| Change in underlying assumptions in calculating<br>USS deficit recovery provision (see note xx) | <b>5.6</b>                                  | (0.2)                             | <b>5.6</b>                                       | (0.4)                                  |
| Total pension costs (see below)   | <b>115.3</b>                                | 104.6                             | <b>114.2</b>                                     | 103.3                                  |
|   | <b>620.4</b>                                | 575.5                             | <b>609.0</b>                                     | 563.7                                  |
| The average number of staff employed in the year, expressed as full-time equivalents, was:      | <b>11,076</b>                               | 10,694                            | <b>10,884</b>                                    | 10,514                                 |

## Remuneration and pay ratios of the Vice-Chancellors

## 1. Current Vice-Chancellor

The remuneration of the current Vice-Chancellor is detailed in the table below and relates to the period of office from 1 October 2017 to 31 July 2018 and also includes salary for an additional month (September 2017) as Vice-Chancellor Elect:

|   | <b>2018<br/>£000</b> | 2017<br>£000 |
|---|----------------------|--------------|
| Salary for the period                               | <b>335</b>           | –            |
| Deductions to reflect salary sacrifice arrangements | <b>(8)</b>           | –            |
| Net salary paid in the year                         | <b>327</b>           | –            |
| Taxable benefits in kind                            | <b>12</b>            | –            |
| Non-taxable benefits in kind                        | <b>33</b>            | –            |
| Total excluding employer pension contributions      | <b>372</b>           | –            |
| Employer pension contributions                      | <b>19</b>            | –            |
| Payments made in lieu of pension                    | <b>37</b>            | –            |
|   | <b>428</b>           | –            |

The salary for the period is the basic contractual salary before adjusting for salary sacrifice arrangements under which, in common with other employees, the Vice-Chancellor sacrificed an amount of pay relating to enhanced opt-out benefits for Death in Service and Ill Health. The employer pension contributions reflect both the employer payments for these benefits over to the Universities Superannuation Scheme and the Vice-Chancellor's contribution of £8k.

Taxable benefits in kind include relocation expenses of £5,922, private healthcare of £1,902, accommodation costs (heating, lighting and maintenance) of £2,308 and tax consultancy services of £1,486. Non-taxable benefits include the provision of accommodation valued at market rental for a similar property by an independent valuer pro-rated to reflect only the personal usage of the property as opposed to business and entertaining usage (£16,668), relocation flight travel (£7,320) and personal flight travel (£8,890).

## Pay ratios:

(a) The Vice-Chancellor's basic salary is 11.3 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The ratio reflects the full year basic salary equivalent for the Vice-Chancellor.

(b) The Vice-Chancellor's total remuneration is 12.4 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff. The ratio reflects the full year remuneration equivalent for the Vice-Chancellor.

The median pay calculation reflects over 1,100 agency staff employed on temporary contracts through the University's Temporary Employment Services (TES).

**NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)****vii Staff costs (continued)****2. Previous Vice-Chancellor**

The remuneration of the previous Vice-Chancellor is detailed in the table below and relates to the period of office from 1 August 2017 to 30 September 2017. The comparative year relates to the period 1 August 2016 to 31 July 2017:

|   | <b>2018</b> | 2017 |
|---|-------------|------|
|   | <b>£000</b> | £000 |
| Salary for the period                               | <b>59</b>   | 343  |
| Deductions to reflect salary sacrifice arrangements | –           | –    |
|   | <b>59</b>   | 343  |
| Net salary paid in the year                         | <b>59</b>   | 343  |
| Taxable benefits in kind                            | <b>4</b>    | 12   |
| Non-taxable benefits in kind                        | –           | 17   |
|   | <b>63</b>   | 372  |
| Total excluding employer pension contributions      | <b>63</b>   | 372  |
| Employer pension contributions                      | <b>1</b>    | 7    |
| Payments made in lieu of pension                    | –           | –    |
|   | <b>64</b>   | 379  |

Taxable benefits in kind for 2017-18 include accommodation costs of £3,000 and utilities (heating, lighting, maintenance) of £583. Non-taxable benefits in 2016-17 includes the personal usage element of the provision of accommodation of £16,667.

Pay ratios:

(a) The Vice-Chancellor's basic salary is 11.0 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The ratio reflects the full year basic salary equivalent for the Vice-Chancellor.

(b) The Vice-Chancellor's total remuneration is 9.9 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff. The ratio reflects the full year remuneration equivalent for the Vice-Chancellor.

