

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

The scope and basis of preparation differ from the University's financial statements for 2019-20 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 2020. 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 26 subsidiary undertakings listed against 'Academic' in Section B.

### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME IN RESPECT OF ACADEMIC ACTIVITIES FOR THE YEAR ENDED 31 JULY 2020

|  | <i>Note</i>    | Academic<br>Group<br>Year ended<br>31 July 2020<br>£m | Academic<br>Group<br>Year ended<br>31 July 2019<br>£m | Academic<br>University<br>Year ended<br>31 July 2020<br>£m | Academic<br>University<br>Year ended<br>31 July 2019<br>£m |
|--|----------------|---|---|--|--|
| <b>Income</b>  |                |   |   |  |  |
| Tuition fees and education contracts   | <i>i</i>       | 334.5   | 320.2   | 322.7  | 306.1  |
| Funding body grants  | <i>ii</i>      | 204.7   | 181.9   | 204.7  | 181.9  |
| Research grants and contracts  | <i>iii</i>     | 579.4   | 592.4   | 571.4  | 582.9  |
| Donations and endowments   | <i>iv</i>      | 74.0  | 101.1   | 78.2   | 119.6  |
| Other income   | <i>vi</i>      | 367.4   | 187.1   | 357.8  | 182.6  |
| Investment income  | <i>vii</i>     | 100.9   | 102.5   | 99.3   | 87.9   |
| <b>Total income</b>  |                | <b>1,660.9</b>  | <b>1,485.2</b>  | <b>1,634.1</b>   | <b>1,461.0</b>   |
| <b>Expenditure</b>   |                |   |   |  |  |
| Staff costs  |                |   |   |  |  |
| - Staff costs excluding impact of USS deficit recovery   | <i>viii</i>    | 686.6   | 655.7   | 671.0  | 640.4  |
| - USS deficit recovery   | <i>viii</i>    | (140.3)   | 204.9   | (139.3)  | 202.8  |
|  |                | 546.3   | 860.6   | 531.7  | 843.2  |
| Other operating expenses   | <i>ix</i>      | 503.5   | 532.3   | 491.5  | 522.1  |
| Depreciation   | <i>ix, xiv</i> | 90.4  | 95.5  | 89.3   | 94.0   |
| Interest and other finance costs   | <i>xi</i>      | 137.2   | 88.1  | 137.1  | 88.1   |
| <b>Total expenditure</b>   |                | <b>1,277.4</b>  | <b>1,576.5</b>  | <b>1,249.6</b>   | <b>1,547.4</b>   |
| <b>Surplus / (deficit) before other gains and losses and share of surplus / (deficit) in joint ventures and associates</b> |                | <b>383.5</b>  | <b>(91.3)</b>   | <b>384.5</b>   | <b>(86.4)</b>  |
| Share of operating surplus / (deficit) in joint ventures and associates  |                | (0.2)   | –   | –  | –  |
| Gain on disposal of fixed assets   |                | 5.1   | –   | 5.1  | –  |
| Gain / (loss) on other investments   | <i>xvi</i>     | (108.4)   | 73.1  | (108.2)  | 67.5   |
| Gain on investment property  | <i>xvi</i>     | 8.8   | 53.1  | 8.8  | 53.1   |
| <b>Surplus before tax</b>  |                | <b>288.8</b>  | <b>34.9</b>   | <b>290.2</b>   | <b>34.2</b>  |
| Taxation   | <i>xii</i>     | –   | –   | –  | –  |
| <b>Surplus for the year</b>  |                | <b>288.8</b>  | <b>34.9</b>   | <b>290.2</b>   | <b>34.2</b>  |
| <b>Other comprehensive expense:</b>  |                |   |   |  |  |
| Actuarial loss   |                | (120.1)   | (169.8)   | (120.1)  | (169.7)  |
| Gain / (Loss) arising on foreign currency translation  |                | –   | –   | –  | –  |
| <b>Total comprehensive income / (expense) for the year</b>   |                | <b>168.7</b>  | <b>(134.9)</b>  | <b>170.1</b>   | <b>(135.5)</b>   |
| <b>Represented by:</b>   |                |   |   |  |  |
| Endowment comprehensive income for the year  | <i>xxiv</i>    | (28.0)  | 112.8   | (28.0)   | 112.6  |
| Restricted comprehensive income for the year   | <i>xxv</i>     | 126.7   | 121.5   | 126.7  | 121.4  |
| Unrestricted comprehensive income / (expense) for the year   |                | 70.0  | (369.2)   | 71.4   | (369.5)  |
|  |                | 168.7   | (134.9)   | 170.1  | (135.5)  |

## UNAUDITED STATEMENT OF CHANGES IN RESERVES IN RESPECT OF ACADEMIC ACTIVITIES AS AT 31 JULY 2020

|  | Endowment<br>£m | Restricted<br>£m | Unrestricted<br>£m | Total<br>£m    |
|--|-----------------|------------------|--------------------|----------------|
| <b>Group</b>   |                 |                  |                    |                |
| Balance at 1 August 2018   | 1,595.1         | 97.0             | 2,333.4            | 4,025.5        |
| Surplus / (deficit) for the year ended 31 July 2019                      | 112.8           | 121.6            | (199.5)            | 34.9           |
| Other comprehensive expense  | –               | (0.1)            | (169.7)            | (169.8)        |
| Total comprehensive income / (expense) for the year ended 31 July 2019   | 112.8           | 121.5            | (369.2)            | (134.9)        |
| Release of restricted capital funds spent in the year ended 31 July 2019 | –               | (91.1)           | 91.1               | –              |
| <b>Balance at 31 July 2019</b>   | <b>1,707.9</b>  | <b>127.4</b>     | <b>2,055.3</b>     | <b>3,890.6</b> |
| Surplus / (deficit) for the year ended 31 July 2020                      | (28.0)          | 126.7            | 190.1              | 288.8          |
| Other comprehensive expense  | –               | –                | (120.1)            | (120.1)        |
| Total comprehensive income / (expense) for the year ended 31 July 2020   | (28.0)          | 126.7            | 70.0               | 168.7          |
| Release of restricted capital funds spent in the year ended 31 July 2020 | –               | (101.0)          | 101.0              | –              |
| <b>Balance at 31 July 2020</b>   | <b>1,679.9</b>  | <b>153.1</b>     | <b>2,226.3</b>     | <b>4,059.3</b> |
| <b>University</b>  |                 |                  |                    |                |
| Balance at 1 August 2018   | 1,592.0         | 97.0             | 2,313.4            | 4,002.4        |
| Surplus / (deficit) for the year ended 31 July 2019                      | 112.6           | 121.4            | (199.8)            | 34.2           |
| Other comprehensive expense  | –               | –                | (169.7)            | (169.7)        |
| Total comprehensive income / (expense) for the year ended 31 July 2019   | 112.6           | 121.4            | (369.5)            | (135.5)        |
| Release of restricted capital funds spent in the year ended 31 July 2019 | –               | (91.1)           | 91.1               | –              |
| <b>Balance at 31 July 2019</b>   | <b>1,704.6</b>  | <b>127.3</b>     | <b>2,035.0</b>     | <b>3,866.9</b> |
| Surplus for the year ended 31 July 2020                                  | (28.0)          | 126.7            | 191.5              | 290.2          |
| Other comprehensive expense  | –               | –                | (120.1)            | (120.1)        |
| Total comprehensive income / (expense) for the year ended 31 July 2020   | (28.0)          | 126.7            | 71.4               | 170.1          |
| Release of restricted capital funds spent in the year ended 31 July 2020 | –               | (101.0)          | 101.0              | –              |
| <b>Balance at 31 July 2020</b>   | <b>1,676.6</b>  | <b>153.0</b>     | <b>2,207.4</b>     | <b>4,037.0</b> |