**Basic salary bandings for higher paid staff**

The number of staff (FTE's) with a basic salary in excess of £100,000 per annum, before salary sacrifice arrangements is outlined below:

|                     | <b>Clinical</b> |      | <b>Non-clinical</b> |      | <b>Total number</b> |      |
|---------------------|-----------------|------|---------------------|------|---------------------|------|
|                     | <b>2018</b>     | 2017 | <b>2018</b>         | 2017 | <b>2018</b>         | 2017 |
| £100,001 - £105,000 | <b>26</b>       | 26   | <b>46</b>           | 46   | <b>72</b>           | 72   |
| £105,001 - £110,000 | <b>4</b>        | 6    | <b>32</b>           | 19   | <b>36</b>           | 25   |
| £110,001 - £115,000 | <b>8</b>        | 7    | <b>17</b>           | 23   | <b>25</b>           | 30   |
| £115,001 - £120,000 | <b>5</b>        | 2    | <b>15</b>           | 12   | <b>20</b>           | 14   |
| £120,001 - £125,000 | <b>2</b>        | 2    | <b>13</b>           | 14   | <b>15</b>           | 16   |
| £125,001 - £130,000 | –               | –    | <b>6</b>            | 8    | <b>6</b>            | 8    |
| £130,001 - £135,000 | <b>1</b>        | 1    | <b>12</b>           | 6    | <b>13</b>           | 7    |
| £135,001 - £140,000 | –               | –    | <b>4</b>            | 4    | <b>4</b>            | 4    |
| £140,001 - £145,000 | <b>1</b>        | 2    | <b>3</b>            | 4    | <b>4</b>            | 6    |
| £145,001 - £150,000 | –               | –    | <b>5</b>            | 6    | <b>5</b>            | 6    |
| £150,001 - £155,000 | –               | –    | <b>8</b>            | 4    | <b>8</b>            | 4    |
| £155,001 - £160,000 | –               | –    | –                   | 1    | –                   | 1    |
| £160,001 - £165,000 | –               | –    | <b>3</b>            | 1    | <b>3</b>            | 1    |
| £165,001 - £170,000 | –               | –    | –                   | –    | –                   | –    |
| £170,001 - £175,000 | –               | –    | <b>1</b>            | 2    | <b>1</b>            | 2    |
| £175,001 - £180,000 | –               | –    | –                   | 1    | –                   | 1    |
| £190,001 - £195,000 | –               | –    | <b>1</b>            | –    | <b>1</b>            | –    |
| £195,001 - £200,000 | –               | –    | <b>1</b>            | 1    | <b>1</b>            | 1    |
| £200,001 - £205,000 | –               | –    | <b>1</b>            | 1    | <b>1</b>            | 1    |
| £205,001 - £210,000 | –               | –    | –                   | –    | –                   | –    |
| £210,001 - £215,000 | –               | –    | –                   | –    | –                   | –    |
| £215,001 - £220,000 | –               | –    | <b>1</b>            | –    | <b>1</b>            | –    |
| £250,001 - £255,000 | –               | –    | –                   | 1    | –                   | 1    |
| £325,001 - £330,000 | –               | –    | <b>1</b>            | –    | <b>1</b>            | –    |
| £330,001 - £335,000 | –               | –    | <b>2</b>            | –    | <b>2</b>            | –    |
| £340,001 - £345,000 | –               | –    | –                   | 1    | –                   | 1    |
| £405,001 - £410,000 | –               | –    | –                   | 1    | –                   | 1    |

Additional information on remuneration is detailed in the Annual Remuneration Report (2017-18) which is available at <https://www.admin.cam.ac.uk/reporter/2018-19/weekly/6532/>.

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

## vii Staff costs (continued)

## Compensation for loss of office

Aggregate payments for compensation for loss of office were paid to 28 members of staff in 2017-18 (31 in 2016-17):

Payments in respect of loss of office

## Key management personnel

The total remuneration of both Vice-Chancellors, the Pro-Vice-Chancellors, Chief Financial Officer and Registry for the year (or part thereof), comprising salary and benefits (taxable and non taxable), employer pension contributions and before salary sacrifice arrangements, was:

The total Group pension cost for the year was:

|                       | Employer contributions | Provisions (note xx) | Total        | Employer contributions | Provisions (note xx) | Total |
|-----------------------|------------------------|----------------------|--------------|------------------------|----------------------|-------|
|                       | 2018                   | 2018                 | 2018         | 2017                   | 2017                 | 2017  |
|                       | £m                     | £m                   | £m           | £m                     | £m                   | £m    |
| USS                   | 83.2                   | (1.2)                | 82.0         | 81.5                   | (7.0)                | 74.5  |
| CPS                   | 21.4                   | 6.1                  | 27.5         | 21.1                   | 4.2                  | 25.3  |
| NHSPS                 | 2.3                    | –                    | 2.3          | 2.3                    | –                    | 2.3   |
| Other pension schemes | 3.5                    | –                    | 3.5          | 2.5                    | –                    | 2.5   |
|                       | <b>110.4</b>           | <b>4.9</b>           | <b>115.3</b> | 107.4                  | (2.8)                | 104.6 |

## viii Analysis of consolidated expenditure by activity

|   | Staff costs  | Other operating expenses | Depreciation | Interest payable | 2018 Total     | 2017    |
|---|--------------|--------------------------|--------------|------------------|----------------|---------|
|   | £m           | £m                       | £m           | £m               | £m             | £m      |
| Academic departments                      | 251.9        | 76.7                     | 9.4          | –                | 338.0          | 322.5   |
| Academic services                         | 33.3         | 13.6                     | 0.8          | –                | 47.7           | 45.6    |
| Payments to Colleges                      | –            | 70.1                     | –            | –                | 70.1           | 67.3    |
| Research grants and contracts             | 223.9        | 186.7                    | 24.7         | –                | 435.3          | 392.9   |
| Other activities:                         |              |                          |              |                  |                |         |
| Other services rendered                   | 15.1         | 26.1                     | 0.1          | –                | 41.3           | 40.4    |
| Intellectual property                     | 3.7          | 2.4                      | 0.1          | –                | 6.2            | 8.0     |
| Residences, catering and conferences      | 2.7          | 11.8                     | –            | –                | 14.5           | 14.6    |
| Other activities total                    | 21.5         | 40.3                     | 0.2          | –                | 62.0           | 63.0    |
| Administration and central services:      |              |                          |              |                  |                |         |
| Administration                            | 58.1         | 7.6                      | 1.2          | –                | 66.9           | 56.2    |
| General educational                       | 0.9          | 34.6                     | –            | –                | 35.5           | 35.2    |
| Staff and student facilities              | 3.1          | 1.1                      | –            | –                | 4.2            | 4.0     |
| Development office                        | 6.1          | 6.8                      | –            | –                | 12.9           | 11.9    |
| Other                                     | 0.6          | 0.8                      | –            | –                | 1.4            | 4.0     |
| Administration and central services total | 68.8         | 50.9                     | 1.2          | –                | 120.9          | 111.3   |
| Premises                                  | 16.1         | 53.3                     | 46.3         | –                | 115.7          | 107.5   |
| Interest payable on bond liabilities      | –            | –                        | –            | 14.8             | 14.8           | 13.2    |
| Pension cost adjustments for USS          | (1.2)        | –                        | –            | 1.8              | 0.6            | (5.3)   |
| Pension cost adjustments for CPS          | 6.1          | –                        | –            | 13.4             | 19.5           | 16.5    |
| Total per income and expenditure account  | <b>620.4</b> | <b>491.6</b>             | <b>82.6</b>  | <b>30.0</b>      | <b>1,224.6</b> | 1,134.5 |

## ix Interest payable and other finance costs

|   | Academic Group | Academic Group | Academic University | Academic University |
|---|----------------|----------------|---------------------|---------------------|
|   | 2018           | 2017           | 2018                | 2017                |
|   | £m             | £m             | £m                  | £m                  |
| Interest payable and other finance costs on bond liabilities (see note xix) | 14.8           | 13.2           | 14.8                | 13.2                |
| Interest on pension liabilities (see note xx)                               | 15.2           | 13.9           | 15.2                | 14.0                |
|   | <b>30.0</b>    | 27.1           | <b>30.0</b>         | 27.2                |



## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

| x | <b>Taxation</b>    | <b>Academic<br/>Group<br/>2018<br/>£000</b> | Academic<br>Group<br>2017<br>£000 | <b>Academic<br/>University<br/>2018<br/>£000</b> | Academic<br>University<br>2017<br>£000 |
|---|--------------------|---|-----------------------------------|--|--|
|   | UK Corporation Tax | 0.1   | –                                 | 0.1  | –                                      |
|   | Foreign taxes      | 1.1   | –                                 | 1.1  | –                                      |
|   |                    | <b>1.2</b>                                  | –                                 | <b>1.2</b>                                       | –                                      |

Due to its exempt charity status the tax charge for UK Corporation Tax is solely in respect of Research and Development Expenditure Credit grants received in 2017-18 (see note v above). The foreign taxes relates to foreign income tax paid on overseas trademark licence income.