UNAUDITED STATEMENT OF FINANCIAL POSITION IN RESPECT OF ACADEMIC ACTIVITIES AS AT 31 JULY 2020

|  | <i>Note</i>  | Academic Group<br>31 July 2020<br>£m | Academic Group<br>31 July 2019<br>£m | Academic University<br>31 July 2020<br>£m | Academic University<br>31 July 2019<br>£m |
|--|--------------|--------------------------------------|--------------------------------------|---|---|
| <b>Non-current assets</b>                                      |              |                                      |                                      |   |   |
| Intangible assets  | <i>xiii</i>  | 0.4                                  | –                                    | –   | –   |
| Tangible assets  | <i>xiv</i>   | 2,335.2                              | 2,286.3                              | 2,339.5                                   | 2,288.6                                   |
| Heritage assets  | <i>xv</i>    | 73.6                                 | 72.0                                 | 73.6                                      | 72.0                                      |
| Investments - other investments                                | <i>xvía</i>  | 2,583.3                              | 2,432.7                              | 2,558.2                                   | 2,407.1                                   |
| Investments - investment property                              | <i>xvib</i>  | 574.8                                | 547.5                                | 574.8                                     | 547.5                                     |
| Investments - joint ventures                                   | <i>xvía</i>  | 0.4                                  | 0.1                                  | –   | –   |
|  |              | <b>5,567.7</b>                       | <b>5,338.6</b>                       | <b>5,546.1</b>                            | <b>5,315.2</b>                            |
| <b>Current assets</b>  |              |                                      |                                      |   |   |
| Stocks and work in progress                                    | <i>xvii</i>  | 1.8                                  | 1.9                                  | 1.4                                       | 1.5                                       |
| Trade and other receivables                                    | <i>xviii</i> | 214.2                                | 247.1                                | 213.3                                     | 259.3                                     |
| Investments  | <i>xix</i>   | 958.0                                | 1,295.1                              | 960.9                                     | 1,298.2                                   |
| Cash and cash equivalents                                      | <i>xx</i>    | 781.4                                | 678.1                                | 767.0                                     | 650.0                                     |
|  |              | <b>1,955.4</b>                       | <b>2,222.2</b>                       | <b>1,942.6</b>                            | <b>2,209.0</b>                            |
| <b>Creditors: amounts falling due within one year</b>          | <i>xxi</i>   | <b>(1,431.0)</b>                     | <b>(1,744.3)</b>                     | <b>(1,422.1)</b>                          | <b>(1,737.0)</b>                          |
| <b>Net current assets</b>                                      |              | <b>524.4</b>                         | <b>477.9</b>                         | <b>520.5</b>                              | <b>472.0</b>                              |
| <b>Total assets less current liabilities</b>                   |              | <b>6,092.1</b>                       | <b>5,816.5</b>                       | <b>6,066.6</b>                            | <b>5,787.2</b>                            |
| <b>Creditors: amounts falling due after more than one year</b> | <i>xxii</i>  | <b>(1,096.1)</b>                     | <b>(992.2)</b>                       | <b>(1,095.6)</b>                          | <b>(990.0)</b>                            |
| <b>Pension liabilities</b>                                     | <i>xxiii</i> | <b>(936.7)</b>                       | <b>(933.7)</b>                       | <b>(934.0)</b>                            | <b>(930.3)</b>                            |
| <b>Total net assets</b>  |              | <b>4,059.3</b>                       | <b>3,890.6</b>                       | <b>4,037.0</b>                            | <b>3,866.9</b>                            |
| <b>Restricted reserves</b>                                     |              |                                      |                                      |   |   |
| Income and expenditure reserve - endowment                     | <i>xxiv</i>  | 1,679.9                              | 1,707.9                              | 1,676.6                                   | 1,704.6                                   |
| Income and expenditure reserve - restricted                    | <i>xxv</i>   | 153.1                                | 127.4                                | 153.0                                     | 127.3                                     |
| <b>Unrestricted reserves</b>                                   |              |                                      |                                      |   |   |
| Income and expenditure reserve - unrestricted                  |              | 2,226.3                              | 2,055.3                              | 2,207.4                                   | 2,035.0                                   |
| <b>Total reserves</b>  |              | <b>4,059.3</b>                       | <b>3,890.6</b>                       | <b>4,037.0</b>                            | <b>3,866.9</b>                            |

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

|  | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| <b>i Tuition fees and education contracts</b>  |                                 |                                 |                                      |                                      |
| Full-time home / EU students   | 136.4                           | 131.6                           | 136.4                                | 131.6                                |
| Full-time overseas (non-EU) students   | 132.0                           | 120.0                           | 132.0                                | 120.0                                |
| Other course fees  | 34.9                            | 37.0                            | 23.1                                 | 22.9                                 |
| Research Training Support Grants   | 31.2                            | 31.6                            | 31.2                                 | 31.6                                 |
|  | <b>334.5</b>                    | <b>320.2</b>                    | <b>322.7</b>                         | <b>306.1</b>                         |
| <b>ii Funding body grants</b>  |                                 |                                 |                                      |                                      |
| Office for Students (OfS):   |                                 |                                 |                                      |                                      |
| Recurrent grant: teaching  | 18.9                            | 18.1                            | 18.9                                 | 18.1                                 |
| Recurrent grant: research  | 137.6                           | 124.4                           | 137.6                                | 124.4                                |
| Recurrent grant: museum funding  | 2.1                             | 2.1                             | 2.1                                  | 2.1                                  |
| Other revenue grants   | 10.5                            | 10.7                            | 10.5                                 | 10.7                                 |
| Total revenue grants   | 169.1                           | 155.3                           | 169.1                                | 155.3                                |
| Capital grants recognised in the year  | 35.6                            | 26.6                            | 35.6                                 | 26.6                                 |
|  | <b>204.7</b>                    | <b>181.9</b>                    | <b>204.7</b>                         | <b>181.9</b>                         |
| <b>iii Research grants and contracts</b>   |                                 |                                 |                                      |                                      |
| Research councils  | 190.1                           | 216.6                           | 190.1                                | 216.6                                |
| UK-based charities   | 162.4                           | 160.6                           | 161.8                                | 160.5                                |
| European Commission  | 52.1                            | 60.8                            | 52.0                                 | 60.8                                 |
| UK industry  | 22.7                            | 24.5                            | 21.5                                 | 23.4                                 |
| UK government  | 45.2                            | 45.7                            | 45.0                                 | 45.4                                 |
| Other bodies   | 106.9                           | 84.2                            | 101.0                                | 76.2                                 |
|  | <b>579.4</b>                    | <b>592.4</b>                    | <b>571.4</b>                         | <b>582.9</b>                         |
| Total research grants and contracts income includes grants of £63.6m (2019: £63.5m) towards the cost of buildings and £15.2m (2019: £17.1m) for the purchase of equipment.   |                                 |                                 |                                      |                                      |
| <b>iv Donations and endowments</b>   |                                 |                                 |                                      |                                      |
| New endowments   | 35.5                            | 66.1                            | 35.5                                 | 66.1                                 |
| Donations of, and for the purchase of, fixed assets  | 5.6                             | (0.2)                           | 5.6                                  | (0.2)                                |
| Donations of, and for the purchase of, heritage assets   | 1.6                             | 1.4                             | 1.6                                  | 1.4                                  |
| Other donations with restrictions  | 19.9                            | 20.8                            | 19.9                                 | 20.8                                 |
| Donations from subsidiary companies  | -                               | -                               | 4.2                                  | 18.5                                 |
| Unrestricted donations   | 11.4                            | 13.0                            | 11.4                                 | 13.0                                 |
|  | <b>74.0</b>                     | <b>101.1</b>                    | <b>78.2</b>                          | <b>119.6</b>                         |
| Included within donations from subsidiary companies is £1.0m (2019: £0.7m) relating to capital donations received for the purchase of fixed assets.  |                                 |                                 |                                      |                                      |
| <b>v Sources of grant and fee income</b>   |                                 |                                 |                                      |                                      |
| Grant income from the OfS  | 24.1                            | 24.7                            | 24.1                                 | 24.7                                 |
| Grant income from other bodies   | 180.6                           | 157.2                           | 180.6                                | 157.2                                |
| Fee income for taught awards *   | 218.1                           | 208.9                           | 218.1                                | 208.9                                |
| Fee income for research awards *   | 63.5                            | 64.4                            | 63.5                                 | 64.4                                 |
| Fee income from non-qualifying courses *   | 52.9                            | 46.9                            | 41.1                                 | 32.8                                 |
|  | <b>539.2</b>                    | <b>502.1</b>                    | <b>527.4</b>                         | <b>488.0</b>                         |
| * Exclusive of Value Added Tax   |                                 |                                 |                                      |                                      |
| Grant income from the OfS relates to income received by the University for the provision of, or in connection with, education-related activities. This includes recurrent teaching funding and non-recurrent funding, such as grants for capital infrastructure. Grant income from other bodies reflects grants from UK Research and Innovation (UKRI), Research England and other bodies. Fee income for taught and research awards includes fees received for both undergraduate and postgraduate awards but excludes research training support grants. Fee income from non-qualifying courses are fees paid by students (or others on their behalf) for non-credit-bearing courses, further education courses, research training support or any other courses not included in the other categories. The above table excludes the grant income received and reported through other income (see Note vi). |                                 |                                 |                                      |                                      |
| <b>vi Other income</b>   |                                 |                                 |                                      |                                      |
| Other services rendered  | 49.7                            | 55.7                            | 40.9                                 | 44.8                                 |
| Health and hospital authorities  | 22.6                            | 21.2                            | 22.6                                 | 21.2                                 |
| Residences, catering, and conferences  | 7.6                             | 11.7                            | 7.5                                  | 11.7                                 |
| Income from intellectual property  | 1.8                             | 1.4                             | -                                    | -                                    |
| Rental income  | 22.6                            | 20.5                            | 20.4                                 | 18.7                                 |
| Grants received (other than those included in Notes ii and iii above)  | 8.0                             | 4.1                             | 5.8                                  | 2.2                                  |
| Transferred from Cambridge Assessment  | 222.6                           | 51.6                            | 222.6                                | 51.6                                 |
| Transferred from Cambridge University Press  | 12.0                            | 8.4                             | 12.0                                 | 8.4                                  |
| Sundry income  | 20.5                            | 12.5                            | 26.0                                 | 24.0                                 |
|  | <b>367.4</b>                    | <b>187.1</b>                    | <b>357.8</b>                         | <b>182.6</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.  |                                 |                                 |                                      |                                      |
| The transfers from Cambridge Assessment and Cambridge University Press include special "one-off" contributions of CUEF units and cash amounting to £207.5m and £10.0m respectively as well as the annual contribution of some 30% of the operational surpluses of these operations.  |                                 |                                 |                                      |                                      |