| xi | <b>Fixed assets</b>                       | <b>Land<br/>£m</b> | <b>Buildings<br/>£m</b> | <b>Assets in<br/>construction<br/>£m</b> | <b>Equipment<br/>£m</b> | <b>2018<br/>Total<br/>£m</b> | 2017<br>Total<br>£m |
|----|---|--------------------|-------------------------|--|-------------------------|------------------------------|---------------------|
|    | <b>Group</b>                              |                    |                         |  |                         |                              |                     |
|    | <b>Cost</b>                               |                    |                         |  |                         |                              |                     |
|    | At 1 August                               | 373.8              | 1,593.5                 | 219.2                                    | 333.6                   | 2,520.1                      | 2,304.1             |
|    | Additions at cost                         | 8.5                | 15.9                    | 175.0                                    | 35.3                    | 234.7                        | 219.2               |
|    | Transfers                                 | –                  | 77.9                    | (78.1)                                   | 0.2                     | –                            | –                   |
|    | Transfers (to)/from investment properties | (42.6)             | (39.0)                  | –  | –                       | (81.6)                       | 1.7                 |
|    | Disposals                                 | (1.7)              | (3.4)                   | –  | (6.9)                   | (12.0)                       | (4.9)               |
|    | At 31 July                                | <b>338.0</b>       | <b>1,644.9</b>          | <b>316.1</b>                             | <b>362.2</b>            | <b>2,661.2</b>               | 2,520.1             |
|    | <b>Accumulated depreciation</b>           |                    |                         |  |                         |                              |                     |
|    | At 1 August                               | –                  | 124.0                   | –  | 252.4                   | 376.4                        | 302.8               |
|    | Charge for the year                       | –                  | 47.2                    | –  | 35.4                    | 82.6                         | 78.7                |
|    | Transfers (to)/from investment properties | –                  | (3.1)                   | –  | –                       | (3.1)                        | (0.2)               |
|    | Elimination on disposals                  | –                  | (0.4)                   | –  | (6.9)                   | (7.3)                        | (4.9)               |
|    | At 31 July                                | –                  | <b>167.7</b>            | –  | <b>280.9</b>            | <b>448.6</b>                 | 376.4               |
|    | <b>Net book value</b>                     |                    |                         |  |                         |                              |                     |
|    | At 31 July                                | <b>338.0</b>       | <b>1,477.2</b>          | <b>316.1</b>                             | <b>81.3</b>             | <b>2,212.6</b>               | 2,143.7             |
|    | At 1 August                               | 373.8              | 1,469.5                 | 219.2                                    | 81.2                    | 2,143.7                      | 2,001.3             |

The net book value of leasehold land and buildings included in the above table is £220.7m (2017: £226.1m).

**University****Cost**

|   |              |                |              |              |                |         |
|---|--------------|----------------|--------------|--------------|----------------|---------|
| At 1 August                               | 373.8        | 1,595.0        | 221.1        | 330.3        | 2,520.2        | 2,304.5 |
| Additions at cost                         | 8.5          | 15.9           | 175.7        | 34.1         | 234.2          | 218.9   |
| Transfers                                 | –            | 78.9           | (78.9)       | –            | –              | –       |
| Transfers (to)/from investment properties | (42.6)       | (39.0)         | –            | –            | (81.6)         | 1.7     |
| Disposals                                 | (1.7)        | (3.4)          | –            | (6.4)        | (11.5)         | (4.9)   |
| At 31 July                                | <b>338.0</b> | <b>1,647.4</b> | <b>317.9</b> | <b>358.0</b> | <b>2,661.3</b> | 2,520.2 |
| <b>Accumulated depreciation</b>           |              |                |              |              |                |         |
| At 1 August                               | –            | 124.0          | –            | 250.7        | 374.7          | 301.5   |
| Charge for the year                       | –            | 47.4           | –            | 34.3         | 81.7           | 78.2    |
| Transfers (to)/from investment properties | –            | (3.1)          | –            | –            | (3.1)          | (0.2)   |
| Elimination on disposals                  | –            | (0.4)          | –            | (6.4)        | (6.8)          | (4.8)   |
| At 31 July                                | –            | <b>167.9</b>   | –            | <b>278.6</b> | <b>446.5</b>   | 374.7   |
| <b>Net book value</b>                     |              |                |              |              |                |         |
| At 31 July                                | <b>338.0</b> | <b>1,479.5</b> | <b>317.9</b> | <b>79.4</b>  | <b>2,214.8</b> | 2,145.5 |
| At 1 August                               | 373.8        | 1,471.0        | 221.1        | 79.6         | 2,145.5        | 2,003.0 |

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

| xii Heritage assets   | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
|-----------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Opening balance       | 67.3                            | 65.1                            | 67.3                                 | 65.1                                 |
| Additions in the year | 3.3                             | 2.2                             | 3.3                                  | 2.2                                  |
| Closing balance       | <b>70.6</b>                     | 67.3                            | <b>70.6</b>                          | 67.3                                 |

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 research 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

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: | 2018<br>£m | 2017<br>£m | 2016<br>£m | 2015<br>£m | 2014<br>£m |
|--|------------|------------|------------|------------|------------|
| Acquisitions purchased with specific donations                     | 1.1        | 1.3        | 1.2        | 1.1        | 0.4        |
| Value of acquisitions by donation                                  | 2.2        | 0.4        | 2.5        | 0.4        | 0.1        |
| Total acquired by, or funded by, donations                         | <b>3.3</b> | 1.7        | 3.7        | 1.5        | 0.5        |
| Acquisitions purchased with University funds                       | –          | 0.5        | 0.5        | –          | 0.5        |
| Total acquisitions capitalised                                     | <b>3.3</b> | 2.2        | 4.2        | 1.5        | 1.0        |

## xiii Non-current asset investments

| (a) Other investments                            | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                                  | 2,057.0                         | 1,991.7                         | 2,041.6                              | 1,981.2                              |
| Additions in the year                            | 58.6                            | 53.4                            | 57.1                                 | 56.5                                 |
| Disposals in the year                            | (99.2)                          | (236.5)                         | (99.2)                               | (236.5)                              |
| Transfers (to)/from other balance sheet accounts | –                               | (0.1)                           | –                                    | (0.1)                                |
| Valuation gains on investments                   | 128.0                           | 248.5                           | 123.2                                | 240.5                                |
| Closing balance                                  | <b>2,144.4</b>                  | 2,057.0                         | <b>2,122.7</b>                       | 2,041.6                              |
| Represented by:                                  |                                 |                                 |                                      |                                      |
| CUEF units (see note vi)                         | 2,069.7                         | 1,996.4                         | 2,066.7                              | 1,993.6                              |
| Securities                                       | 11.7                            | 11.0                            | 10.7                                 | 11.0                                 |
| Spin-out and similar companies                   | 62.9                            | 49.5                            | 40.6                                 | 31.4                                 |
| Subsidiary companies                             | –                               | –                               | 4.6                                  | 5.5                                  |
| Other  | 0.1                             | 0.1                             | 0.1                                  | 0.1                                  |
|  | <b>2,144.4</b>                  | 2,057.0                         | <b>2,122.7</b>                       | 2,041.6                              |
| (b) Investment properties                        | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
| Opening balance                                  | 407.1                           | 288.0                           | 407.1                                | 288.0                                |
| Additions in the year                            | 48.3                            | 116.2                           | 48.3                                 | 116.2                                |
| Disposals in the year                            | (1.4)                           | (0.5)                           | (1.4)                                | (0.5)                                |
| Transfers (to)/from other balance sheet accounts | 78.5                            | (1.8)                           | 78.5                                 | (1.8)                                |
| Net gains / (losses) from fair value adjustments | (31.1)                          | 5.2                             | (31.1)                               | 5.2                                  |
| Closing balance                                  | <b>501.4</b>                    | 407.1                           | <b>501.4</b>                         | 407.1                                |
| Represented by:                                  |                                 |                                 |                                      |                                      |
| North West Cambridge development                 | 327.2                           | 332.1                           | 327.2                                | 332.1                                |
| Other investment property                        | 174.2                           | 75.0                            | 174.2                                | 75.0                                 |
|  | <b>501.4</b>                    | 407.1                           | <b>501.4</b>                         | 407.1                                |

Phase 1 of the North West Cambridge development is mostly complete and includes accommodation for University staff and students, infrastructure and community facilities. As the development has previously been in its construction phase it has been carried at cost. For 2017-18 the properties are required to be measured at fair value at the reporting date. A valuation has been undertaken based on a net discounted cash flow model of future revenue streams net of associated expenditure. The result is a devaluation in the carrying value of the investment of £50.4m. This is reflected as a valuation loss on investment and reduces the carrying value of the investment from £377.6m to £327.2m. Other investment property is also revalued annually which has resulted in a gain on investment of £19.3m.