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

| vii Investment income                                      | Academic     | Academic | Academic    | Academic   |
|--|--------------|----------|-------------|------------|
|  | Group        | Group    | University  | University |
|  | 2020         | 2019     | 2020        | 2019       |
|  | £m           | £m       | £m          | £m         |
| Income from non-current asset investments                  | 92.9         | 96.9     | 91.3        | 82.4       |
| Income from current asset investments and cash equivalents | 8.0          | 5.6      | 8.0         | 5.5        |
|  | <b>100.9</b> | 102.5    | <b>99.3</b> | 87.9       |
| <i>Credited to:</i>  |              |          |             |            |
| Permanent endowment reserves                               | 49.6         | 45.4     | 49.5        | 45.3       |
| Expendable endowment reserves                              | 9.8          | 9.5      | 9.8         | 9.5        |
| Restricted reserves  | 2.0          | 1.3      | 2.0         | 1.3        |
| Unrestricted reserves                                      | 39.5         | 46.3     | 38.0        | 31.8       |
|  | <b>100.9</b> | 102.5    | <b>99.3</b> | 87.9       |

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 2020   |               | 31 July 2019 |        |
|-----------------------|----------------|---------------|--------------|--------|
|                       | £m             | %             | £m           | %      |
| Public equity         | 1,456.5        | 44.7%         | 2,078.1      | 60.1%  |
| Private investment    | 528.7          | 16.2%         | 444.4        | 12.9%  |
| Absolute return       | 289.4          | 8.9%          | 294.9        | 8.5%   |
| Credit                | 146.1          | 4.5%          | 181.8        | 5.3%   |
| Real assets           | 286.6          | 8.8%          | 304.6        | 8.8%   |
| Fixed interest / cash | 551.8          | 16.9%         | 152.1        | 4.4%   |
| Total value of fund   | <b>3,259.1</b> | <b>100.0%</b> | 3,455.9      | 100.0% |

Public equity includes all equity stocks traded on a liquid market, together with related non-publicly traded 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 include both unlisted equities and corporate credits (such as bonds, loans, and other claims).

Absolute return includes investments in trading strategies which are in 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 in 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       | Academic | Academic       | Academic   |
|--|----------------|----------|----------------|------------|
|  | Group          | Group    | University     | University |
|  | 2020           | 2019     | 2020           | 2019       |
|  | £m             | £m       | £m             | £m         |
| Non current asset investments (see Note xiii)                          | 2,471.2        | 2,334.9  | 2,468.3        | 2,331.8    |
| Current asset investments (see Note xvi) - balances held on behalf of: |                |          |                |            |
| Subsidiary undertakings  | -              | -        | 2.9            | 3.1        |
| Colleges   | 253.9          | 334.3    | 253.9          | 334.3      |
| Other associated bodies  | 534.0          | 786.7    | 534.0          | 786.7      |
| Total included in current asset investments                            | <b>787.9</b>   | 1,121.0  | <b>790.8</b>   | 1,124.1    |
| <b>Total value of units</b>  | <b>3,259.1</b> | 3,455.9  | <b>3,259.1</b> | 3,455.9    |

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

| viii Staff costs   | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Wages and salaries   | 492.9                           | 480.4                           | 480.2                                | 467.5                                |
| Social security costs  | 53.4                            | 52.8                            | 52.4                                 | 51.9                                 |
| Pension costs:   |                                 |                                 |                                      |                                      |
| Current service cost   | 146.1                           | 127.3                           | 144.2                                | 125.7                                |
| Net change in underlying assumptions in calculating<br>USS deficit recovery provision (see Note xxiii) | (146.1)                         | 200.1                           | (145.1)                              | 198.1                                |
| Total pension costs (see below)  | -                               | 327.4                           | (0.9)                                | 323.8                                |
|  | <b>546.3</b>                    | <b>860.6</b>                    | <b>531.7</b>                         | <b>843.2</b>                         |
|  | <b>11,716</b>                   | <b>11,529</b>                   | <b>11,457</b>                        | <b>11,283</b>                        |

The average number of staff employed in the year, expressed as full-time equivalents, was:

Following the update for the 2018 triennial valuation of the Universities Superannuation Scheme (USS), the impact of the change in assumptions (net of contributions payable) on staff costs resulting from the revised deficit recovery funding plan is noted above. The non-cash credit to staff costs resulting from the change in assumptions, including the change in discount rate, is £140.3m (2019: £(204.9)m charge). Cash contributions made to reduce the deficit in the year amounted to £5.8m (2019: £4.8m) resulting in a total credit to staff costs of £146.1m (2019: £(200.1)m net charge) for the year.

**Remuneration and pay ratios of the Vice-Chancellor**

The remuneration of the current Vice-Chancellor is detailed in the table below and relates to the year from 1 August 2019 to 31 July 2020 with the comparative relating to the year from 1 August 2018 to 31 July 2019.

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Salary for the period                               | 379          | 372          |
| Deductions to reflect salary sacrifice arrangements | (9)          | (9)          |
| Net salary paid in the year                         | <b>370</b>   | <b>363</b>   |
| Taxable benefits in kind                            | 9            | 11           |
| Non-taxable benefits in kind                        | 27           | 39           |
| Total excluding employer pension contributions      | <b>406</b>   | <b>413</b>   |
| Employer pension contributions                      | 17           | 17           |
| Payments made in lieu of pension                    | 45           | 45           |
| <b>Total remuneration</b>                           | <b>468</b>   | <b>475</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 £9,475 (2019: £9,307).

Taxable benefits in kind include private healthcare of £4,831 (2019: £6,730) and accommodation-related costs (heating, lighting and maintenance) of £4,431 (2019: £4,401). In the prior year financial statements, the provision of accommodation benefit was treated as a taxable benefit based on HMRC's announced changes which would remove the exemption for certain employees from being subject to income tax and national insurance contributions on such a benefit provided certain conditions were met. The change was scheduled to come into effect in April 2019 but subsequently this change was deferred and is now scheduled to come into effect in April 2021. As such the provision of accommodation benefit has been reclassified to a non-taxable benefit and the prior year restated. The accommodation benefit has been based on an independent valuation using comparable market data for market rentals of similar properties in the Cambridge area and has been pro-rated to reflect only the personal use of the property, as opposed to business and entertaining use.

Non-taxable benefits include flights home of £7,199 (2019: £19,143) and the provision of accommodation of £20,000 (2019: £20,000) as noted above.

**Pay ratios:**

(a) The Vice-Chancellor's basic salary is 10.9 times (2019: 11.1) 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 comparative ratio reflects the full year basic salary equivalent for the Vice-Chancellor.

(b) The Vice-Chancellor's total remuneration is 11.2 times (2019: 12.0) 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 comparative ratio reflects the full year remuneration equivalent for the Vice-Chancellor.

The median pay calculation includes over 975 agency staff employed on temporary contracts through the University's Temporary Employment Services (TES).

It should also be noted that during 2019-20 the University Council agreed to implement a voluntary reduction in pay for those senior staff earning more than £100k per annum. The Vice-Chancellor committed to contribute 15% of his pay to the Scheme, which was implemented on 1 October 2020.

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

## viii Staff costs (continued)

## Basic salary bandings for higher paid staff

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

|                     | Clinical |      | Non-clinical |      | Total number |      |
|---------------------|----------|------|--------------|------|--------------|------|
|                     | 2020     | 2019 | 2020         | 2019 | 2020         | 2019 |
| £100,001 - £105,000 | 19       | 27   | 54           | 62   | 73           | 89   |
| £105,001 - £110,000 | 36       | 9    | 47           | 20   | 83           | 29   |
| £110,001 - £115,000 | 11       | 5    | 20           | 22   | 31           | 27   |
| £115,001 - £120,000 | 8        | 7    | 17           | 13   | 25           | 20   |
| £120,001 - £125,000 | 3        | 1    | 17           | 16   | 20           | 17   |
| £125,001 - £130,000 | 4        | 1    | 13           | 14   | 17           | 15   |
| £130,001 - £135,000 | –        | 5    | 11           | 10   | 11           | 15   |
| £135,001 - £140,000 | 3        | 1    | 12           | 13   | 15           | 14   |
| £140,001 - £145,000 | 1        | 1    | 9            | 6    | 10           | 7    |
| £145,001 - £150,000 | 2        | –    | 11           | 12   | 13           | 12   |
| £150,001 - £155,000 | –        | 1    | 9            | 7    | 9            | 8    |
| £155,001 - £160,000 | –        | –    | 8            | 8    | 8            | 8    |
| £160,001 - £165,000 | –        | –    | 6            | 1    | 6            | 1    |
| £165,001 - £170,000 | –        | –    | 4            | 4    | 4            | 4    |
| £170,001 - £175,000 | –        | –    | 4            | 2    | 4            | 2    |
| £175,001 - £180,000 | –        | –    | 1            | 1    | 1            | 1    |
| £180,001 - £185,000 | –        | –    | 2            | 4    | 2            | 4    |
| £185,001 - £190,000 | –        | –    | 4            | 2    | 4            | 2    |
| £190,001 - £195,000 | –        | 1    | 4            | 2    | 4            | 3    |
| £195,001 - £200,000 | –        | –    | 2            | –    | 2            | –    |
| £200,001 - £205,000 | –        | –    | –            | 4    | –            | 4    |
| £205,001 - £210,000 | –        | –    | 3            | 1    | 3            | 1    |
| £210,001 - £215,000 | –        | –    | 1            | 1    | 1            | 1    |
| £215,001 - £220,000 | –        | –    | 1            | 2    | 1            | 2    |
| £220,001 - £225,000 | –        | –    | –            | 2    | –            | 2    |
| £225,001 - £230,000 | –        | –    | 1            | –    | 1            | –    |
| £230,001 - £235,000 | –        | –    | 1            | –    | 1            | –    |
| £300,001 - £305,000 | –        | –    | –            | 1    | –            | 1    |
| £305,001 - £310,000 | –        | –    | 1            | –    | 1            | –    |
| £330,001 - £335,000 | –        | –    | –            | 1    | –            | 1    |
| £335,001 - £340,000 | –        | –    | 1            | –    | 1            | –    |
| £370,001 - £375,000 | –        | –    | –            | 1    | –            | 1    |
| £375,001 - £380,000 | –        | –    | 1            | –    | 1            | –    |
|                     | 87       | 59   | 265          | 232  | 352          | 291  |

This disclosure reflects revised guidance issued by the OfS that basic pay should include market supplements. The comparative bandings have been restated accordingly. The above bandings also include the Vice-Chancellor.