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

|  | Academic<br>Group<br>2018<br>£m | Academic<br>Group<br>2017<br>£m | Academic<br>University<br>2018<br>£m | Academic<br>University<br>2017<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| <b>xiv Stocks and work in progress</b>   |                                 |                                 |                                      |                                      |
| Goods for resale   | 0.3                             | 0.3                             | –                                    | –                                    |
| Other stocks   | 1.2                             | 1.4                             | 1.2                                  | 1.3                                  |
|  | <b>1.5</b>                      | <b>1.7</b>                      | <b>1.2</b>                           | <b>1.3</b>                           |
| <b>xv Trade and other receivables</b>  |                                 |                                 |                                      |                                      |
| <b>Amounts due within one year</b>   |                                 |                                 |                                      |                                      |
| Research grants recoverable  | 124.0                           | 105.6                           | 120.7                                | 105.4                                |
| Amounts due from other group undertakings  | 32.3                            | 27.8                            | 43.0                                 | 37.7                                 |
| Other debtors  | 68.9                            | 71.8                            | 61.6                                 | 58.6                                 |
|  | <b>225.2</b>                    | <b>205.2</b>                    | <b>225.3</b>                         | <b>201.7</b>                         |
| Amounts due from other group undertakings relate to amounts which are owed by entities consolidated as part of the Annual Report and Accounts of the University but which are not consolidated as part of the Academic University group. |                                 |                                 |                                      |                                      |
| <b>xvi Current asset investments</b>   |                                 |                                 |                                      |                                      |
| CUEF units held on behalf of other entities (see note vi)  | 1,183.1                         | 988.0                           | 1,186.1                              | 990.8                                |
| Securities   | –                               | –                               | –                                    | –                                    |
| Money market investments   | 63.2                            | 43.5                            | 63.2                                 | 43.5                                 |
| Other  | 6.9                             | 6.5                             | 6.9                                  | 6.5                                  |
|  | <b>1,253.2</b>                  | <b>1,038.0</b>                  | <b>1,256.2</b>                       | <b>1,040.8</b>                       |
| <b>xvii Cash and cash equivalents</b>  |                                 |                                 |                                      |                                      |
| Money market investments with maturity less than three months  | 793.6                           | 194.2                           | 793.6                                | 194.2                                |
| Cash at bank and in hand   | 18.8                            | 19.9                            | 0.3                                  | 3.2                                  |
|  | <b>812.4</b>                    | <b>214.1</b>                    | <b>793.9</b>                         | <b>197.4</b>                         |
| <b>xviii Creditors: amounts falling due within one year</b>  |                                 |                                 |                                      |                                      |
| Bank overdraft   | 14.0                            | –                               | 14.0                                 | –                                    |
| Research grants received in advance  | 216.2                           | 192.7                           | 211.1                                | 192.7                                |
| Amounts due to other group undertakings  | 4.0                             | –                               | 21.6                                 | 10.0                                 |
| Other creditors  | 223.3                           | 202.7                           | 195.4                                | 176.3                                |
| Investments and cash equivalents for subsidiaries  | 819.3                           | 732.1                           | 823.9                                | 736.3                                |
| Investments and cash equivalents for others  | 440.8                           | 298.7                           | 440.8                                | 298.7                                |
|  | <b>1,717.6</b>                  | <b>1,426.2</b>                  | <b>1,706.8</b>                       | <b>1,414.0</b>                       |
| Amounts due to other group undertakings relate to amounts which are owed to entities consolidated as part of the Annual Report and Accounts of the University but which are not consolidated as part of the Academic University group.   |                                 |                                 |                                      |                                      |
| <b>xix Creditors: amounts falling due after more than one year</b>   |                                 |                                 |                                      |                                      |
| Bond liabilities - unsecured 2012 (fixed interest)   | 342.6                           | 342.5                           | 342.6                                | 342.5                                |
| Bond liabilities - unsecured 2018 (fixed interest)   | 297.8                           | –                               | 297.8                                | –                                    |
| Bond liabilities - unsecured 2018 (CPI-linked)   | 296.7                           | –                               | 296.7                                | –                                    |
|  | <b>937.1</b>                    | <b>342.5</b>                    | <b>937.1</b>                         | <b>342.5</b>                         |

On 17 October 2012 the University issued £350m of 3.75% unsecured Bonds due October 2052. 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% p.a. is payable on 17 April and 17 October each year commencing on 17 April 2013. In addition, on 27 June 2018 the University issued £300m of 2.35% unsecured Bonds due June 2078. The Bonds were issued at 99.552% of their principal amount. The proceeds of issue, less directly attributable transaction costs, amounted to £298m. Interest at 2.35% p.a. is payable on 27 June and 27 December each year commencing on 27 December 2018.

The Bonds will be redeemed at their principal amounts of £350m and £300m on 17 October 2052 and 27 June 2078 respectively. 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 costs are accounted for as additional interest expense over the term of the Bonds.

Also on 27 June 2018 the University issued £300m of Index-linked Bonds (the "Indexed Bonds") due June 2068. The Indexed Bonds were issued at 98.893% of their principal amount. Interest is payable annually in arrears on 27 June each year commencing 27 June 2019. The interest charged will be calculated as the product of 0.25% pa and the Limited Index Ratio. The Indexed Bonds will be redeemed in accordance with the Amortisation Schedule multiplied by the Limited Index Ratio or may be redeemed earlier at the option of the University. The Indexed Bonds are accounted for as complex financial instruments and are initially recognised at fair value at the transaction date and subsequently re-measured to their fair value at the reporting date. Transaction costs are immediately expensed on initial recognition. The fair value of the Indexed Bonds at the reporting date is deemed to be the face value (net of discount) of £296.7m.