## Compensation for loss of office

|   |       |       |
|---|-------|-------|
| Aggregate payments for compensation for loss of office were paid to 308 members of staff in 2019-20 (401 in 2018-19): | 2020  | 2019  |
|   | £000  | £000  |
| Payments in respect of loss of office   | 2,323 | 2,125 |

Under OfS revised guidance, payments made on termination of fixed term contracts should now be included within the disclosure of compensation for loss of office. As a result the comparative staff numbers and associated payments have been restated accordingly.

## Key management personnel

|  |       |       |
|--|-------|-------|
| The total remuneration of the Vice-Chancellor, the Pro-Vice-Chancellors, Chief Financial Officer and Registrar for the year (or part thereof), comprising salary and benefits (taxable and non taxable), employer pension contributions and before salary sacrifice arrangements, was: | 2,110 | 2,102 |
|--|-------|-------|

The total Group pension cost for the year was:

|                       | Employer contributions | Provisions (Note xxiii) | Total  | Employer contributions | Provisions (Note xxiii) | Total |
|-----------------------|------------------------|-------------------------|--------|------------------------|-------------------------|-------|
|                       | 2020                   | 2020                    | 2020   | 2019                   | 2019                    | 2019  |
|                       | £m                     | £m                      | £m     | £m                     | £m                      | £m    |
| USS                   | 106.8                  | (146.1)                 | (39.3) | 91.0                   | 200.1                   | 291.1 |
| CPS                   | 21.3                   | 10.5                    | 31.8   | 21.4                   | 8.4                     | 29.8  |
| NHSPS                 | 2.6                    | –                       | 2.6    | 2.3                    | –                       | 2.3   |
| Other pension schemes | 4.7                    | 0.2                     | 4.9    | 4.1                    | 0.1                     | 4.2   |
|                       | 135.4                  | (135.4)                 | –      | 118.8                  | 208.6                   | 327.4 |

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

## ix Analysis of consolidated expenditure by activity

|   | Staff costs<br>£m | Other operating expenses<br>£m | Depreciation<br>£m | Interest payable<br>£m | 2020 Total<br>£m | 2019 Total<br>£m |
|---|-------------------|--------------------------------|--------------------|------------------------|------------------|------------------|
| Academic departments                              | 286.7             | 65.7                           | 8.5                | -                      | 360.9            | 363.7            |
| Academic services                                 | 37.0              | 14.4                           | 0.8                | -                      | 52.2             | 44.2             |
| Payments to Colleges                              | -                 | 77.5                           | -                  | -                      | 77.5             | 73.8             |
| Research grants and contracts                     | 241.9             | 182.2                          | 26.6               | -                      | 450.7            | 471.0            |
| Other activities:                                 |                   |                                |                    |                        |                  |                  |
| Other services rendered                           | 18.0              | 32.9                           | 0.4                | -                      | 51.3             | 52.4             |
| Intellectual property                             | 4.4               | 2.1                            | 0.1                | -                      | 6.6              | 6.5              |
| Residences, catering and conferences              | 3.6               | 10.6                           | -                  | -                      | 14.2             | 14.8             |
| Other activities total                            | 26.0              | 45.6                           | 0.5                | -                      | 72.1             | 73.7             |
| Administration and central services:              |                   |                                |                    |                        |                  |                  |
| Administration                                    | 54.6              | 14.3                           | 0.5                | (1.0)                  | 68.4             | 61.6             |
| General educational                               | 4.7               | 28.0                           | -                  | -                      | 32.7             | 35.9             |
| Staff and student facilities                      | 4.1               | 0.7                            | -                  | -                      | 4.8              | 4.4              |
| Development office                                | 7.5               | 6.1                            | -                  | -                      | 13.6             | 15.3             |
| Other   | -                 | 13.0                           | -                  | -                      | 13.0             | 9.6              |
| Administration and central services total         | 70.9              | 62.1                           | 0.5                | (1.0)                  | 132.5            | 126.8            |
| Premises  | 19.4              | 56.0                           | 53.5               | -                      | 128.9            | 127.9            |
| Interest payable on bond liabilities              | -                 | -                              | -                  | 119.9                  | 119.9            | 72.7             |
| Pension cost adjustments for USS (see Note xxiii) | (146.1)           | -                              | -                  | 4.9                    | (141.2)          | 202.2            |
| Pension cost adjustments for CPS (see Note xxiii) | 10.5              | -                              | -                  | 13.4                   | 23.9             | 20.5             |
| <b>Total per income and expenditure account</b>   | <b>546.3</b>      | <b>503.5</b>                   | <b>90.4</b>        | <b>137.2</b>           | <b>1,277.4</b>   | <b>1,576.5</b>   |

## x Access and participation

The spend incurred directly by the University in respect of access and widening participation activities for the financial year ended 31 July 2020 is outlined below. As this is the first year of disclosure in the financial statements there is no comparative shown.

|                                | 2020<br>£m |
|--------------------------------|------------|
| Access investment              | 1.7        |
| Financial support for students | 4.3        |
| Support for disabled students  | 1.1        |
| Research and evaluation        | 0.2        |
|                                | <hr/>      |
|                                | 7.3        |

Included within the above spend are staff costs amounting to £2.1m which are included within the staff note disclosures in Note viii.

The above spend reflects the investment made by the Academic University only and does not reflect any additional spend undertaken by the individual Colleges on these activities. The Colleges are not consolidated as part of the University's financial statements. However, due to the collegiate nature of the University, the access and participation plans provided to the OfS annually include activities undertaken by both the University and the Colleges. The combined University and Colleges access and participation plans, which do not form part of the audited financial statements, can be found at: <https://www.undergraduate.study.cam.ac.uk/access-and-participation-plans>.



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

| xi Interest and other finance costs   | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|---|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Interest payable and other finance costs on bond liabilities (see Note xxii)            | 119.9                           | 72.7                            | 119.9                                | 72.7                                 |
| Interest on pension liabilities (see Note xxiii)  | 18.3                            | 14.2                            | 18.2                                 | 14.2                                 |
| Finance charge / (credit) associated with the revaluation of forward exchange contracts | (1.0)                           | 1.2                             | (1.0)                                | 1.2                                  |
|   | <b>137.2</b>                    | <b>88.1</b>                     | <b>137.1</b>                         | <b>88.1</b>                          |

The University is exposed to certain foreign currency transactions as part of its normal course of activities. The University enters into forward exchange contracts in order to provide greater certainty over the settlement exchange rates. To the extent that these contracts are unsettled at the balance sheet date they are revalued at that date with the resultant charge or credit being recognised through finance costs.

Interest payable and other finance costs on bond liabilities can be analysed as follows:

|  |              |             |              |             |
|--|--------------|-------------|--------------|-------------|
| Bond liabilities - unsecured 2012 (fixed interest) | 13.2         | 13.3        | 13.2         | 13.3        |
| Bond liabilities - unsecured 2018 (fixed interest) | 7.1          | 7.1         | 7.1          | 7.1         |
| Bond liabilities - unsecured 2018 (index-linked)   | 99.6         | 52.3        | 99.6         | 52.3        |
|  | <b>119.9</b> | <b>72.7</b> | <b>119.9</b> | <b>72.7</b> |

Included within the 2018 index-linked bond liabilities interest and finance costs is the adjustment to revalue the liabilities to their fair value at the balance sheet date. The additional financing charge recognised as a result of this revaluation is £98.8m (2019: £51.5m).

For further details on these bond liabilities see Note xxii.

| xii Taxation       | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|--------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| UK Corporation Tax | -                               | -                               | -                                    | -                                    |
| Foreign taxes      | -                               | -                               | -                                    | -                                    |
|                    | <b>-</b>                        | <b>-</b>                        | <b>-</b>                             | <b>-</b>                             |

Due to the exempt charity status of the University, the tax charge for UK Corporation Tax is typically nil. In addition, the University has £12.1m of unused Research Development Expenditure Credit (RDEC) brought forward from prior periods. This has not been recognised as an asset due to the lack of certainty that future taxable surpluses will be available against which to offset these credits.

| xiii Intangible assets                             | Software<br>£m | Others<br>£m | 2020<br>Total<br>£m | 2019<br>Total<br>£m |
|--|----------------|--------------|---------------------|---------------------|
| <b>Group</b>                                       |                |              |                     |                     |
| <b>Cost</b>  |                |              |                     |                     |
| At 1 August  | -              | -            | -                   | -                   |
| Additions  | -              | -            | -                   | -                   |
| Disposals  | -              | -            | -                   | -                   |
| Transfers (to) / from other balance sheet accounts | 0.7            | -            | 0.7                 | -                   |
| Transfers  | -              | -            | -                   | -                   |
| Currency adjustments                               | -              | -            | -                   | -                   |
| At 31 July   | <b>0.7</b>     | <b>-</b>     | <b>0.7</b>          | <b>-</b>            |
| <b>Accumulated depreciation</b>                    |                |              |                     |                     |
| At 1 August  | -              | -            | -                   | -                   |
| Charge for the year                                | 0.1            | -            | 0.1                 | -                   |
| Elimination on disposals                           | -              | -            | -                   | -                   |
| Transfers (to) / from other balance sheet accounts | 0.2            | -            | 0.2                 | -                   |
| Transfers  | -              | -            | -                   | -                   |
| Currency adjustments                               | -              | -            | -                   | -                   |
| At 31 July   | <b>0.3</b>     | <b>-</b>     | <b>0.3</b>          | <b>-</b>            |
| <b>Net book value</b>                              |                |              |                     |                     |
| At 31 July   | <b>0.4</b>     | <b>-</b>     | <b>0.4</b>          | <b>-</b>            |
| At 1 August  | -              | -            | -                   | -                   |

Amortisation of intangibles is included within 'other operating expenses' in the statement of comprehensive income.

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

| xiv Tangible assets                                |       |                         |                     |                        |           | 2020    | 2019    |
|--|-------|-------------------------|---------------------|------------------------|-----------|---------|---------|
|  | Land  | Non-Leasehold Buildings | Leasehold Buildings | Assets in construction | Equipment | Total   | Total   |
| Group  | £m    | £m                      | £m                  | £m                     | £m        | £m      | £m      |
| <b>Cost</b>  |       |                         |                     |                        |           |         |         |
| At 1 August  | 345.6 | 1,543.0                 | 322.2               | 229.4                  | 384.9     | 2,825.1 | 2,661.2 |
| Additions  | -     | -                       | -                   | 132.6                  | 22.7      | 155.3   | 169.1   |
| Transfers  | -     | 129.6                   | 6.7                 | (136.3)                | -         | -       | -       |
| Transfers (to) / from investment properties        | (5.2) | (6.7)                   | -                   | (1.8)                  | -         | (13.7)  | -       |
| Transfers (to) / from other balance sheet accounts | -     | -                       | -                   | -                      | (0.7)     | (0.7)   | -       |
| Disposals  | (1.7) | (5.6)                   | -                   | -                      | (6.2)     | (13.5)  | (5.3)   |
| Currency adjustments                               | -     | -                       | -                   | -                      | (0.2)     | (0.2)   | 0.1     |
| At 31 July   | 338.7 | 1,660.3                 | 328.9               | 223.9                  | 400.5     | 2,952.3 | 2,825.1 |
| <b>Accumulated depreciation</b>                    |       |                         |                     |                        |           |         |         |
| At 1 August  | -     | 196.0                   | 27.5                | -                      | 315.3     | 538.8   | 448.6   |
| Charge for the year                                | -     | 47.2                    | 8.1                 | -                      | 35.1      | 90.4    | 95.5    |
| Transfers (to) / from investment properties        | -     | (0.6)                   | -                   | -                      | -         | (0.6)   | -       |
| Transfers (to) / from other balance sheet accounts | -     | -                       | -                   | -                      | (0.2)     | (0.2)   | -       |
| Elimination on disposals                           | -     | (5.0)                   | -                   | -                      | (6.1)     | (11.1)  | (5.3)   |
| Currency adjustments                               | -     | -                       | -                   | -                      | (0.2)     | (0.2)   | -       |
| At 31 July   | -     | 237.6                   | 35.6                | -                      | 343.9     | 617.1   | 538.8   |
| <b>Net book value</b>                              |       |                         |                     |                        |           |         |         |
| At 31 July   | 338.7 | 1,422.7                 | 293.3               | 223.9                  | 56.6      | 2,335.2 | 2,286.3 |
| At 1 August  | 345.6 | 1,347.0                 | 294.7               | 229.4                  | 69.6      | 2,286.3 | 2,212.6 |

The net book value of leasehold land included in the above table is £29.8m (2019: £29.8m).

| University   |       |                         |                     |                        |           | 2020    | 2019    |
|--|-------|-------------------------|---------------------|------------------------|-----------|---------|---------|
|  | Land  | Non-Leasehold Buildings | Leasehold Buildings | Assets in construction | Equipment | Total   | Total   |
| Cost   | £m    | £m                      | £m                  | £m                     | £m        | £m      | £m      |
| At 1 August  | 345.6 | 1,546.1                 | 322.2               | 231.3                  | 378.8     | 2,824.0 | 2,661.3 |
| Additions  | -     | -                       | -                   | 133.6                  | 22.1      | 155.7   | 167.8   |
| Transfers  | -     | 130.5                   | 6.7                 | (137.2)                | -         | -       | -       |
| Transfers (to) / from investment properties        | (5.2) | (6.7)                   | -                   | (1.8)                  | -         | (13.7)  | -       |
| Transfers (to) / from other balance sheet accounts | -     | -                       | -                   | -                      | -         | -       | -       |
| Disposals  | (1.7) | (5.6)                   | -                   | -                      | (6.0)     | (13.3)  | (5.1)   |
| Currency adjustments                               | -     | -                       | -                   | -                      | -         | -       | -       |
| At 31 July   | 338.7 | 1,664.3                 | 328.9               | 225.9                  | 394.9     | 2,952.7 | 2,824.0 |
| <b>Accumulated depreciation</b>                    |       |                         |                     |                        |           |         |         |
| At 1 August  | -     | 196.1                   | 27.6                | -                      | 311.7     | 535.4   | 446.5   |
| Charge for the year                                | -     | 47.3                    | 8.1                 | -                      | 33.9      | 89.3    | 94.0    |
| Transfers (to) / from investment properties        | -     | (0.6)                   | -                   | -                      | -         | (0.6)   | -       |
| Transfers (to) / from other balance sheet accounts | -     | -                       | -                   | -                      | -         | -       | -       |
| Elimination on disposals                           | -     | (5.0)                   | -                   | -                      | (5.9)     | (10.9)  | (5.1)   |
| Currency adjustments                               | -     | -                       | -                   | -                      | -         | -       | -       |
| At 31 July   | -     | 237.8                   | 35.7                | -                      | 339.7     | 613.2   | 535.4   |
| <b>Net book value</b>                              |       |                         |                     |                        |           |         |         |
| At 31 July   | 338.7 | 1,426.5                 | 293.2               | 225.9                  | 55.2      | 2,339.5 | 2,288.6 |
| At 1 August  | 345.6 | 1,350.0                 | 294.6               | 231.3                  | 67.1      | 2,288.6 | 2,214.8 |

The net book value of leasehold land included in the above table is £29.8m (2019: £29.8m).

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

| xv Heritage assets                | <b>Academic<br/>Group<br/>2020<br/>£m</b> | Academic<br>Group<br>2019<br>£m | <b>Academic<br/>University<br/>2020<br/>£m</b> | Academic<br>University<br>2019<br>£m |
|-----------------------------------|---|---------------------------------|--|--------------------------------------|
| Opening balance                   | 72.0                                      | 70.6                            | 72.0   | 70.6                                 |
| Additions in the year             | 1.6                                       | 1.4                             | 1.6  | 1.4                                  |
| <b>Closing balance at 31 July</b> | <b>73.6</b>                               | 72.0                            | <b>73.6</b>                                    | 72.0                                 |

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 significant accounting policies of the consolidated financial statements, 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 assets 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: | <b>2020<br/>£m</b> | 2019<br>£m | 2018<br>£m | 2017<br>£m | 2016<br>£m |
|--|--------------------|------------|------------|------------|------------|
| Acquisitions purchased with specific donations                     | -                  | -          | 1.1        | 1.3        | 1.2        |
| Value of acquisitions by donation                                  | 1.6                | 1.4        | 2.2        | 0.4        | 2.5        |
| <b>Total acquired by, or funded by, donations</b>                  | <b>1.6</b>         | 1.4        | 3.3        | 1.7        | 3.7        |
| Acquisitions purchased with University funds                       | -                  | -          | -          | 0.5        | 0.5        |
| <b>Total acquisitions capitalised</b>                              | <b>1.6</b>         | 1.4        | 3.3        | 2.2        | 4.2        |

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

## xvi Non-current asset investments

## a) Other investments

|   | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|---|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Opening balance   | 2,432.8                         | 2,144.4                         | 2,407.1                              | 2,122.7                              |
| Additions in the year *   | 350.3                           | 264.4                           | 350.0                                | 264.1                                |
| Disposals in the year   | (91.6)                          | (48.5)                          | (91.5)                               | (46.6)                               |
| Share of operating surplus / (deficit) in joint ventures and associates | (0.2)                           | -                               | -                                    | -                                    |
| Valuation gains / (losses) on investments                               | (107.6)                         | 72.5                            | (107.4)                              | 66.9                                 |
| <b>Closing balance at 31 July</b>                                       | <b>2,583.7</b>                  | <b>2,432.8</b>                  | <b>2,558.2</b>                       | <b>2,407.1</b>                       |
| Represented by:   |                                 |                                 |                                      |                                      |
| CUEF units (see Note vii)   | 2,471.2                         | 2,334.9                         | 2,468.3                              | 2,331.8                              |
| Securities  | 10.9                            | 11.5                            | 10.0                                 | 10.6                                 |
| Spin-out and similar companies  | 101.1                           | 86.2                            | 73.9                                 | 59.6                                 |
| Investments in subsidiary undertakings                                  | -                               | -                               | 5.3                                  | 4.6                                  |
| Investments in joint ventures   | 0.4                             | 0.1                             | -                                    | -                                    |
| Other   | 0.1                             | 0.1                             | 0.7                                  | 0.5                                  |
|   | <b>2,583.7</b>                  | <b>2,432.8</b>                  | <b>2,558.2</b>                       | <b>2,407.1</b>                       |

Other investments primarily relate to investments in farming and related products.