All the Bonds referred to above are listed on the London Stock Exchange.

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

## xx Pension liabilities

| <i>Group</i>                     | CPS<br>£m | USS deficit<br>recovery<br>£m | Total<br>2018<br>£m | Total<br>2017<br>£m |
|----------------------------------|-----------|-------------------------------|---------------------|---------------------|
| Opening balance                  | 522.4     | 97.7                          | 620.1               | 608.0               |
| Movement in year:                |           |                               |                     |                     |
| Current service cost             | 33.5      | –                             | 33.5                | 31.4                |
| Contributions                    | (28.4)    | (6.8)                         | (35.2)              | (35.0)              |
| Administration expenses          | 1.0       | –                             | 1.0                 | 1.0                 |
| Interest on liability            | 13.4      | 1.8                           | 15.2                | 13.9                |
| Change in underlying assumptions | –         | 5.6                           | 5.6                 | (0.2)               |
| Actuarial loss                   | (99.1)    | –                             | (99.1)              | 1.0                 |
| Closing balance                  | 442.8     | 98.3                          | 541.1               | 620.1               |
| <br><i>University</i>            |           |                               |                     |                     |
| Opening balance                  | 522.4     | 96.4                          | 618.8               | 606.6               |
| Movement in year:                |           |                               |                     |                     |
| Current service cost             | 33.5      | –                             | 33.5                | 31.4                |
| Contributions                    | (28.4)    | (6.8)                         | (35.2)              | (34.8)              |
| Administration expenses          | 1.0       | –                             | 1.0                 | 1.0                 |
| Interest on liability            | 13.4      | 1.8                           | 15.2                | 14.0                |
| Change in underlying assumptions | –         | 5.6                           | 5.6                 | (0.4)               |
| Exchange adjustment              | –         | –                             | –                   | –                   |
| Actuarial loss                   | (99.1)    | –                             | (99.1)              | 1.0                 |
| Closing balance                  | 442.8     | 97.0                          | 539.8               | 618.8               |

The net liability in respect of the Cambridge University Assistants' Contributory Pension Scheme (CPS) represents the present value of this defined benefit scheme's obligations to provide future benefits in relation to past service, less the assets of the scheme. For additional information please refer to the audited financial statements of the University.

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 2.20% (2017: 1.89%).

The 2017 actuarial valuation of the USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges. The audited financial statements of the University provide additional information on the risks surrounding the level of deficit.

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

The movements described as "change in underlying assumptions" include the impact of movements in discount rates. The resulting increase in provision in 2017-18 is included in staff costs (see note vii).

## NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)

| xxi Endowment reserves | Group  | Permanent<br>£m                    | Expendable<br>£m                    | 2018                        | 2017                |                     |
|------------------------|--|------------------------------------|-------------------------------------|-----------------------------|---------------------|---------------------|
|                        |  |                                    |                                     | Total<br>£m                 | Total<br>£m         |                     |
|                        | Balance 1 August                                   | 1,199.2                            | 281.4                               | 1,480.6                     | 1,296.9             |                     |
|                        | New endowments received                            | 18.6                               | 3.0                                 | 21.6                        | 30.4                |                     |
|                        | Transfers  | –                                  | –                                   | –                           | –                   |                     |
|                        | Investment income                                  | 40.7                               | 8.7                                 | 49.4                        | 44.6                |                     |
|                        | Expenditure  | (33.4)                             | (11.9)                              | (45.3)                      | (42.8)              |                     |
|                        | Valuation gains on investments                     | 70.9                               | 17.9                                | 88.8                        | 151.5               |                     |
|                        | Balance at 31 July                                 | 1,296.0                            | 299.1                               | 1,595.1                     | 1,480.6             |                     |
|                        | Capital  | 1,121.1                            | 269.1                               | 1,390.2                     | 1,293.7             |                     |
|                        | Unspent income                                     | 174.9                              | 30.0                                | 204.9                       | 186.9               |                     |
|                        | Balance at 31 July                                 | 1,296.0                            | 299.1                               | 1,595.1                     | 1,480.6             |                     |
|                        | <b>Representing:</b>                               |                                    |                                     |                             |                     |                     |
|                        | Trust and Special Funds:                           |                                    |                                     |                             |                     |                     |
|                        | Professorships, Readerships and Lectureships       | 662.9                              | 81.2                                | 744.1                       | 684.0               |                     |
|                        | Scholarships and bursaries                         | 155.9                              | 16.8                                | 172.7                       | 162.4               |                     |
|                        | Other  | 449.8                              | 201.1                               | 650.9                       | 558.5               |                     |
|                        | General endowments                                 | 27.4                               | –                                   | 27.4                        | 75.7                |                     |
|                        | Group total  | 1,296.0                            | 299.1                               | 1,595.1                     | 1,480.6             |                     |
|                        | <b>University</b>                                  |                                    |                                     |                             |                     |                     |
|                        | Balance 1 August                                   | 1,196.3                            | 281.4                               | 1,477.7                     | 1,294.3             |                     |
|                        | New endowments received                            | 18.6                               | 3.0                                 | 21.6                        | 30.4                |                     |
|                        | Transfers  | –                                  | –                                   | –                           | –                   |                     |
|                        | Income receivable from endowment asset investments | 40.6                               | 8.7                                 | 49.3                        | 44.5                |                     |
|                        | Expenditure  | (33.3)                             | (11.9)                              | (45.2)                      | (42.7)              |                     |
|                        | Valuation gains on investments                     | 70.7                               | 17.9                                | 88.6                        | 151.2               |                     |
|                        | Balance at 31 July                                 | 1,292.9                            | 299.1                               | 1,592.0                     | 1,477.7             |                     |
|                        | Capital  | 1,118.0                            | 269.1                               | 1,387.1                     | 1,290.8             |                     |
|                        | Unspent income                                     | 174.9                              | 30.0                                | 204.9                       | 186.9               |                     |
|                        | Balance at 31 July                                 | 1,292.9                            | 299.1                               | 1,592.0                     | 1,477.7             |                     |
|                        | <b>xxii Restricted reserves</b>                    |                                    |                                     |                             |                     |                     |
|                        | Group  | Unspent<br>capital<br>grants<br>£m | Unspent<br>research<br>grants<br>£m | Specific<br>donations<br>£m | 2018<br>Total<br>£m | 2017<br>Total<br>£m |
|                        | Balance 1 August                                   | 18.1                               | 21.3                                | 45.2                        | 84.6                | 78.7                |
|                        | Donations and grants recognised in the year        | 37.3                               | 38.5                                | 16.0                        | 91.8                | 65.2                |
|                        | Investment income                                  | –                                  | –                                   | 0.9                         | 0.9                 | 0.7                 |
|                        | Expenditure  | –                                  | (7.6)                               | (12.2)                      | (19.8)              | (18.9)              |
|                        | Capital grants spent                               | (41.7)                             | (20.1)                              | (0.1)                       | (61.9)              | (43.2)              |
|                        | Valuation gains on investments                     | –                                  | –                                   | 1.4                         | 1.4                 | 2.1                 |
|                        | Balance at 31 July                                 | 13.7                               | 32.1                                | 51.2                        | 97.0                | 84.6                |
|                        | University   |                                    |                                     |                             |                     |                     |
|                        | Balance 1 August                                   | 18.1                               | 21.3                                | 45.1                        | 84.5                | 78.6                |
|                        | Donations and grants recognised in the year        | 37.3                               | 38.5                                | 14.6                        | 90.4                | 64.0                |
|                        | Investment income                                  | –                                  | –                                   | 0.9                         | 0.9                 | 0.7                 |
|                        | Expenditure  | –                                  | (7.6)                               | (10.8)                      | (18.4)              | (17.7)              |
|                        | Capital grants spent                               | (41.7)                             | (20.1)                              | –                           | (61.8)              | (43.2)              |
|                        | Valuation gains on investments                     | –                                  | –                                   | 1.4                         | 1.4                 | 2.1                 |
|                        | Balance at 31 July                                 | 13.7                               | 32.1                                | 51.2                        | 97.0                | 84.5                |

**NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES (continued)****xxiii Capital commitments**

|   | <b>Academic<br/>Group<br/>2018<br/>£m</b> | Academic<br>Group<br>2017<br>£m |
|---|---|---------------------------------|
| Commitments for capital expenditure:          |   |                                 |
| Commitments contracted at 31 July             | <b>533.5</b>                              | 299.3                           |
| Authorised but not contracted at 31 July      | <b>174.3</b>                              | 23.1                            |
| Commitments for capital calls on investments: | <b>505.3</b>                              | 417.9                           |

**xxiv Profit on acquisition of Foundation**

The Foundation for Genomics and Population Health was acquired on 1 April 2018 for nil consideration and has been consolidated in the Academic Group from this date. The net assets on the date of acquisition were £1.6m which has resulted in a profit on acquisition of £1.6m which has been recognised in the statement of comprehensive income.