\* Additions in the year includes the aggregate £187.5m of CUEF units transferred from Cambridge Assessment (£177.5m) and Cambridge University Press (£10.0m).

## b) Investment properties

|  | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                                  | 547.5                           | 501.4                           | 547.5                                | 501.4                                |
| Additions in the year                            | 13.9                            | 21.0                            | 13.9                                 | 21.0                                 |
| Disposals in the year                            | (8.5)                           | (28.0)                          | (8.5)                                | (28.0)                               |
| Transfers (to)/from other balance sheet accounts | 13.1                            | -                               | 13.1                                 | -                                    |
| Net gains from fair value adjustments            | 8.8                             | 53.1                            | 8.8                                  | 53.1                                 |
| <b>Closing balance</b>                           | <b>574.8</b>                    | <b>547.5</b>                    | <b>574.8</b>                         | <b>547.5</b>                         |
| Represented by:                                  |                                 |                                 |                                      |                                      |
| North West Cambridge development                 | 369.4                           | 362.3                           | 369.4                                | 362.3                                |
| Other investment property                        | 205.4                           | 185.2                           | 205.4                                | 185.2                                |
|  | <b>574.8</b>                    | <b>547.5</b>                    | <b>574.8</b>                         | <b>547.5</b>                         |

Phase 1 of the North West Cambridge (NWC) development is essentially complete and includes accommodation for University staff and students, infrastructure and community facilities. The development has been valued as at 31 July 2020 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the terms of the RICS valuation - Global Standards (January 2020 edition) and the national standards and guidance set out in the UK national supplement (November 2018 edition) (collectively 'the Standards') published by the Royal Institution of Chartered Surveyors (RICS) and FRS 102. The valuation was undertaken on a fair value basis. The result is a revaluation gain in the carrying value of the investment of £6.2m (2019: £44.5m). This is reflected as a valuation gain on investment and increases the carrying value of the investment from £363.2m to £369.4m. Other investment property is also revalued annually with properties valued in excess of £0.5m undertaken by an independent external valuer and the balance valued internally by the University's own Estates Management team. The annual valuation of these properties has resulted in a gain on investment of £2.6m (2019: £8.6m).

The loss on investments of £(99.6)m (2019: £126.2m gain) includes investment property gains of £8.8m (2019: £53.1m) as shown above, other non-current asset investment losses of £(107.6)m (2019: £72.5m gain) as shown in Note xvia, of which £(112.9)m relates to the endowment fund and £(0.8)m (2019: £0.6m) recognised through cash and cash equivalents relating to a specialist fund held with Royal London.

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

| xvii  | <b>Stocks and work in progress</b>   | <b>Academic<br/>Group<br/>2020<br/>£m</b> | Academic<br>Group<br>2019<br>£m | <b>Academic<br/>University<br/>2020<br/>£m</b> | Academic<br>University<br>2019<br>£m |
|-------|--|---|---------------------------------|--|--------------------------------------|
|       | Goods for resale   | 0.3                                       | 0.4                             | -  | -                                    |
|       | Other stocks   | 1.5                                       | 1.5                             | 1.4  | 1.5                                  |
|       |  | <b>1.8</b>                                | 1.9                             | <b>1.4</b>                                     | 1.5                                  |
| xviii | <b>Trade and other receivables</b>   |   |                                 |  |                                      |
|       | <b>Amounts due within one year</b>   |   |                                 |  |                                      |
|       | Research grants recoverable  | 115.5                                     | 129.4                           | 115.5  | 129.8                                |
|       | Amounts due from group undertakings  | 21.8                                      | 41.4                            | 31.2   | 60.9                                 |
|       | Trade debtors  | 35.5                                      | 34.7                            | 30.8   | 28.9                                 |
|       | Other debtors  | 41.4                                      | 41.6                            | 35.8   | 39.7                                 |
|       |  | <b>214.2</b>                              | 247.1                           | <b>213.3</b>                                   | 259.3                                |
| xix   | <b>Current asset investments</b>   |   |                                 |  |                                      |
|       | CUEF units held on behalf of other entities (see Note vii)                                 | 787.9                                     | 1,121.0                         | 790.8  | 1,124.1                              |
|       | Money market investments   | 170.1                                     | 174.1                           | 170.1  | 174.1                                |
|       |  | <b>958.0</b>                              | 1,295.1                         | <b>960.9</b>                                   | 1,298.2                              |
| xx    | <b>Cash and cash equivalents</b>   |   |                                 |  |                                      |
|       | Money market investments with maturity less than three months                              | 767.0                                     | 646.1                           | 767.0  | 646.1                                |
|       | Cash at bank and in hand and with investment managers                                      | 14.4                                      | 32.0                            | -  | 3.9                                  |
|       |  | <b>781.4</b>                              | 678.1                           | <b>767.0</b>                                   | 650.0                                |
| xxi   | <b>Creditors: amounts falling due within one year</b>                                      |   |                                 |  |                                      |
|       | Bank overdraft (see Note xxvii)  | 2.2                                       | -                               | 2.2  | -                                    |
|       | Finance leases (see Note xxvii)  | 0.1                                       | -                               | 0.1  | -                                    |
|       | Research grants received in advance  | 254.0                                     | 224.8                           | 254.0  | 224.8                                |
|       | Other creditors and deferred income  | 224.8                                     | 238.1                           | 183.6  | 211.4                                |
|       | Amounts due to group undertakings  | 1.7                                       | 2.5                             | 29.6   | 17.3                                 |
|       | Derivative financial instruments liabilities   | 0.2                                       | 1.2                             | 0.2  | 1.2                                  |
|       | Investments and cash equivalents held on behalf of subsidiary undertakings                 | 681.1                                     | 927.2                           | 685.5  | 931.8                                |
|       | Investments and cash equivalents held on behalf of Colleges<br>and other associated bodies | 266.9                                     | 350.5                           | 266.9  | 350.5                                |
|       |  | <b>1,431.0</b>                            | 1,744.3                         | <b>1,422.1</b>                                 | 1,737.0                              |

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 Group.

Deferred income of £84.3m (2019: £107.6m) is included above for the Academic Group and £76.5m (2019: £101.0m) for the Academic University as at 31 July 2020.

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

| xxii Creditors: amounts falling due after more than one year | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m | Academic<br>University<br>2020<br>£m | Academic<br>University<br>2019<br>£m |
|--|---------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Bond liabilities - unsecured 2012 (Fixed interest)           | 342.9                           | 342.8                           | 342.9                                | 342.8                                |
| Bond liabilities - unsecured 2018 (Fixed interest)           | 297.8                           | 297.8                           | 297.8                                | 297.8                                |
| Bond liabilities - unsecured 2018 (Index-linked)             | 447.0                           | 348.2                           | 447.0                                | 348.2                                |
| Bank loans   | -                               | -                               | -                                    | -                                    |
| Finance leases   | 1.1                             | 1.2                             | 1.1                                  | 1.2                                  |
| Accruals and deferred income                                 | 7.3                             | 2.2                             | 6.8                                  | -                                    |
|  | <b>1,096.1</b>                  | 992.2                           | <b>1,095.6</b>                       | 990.0                                |

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 and commenced 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 £297.8m. Interest at 2.35% p.a. is payable on 27 June and 27 December each year and commenced 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 and commenced on 27 June 2019. The interest charged is calculated as the product of 0.25% p.a. 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 were initially recognised at fair value at the transaction date which was deemed to be the face value of the bonds (net of discount) of £296.7m. Transaction costs were immediately expensed on initial recognition of the bonds. Subsequently the bonds are re-measured to their fair value at each consecutive reporting date with any increase or decrease in liability recognised through finance costs in the statement of comprehensive income. As at 31 July 2020 the Indexed bonds were revalued upwards to £447.0m based on an independent valuation from Morgan Stanley, increasing the liability and resulting in a fair value adjustment charge through finance costs of £98.8m.

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

The movement in net debt is disclosed in Note xxvii.

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

## xxiii Pension liabilities

| Group   | CPS<br>£m    | USS deficit<br>recovery<br>£m | Other<br>£m | Total<br>2020<br>£m | Total<br>2019<br>£m |
|---|--------------|-------------------------------|-------------|---------------------|---------------------|
| Opening balance                                       | 633.0        | 300.6                         | 0.1         | 933.7               | 541.1               |
| Movement in year:                                     |              |                               |             |                     |                     |
| Current service cost                                  | 38.1         | -                             | 7.0         | 45.1                | 36.1                |
| Past service cost                                     | -            | -                             | -           | -                   | 5.8                 |
| Contributions   | (28.7)       | -                             | (6.8)       | (35.5)              | (34.5)              |
| Administration expenses                               | 1.1          | -                             | -           | 1.1                 | 1.1                 |
| Interest on liability                                 | 13.4         | 4.9                           | -           | 18.3                | 14.2                |
| Currency adjustments                                  | -            | -                             | -           | -                   | -                   |
| Net change in underlying assumptions (see Note viii): |              |                               |             |                     |                     |
| - change in underlying assumptions                    | -            | (140.3)                       | -           | (140.3)             | 204.9               |
| - USS deficit contributions payable                   | -            | (5.8)                         | -           | (5.8)               | (4.8)               |
| Actuarial (gain) / loss                               | 120.1        | (146.1)                       | -           | (146.1)             | 200.1               |
| <b>Closing balance at 31 July</b>                     | <b>777.0</b> | <b>159.4</b>                  | <b>0.3</b>  | <b>936.7</b>        | <b>933.7</b>        |
| <b>University</b>                                     |              |                               |             |                     |                     |
| Opening balance                                       | 633.0        | 297.3                         | -           | 930.3               | 539.9               |
| Movement in year:                                     |              |                               |             |                     |                     |
| Current service cost                                  | 38.1         | -                             | 6.8         | 44.9                | 35.9                |
| Past service cost                                     | -            | -                             | -           | -                   | 5.8                 |
| Contributions   | (28.7)       | -                             | (6.8)       | (35.5)              | (34.3)              |
| Administration expenses                               | 1.1          | -                             | -           | 1.1                 | 1.0                 |
| Interest on liability                                 | 13.4         | 4.8                           | -           | 18.2                | 14.2                |
| Currency adjustments                                  | -            | -                             | -           | -                   | -                   |
| Net change in underlying assumptions (see Note viii): |              |                               |             |                     |                     |
| - change in underlying assumptions                    | -            | (139.3)                       | -           | (139.3)             | 202.8               |
| - USS deficit contributions payable                   | -            | (5.8)                         | -           | (5.8)               | (4.7)               |
| Actuarial (gain) / loss                               | 120.1        | (145.1)                       | -           | (145.1)             | 198.1               |
| <b>Closing balance at 31 July</b>                     | <b>777.0</b> | <b>157.0</b>                  | <b>-</b>    | <b>934.0</b>        | <b>930.3</b>        |

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 obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation.

The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a significant reduction in the deficit provision which has decreased from £300.6m to £159.4m. The movements described as a "net change in underlying assumptions" also include the impact of movements in discount rates. The resulting decrease in provision in 2019-20 is included in staff costs (see Note viii).

The major assumptions used to calculate the obligation are:

|                             | 2020        | 2019  |
|-----------------------------|-------------|-------|
| Discount rate               | 0.74%       | 1.61% |
| Pensionable salary growth * | 0.5% - 3.0% | 4.2%  |

\* 0.5% in the year to 31 July 2021 and 3.0% p.a thereafter

## Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

## Change in assumptions at 31 July 2020

- Impact of a 0.5% p.a. decrease in discount rate
- Impact of a 0.5% p.a. increase in salary inflation over duration
- Impact of a 0.5% p.a. increase in salary inflation year 1 only
- Impact of a 0.5% increase in staff changes year one only
- Impact of a 0.5% increase in staff changes over duration
- Impact of a 1.0% increase in deficit contributions from April 2021
- 1 year increase in term

## Approximate impact

Liability increases by £4m  
 Liability increases by £4m  
 Liability increases by £1m  
 Liability increases by £1m  
 Liability increases by £4m  
 Liability increases by £31m  
 Liability increases by £29m

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

| xxiv Endowment reserves | Group   | Permanent<br>£m                    | Expendable<br>£m                    | 2020                        | 2019                                  |                     |                     |
|-------------------------|---|------------------------------------|-------------------------------------|-----------------------------|---------------------------------------|---------------------|---------------------|
|                         |   |                                    |                                     | Total<br>£m                 | Total<br>£m                           |                     |                     |
|                         | Balance at 1 August                           | 1,400.1                            | 307.8                               | 1,707.9                     | 1,595.1                               |                     |                     |
|                         | New endowments received                       | 35.3                               | 0.2                                 | 35.5                        | 66.1                                  |                     |                     |
|                         | Investment income                             | 49.6                               | 9.8                                 | 59.4                        | 54.9                                  |                     |                     |
|                         | Expenditure                                   | (37.1)                             | (12.1)                              | (49.2)                      | (55.1)                                |                     |                     |
|                         | Valuation gains / (losses) on investments     | (61.2)                             | (12.5)                              | (73.7)                      | 46.9                                  |                     |                     |
|                         | <b>Balance at 31 July</b>                     | <b>1,386.7</b>                     | <b>293.2</b>                        | <b>1,679.9</b>              | <b>1,707.9</b>                        |                     |                     |
|                         | Capital                                       | 1,192.0                            | 260.9                               | 1,452.9                     | 1,485.2                               |                     |                     |
|                         | Unspent income                                | 194.7                              | 32.3                                | 227.0                       | 222.7                                 |                     |                     |
|                         | <b>Balance at 31 July</b>                     | <b>1,386.7</b>                     | <b>293.2</b>                        | <b>1,679.9</b>              | <b>1,707.9</b>                        |                     |                     |
|                         | <b>Representing:</b>                          |                                    |                                     |                             |                                       |                     |                     |
|                         | Trust and Special Funds:                      |                                    |                                     |                             |                                       |                     |                     |
|                         | Professorships, Readerships, and Lectureships | 693.2                              | 80.5                                | 773.7                       | 787.7                                 |                     |                     |
|                         | Scholarships and bursaries                    | 213.1                              | 16.2                                | 229.3                       | 223.8                                 |                     |                     |
|                         | Other   | 455.2                              | 196.5                               | 651.7                       | 669.4                                 |                     |                     |
|                         | General endowments                            | 25.2                               | -                                   | 25.2                        | 27.0                                  |                     |                     |
|                         | <b>Group total</b>                            | <b>1,386.7</b>                     | <b>293.2</b>                        | <b>1,679.9</b>              | <b>1,707.9</b>                        |                     |                     |
|                         | <b>University</b>                             |                                    |                                     |                             |                                       |                     |                     |
|                         | Balance at 1 August                           | 1,396.8                            | 307.8                               | 1,704.6                     | 1,592.0                               |                     |                     |
|                         | New endowments received                       | 35.3                               | 0.2                                 | 35.5                        | 66.1                                  |                     |                     |
|                         | Investment income                             | 49.5                               | 9.8                                 | 59.3                        | 54.8                                  |                     |                     |
|                         | Expenditure                                   | (37.1)                             | (12.1)                              | (49.2)                      | (55.1)                                |                     |                     |
|                         | Valuation gains / (losses) on investments     | (61.0)                             | (12.6)                              | (73.6)                      | 46.8                                  |                     |                     |
|                         | <b>Balance at 31 July</b>                     | <b>1,383.5</b>                     | <b>293.1</b>                        | <b>1,676.6</b>              | <b>1,704.6</b>                        |                     |                     |
|                         | Capital                                       | 1,188.8                            | 260.8                               | 1,449.6                     | 1,481.9                               |                     |                     |
|                         | Unspent income                                | 194.7                              | 32.3                                | 227.0                       | 222.7                                 |                     |                     |
|                         | <b>Balance at 31 July</b>                     | <b>1,383.5</b>                     | <b>293.1</b>                        | <b>1,676.6</b>              | <b>1,704.6</b>                        |                     |                     |
|                         | <b>xxv Restricted reserves</b>                |                                    |                                     |                             |                                       |                     |                     |
|                         | Group   | Unspent<br>capital<br>grants<br>£m | Unspent<br>research<br>grants<br>£m | Specific<br>donations<br>£m | Other<br>Restricted<br>Reserves<br>£m | 2020<br>Total<br>£m | 2019<br>Total<br>£m |
|                         | Balance at 1 August                           | 12.4                               | 37.3                                | 57.8                        | 19.9                                  | 127.4               | 97.0                |
|                         | Donations and grants recognised in the year   | 104.5                              | 24.7                                | 20.1                        | -                                     | 149.3               | 130.8               |
|                         | Investment income                             | 0.2                                | -                                   | 1.1                         | 0.7                                   | 2.0                 | 1.3                 |
|                         | Expenditure                                   | -                                  | (17.5)                              | (10.0)                      | -                                     | (27.5)              | (30.8)              |
|                         | Capital grants spent                          | (101.0)                            | -                                   | -                           | -                                     | (101.0)             | (91.1)              |
|                         | Valuation gains / (losses) on investments     | (0.4)                              | -                                   | (0.7)                       | (1.0)                                 | (2.1)               | 1.6                 |
|                         | Transfer from unrestricted income             | -                                  | -                                   | -                           | 5.0                                   | 5.0                 | 18.7                |
|                         | Actuarial loss                                | -                                  | -                                   | -                           | -                                     | -                   | (0.1)               |
|                         | <b>Balance at 31 July</b>                     | <b>15.7</b>                        | <b>44.5</b>                         | <b>68.3</b>                 | <b>24.6</b>                           | <b>153.1</b>        | <b>127.4</b>        |
|                         | <b>University</b>                             |                                    |                                     |                             |                                       |                     |                     |
|                         | Balance at 1 August                           | 12.3                               | 37.3                                | 57.8                        | 19.9                                  | 127.3               | 97.0                |
|                         | Donations and grants recognised in the year   | 104.5                              | 24.7                                | 19.9                        | -                                     | 149.1               | 129.0               |
|                         | Investment income                             | 0.2                                | -                                   | 1.1                         | 0.7                                   | 2.0                 | 1.3                 |
|                         | Expenditure                                   | -                                  | (17.5)                              | (9.8)                       | -                                     | (27.3)              | (29.2)              |
|                         | Capital grants spent                          | (101.0)                            | -                                   | -                           | -                                     | (101.0)             | (91.1)              |
|                         | Valuation gains / (losses) on investments     | (0.4)                              | -                                   | (0.7)                       | (1.0)                                 | (2.1)               | 1.6                 |
|                         | Transfer from unrestricted income             | -                                  | -                                   | -                           | 5.0                                   | 5.0                 | 18.7                |
|                         | Actuarial loss                                | -                                  | -                                   | -                           | -                                     | -                   | -                   |
|                         | <b>Balance at 31 July</b>                     | <b>15.6</b>                        | <b>44.5</b>                         | <b>68.3</b>                 | <b>24.6</b>                           | <b>153.0</b>        | <b>127.3</b>        |

Other restricted reserves relates to certain units held in the Cambridge University Endowment Fund which were previously held as unrestricted but then were re-categorised to restricted in 2018-19 following the implementation of unit match-funding associated with a specific donation.



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

| xxvi Capital commitments                     | Academic<br>Group<br>2020<br>£m | Academic<br>Group<br>2019<br>£m |
|--|---------------------------------|---------------------------------|
| Commitments for capital expenditure:         |                                 |                                 |
| Commitments contracted at 31 July            | 312.0                           | 396.5                           |
| Authorised but not contracted at 31 July     | 109.4                           | 102.3                           |
| Commitments for capital calls on investments | 462.6                           | 449.9                           |

## xxvii Reconciliation of Net Debt

An analysis of the movement in net debt for the year ended 31 July 2020 is provided below:

|  | At 1 August<br>2019<br>£m | Cash Flows<br>£m | Non-cash<br>changes<br>£m | At 31 July<br>2020<br>£m |
|--|---------------------------|------------------|---------------------------|--------------------------|
| Cash and cash equivalents (see Note xx)            | 678.1                     | 107.4            | (4.1)                     | 781.4                    |
| Money market investments (see Note xix)            | 174.1                     | (4.0)            | -                         | 170.1                    |
| Debt due within one year (see Note xxi):           |                           |                  |                           |                          |
| - Bank overdraft                                   | -                         | (2.2)            | -                         | (2.2)                    |
| - Finance leases                                   | -                         | (0.0)            | (0.1)                     | (0.1)                    |
| Debt due after more than one year (see Note xxii): |                           |                  |                           |                          |
| - Finance leases                                   | (1.2)                     | -                | 0.1                       | (1.1)                    |
| - Bond liabilities (unsecured 2012 fixed interest) | (342.8)                   | -                | (0.1)                     | (342.9)                  |
| - Bond liabilities (unsecured 2018 fixed interest) | (297.8)                   | -                | -                         | (297.8)                  |
| - Bond liabilities (unsecured 2018 index-linked)   | (348.2)                   | -                | (98.8)                    | (447.0)                  |
| <b>Net debt</b>                                    | <b>(137.8)</b>            | <b>101.2</b>     | <b>(103.0)</b>            | <b>(139.6)</b>           |

Net debt includes the non-cash fair value adjustment to revalue the CPI-linked bond at the balance sheet date. This represents a valuation of the liability at a point in time and is not necessarily reflective of the final repayment value on redemption of the bond. As such, management's view is that an adjusted net debt position (removing the effects of the fair value adjustment amounting to £98.8m) of £(40.8)m is more representative of the underlying borrowing position of the Academic Group.

## xxviii Post balance sheet event (non adjusting)

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. For the 2019-20 financial year therefore, this is considered a non-adjusting post balance sheet event with the reported results in these financial statements reflecting the 2018 valuation.

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

## xxix SUMMARY CONSOLIDATED FINANCIAL INFORMATION

**Financial summary (unaudited)**

The financial summary set out below has been extracted from the financial statements of the Academic Group as reported in the *Cambridge University Reporter* for the five years ended 31 July 2020.

| (a) Summary consolidated statement of comprehensive income (£m) | 2020           | 2019           | 2018           | 2017           | 2016           |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total income</b>   | 1,660.9        | 1,485.2        | 1,308.4        | 1,212.8        | 1,191.3        |
| <b>Total expenditure</b>  | 1,277.4        | 1,576.5        | 1,224.6        | 1,134.5        | 1,095.9        |
| <b>Surplus / (deficit) before other gains and losses</b>        | <b>383.5</b>   | <b>(91.3)</b>  | <b>83.8</b>    | <b>78.3</b>    | <b>95.4</b>    |
| Share of operating surplus / (deficit) in joint ventures        | (0.2)          | –              | –              | –              | –              |
| Gain on disposal of fixed assets *                              | 5.1            | –              | –              | –              | –              |
| Gain / (loss) on investments                                    | (99.6)         | 126.2          | 96.9           | 253.7          | 116.6          |
| <b>Surplus before tax</b>                                       | <b>288.8</b>   | <b>34.9</b>    | <b>180.7</b>   | <b>332.0</b>   | <b>212.0</b>   |
| <b>Surplus for the year</b>                                     | <b>288.8</b>   | <b>34.9</b>    | <b>179.5</b>   | <b>332.0</b>   | <b>211.7</b>   |
| Actuarial gain/(loss)   | (120.1)        | (169.8)        | 99.1           | (1.0)          | (145.2)        |
| Other comprehensive income for the year                         | –              | –              | 1.6            | 0.2            | –              |
| <b>Total comprehensive income / (expense) for the year</b>      | <b>168.7</b>   | <b>(134.9)</b> | <b>280.2</b>   | <b>331.2</b>   | <b>66.5</b>    |
| <b>Represented by:</b>  |                |                |                |                |                |
| Endowment comprehensive income / (expense) for the year         | (28.0)         | 112.8          | 114.5          | 183.7          | 94.0           |
| Restricted comprehensive income for the year                    | 126.7          | 121.5          | 74.3           | 49.1           | 65.8           |
| Unrestricted comprehensive income / (expense) for the year      | 70.0           | (369.2)        | 91.4           | 98.4           | (93.3)         |
|   | <b>168.7</b>   | <b>(134.9)</b> | <b>280.2</b>   | <b>331.2</b>   | <b>66.5</b>    |
| <b>Adjusted consolidated statement of comprehensive income</b>  |                |                |                |                |                |
| <b>Surplus for the year</b>                                     | <b>288.8</b>   | <b>34.9</b>    | <b>179.5</b>   | <b>332.0</b>   | <b>211.7</b>   |
| Less: (Gain) / loss on investments                              | 99.6           | (126.2)        | (96.9)         | (253.7)        | (116.6)        |
| Less: CPI-linked bond fair value adjustment                     | 98.8           | 51.5           | –              | –              | –              |
| Less: USS pension deficit recovery reflected in staff costs     | (140.3)        | 204.9          | 5.6            | (0.3)          | 13.7           |
| Less: Harding endowment   | (15.0)         | (41.3)         | –              | –              | –              |
| Less: Capital grants and donations                              | (120.0)        | (107.0)        | (75.6)         | (80.5)         | (105.4)        |
| Less: Research Development Expenditure Credit (net of tax)      | –              | –              | (0.5)          | –              | (1.0)          |
| Less: Transfer of assets from Cambridge Assessment              | –              | (22.6)         | (24.4)         | –              | –              |
| Less: Special contribution from Cambridge Assessment            | (207.5)        | –              | –              | –              | –              |
| Less: Special contribution from Cambridge University Press      | (10.0)         | –              | –              | –              | –              |
| <b>Adjusted surplus / (deficit) for the year</b>                | <b>(5.6)</b>   | <b>(5.8)</b>   | <b>(12.3)</b>  | <b>(2.5)</b>   | <b>2.4</b>     |
| <b>(b) Summary consolidated balance sheets (£m)</b>             | <b>2020</b>    | <b>2019</b>    | <b>2018</b>    | <b>2017</b>    | <b>2016</b>    |
| Non-current assets  | 5,567.7        | 5,338.6        | 4,929.0        | 4,675.1        | 4,346.1        |
| Current assets  | 1,955.4        | 2,222.2        | 2,292.3        | 1,459.0        | 1,309.7        |
| <b>Total assets</b>   | <b>7,523.1</b> | <b>7,560.8</b> | <b>7,221.3</b> | <b>6,134.1</b> | <b>5,655.8</b> |
| Current liabilities   | (1,431.0)      | (1,744.3)      | (1,717.6)      | (1,426.2)      | (1,291.2)      |
| Non-current liabilities   | (2,032.8)      | (1,925.9)      | (1,478.2)      | (962.6)        | (950.5)        |
| <b>Net assets</b>   | <b>4,059.3</b> | <b>3,890.6</b> | <b>4,025.5</b> | <b>3,745.3</b> | <b>3,414.1</b> |
| Income and expenditure reserve - endowment                      | 1,679.9        | 1,707.9        | 1,595.1        | 1,480.6        | 1,296.9        |
| Income and expenditure reserve - restricted                     | 153.1          | 127.4          | 97.0           | 84.6           | 78.7           |
| Income and expenditure reserve - unrestricted                   | 2,226.3        | 2,055.3        | 2,333.4        | 2,180.1        | 2,038.5        |
| <b>Total reserves</b>   | <b>4,059.3</b> | <b>3,890.6</b> | <b>4,025.5</b> | <b>3,745.3</b> | <b>3,414.1</b> |
| <b>Net debt</b>   | <b>(139.6)</b> | <b>(137.8)</b> | <b>(75.6)</b>  | <b>(84.9)</b>  | <b>(75.0)</b>  |
| Less: CPI-linked bond fair value adjustment                     | 98.8           | 51.5           | –              | –              | –              |
| <b>Adjusted net debt</b>  | <b>(40.8)</b>  | <b>(86.3)</b>  | <b>(75.6)</b>  | <b>(84.9)</b>  | <b>(75.0)</b>  |

\* Prior to 2019-20 any gain/loss on disposal of fixed assets was included in "other income" and not separately disclosed on the face of the statement of comprehensive income