

## Notes to the financial statements for the year ended 31 July 2023

### 1. General information

The Chancellor, Masters, and Scholars of the University of Cambridge (the 'University') is a common law corporation, governed by its Statutes and Ordinances together with applicable United Kingdom legislation.

The University is a public benefit entity and an exempt charity subject to regulation by the Office for Students (OfS) under the Charities Act 2011.

The contact address is: University of Cambridge, The Old Schools, Trinity Lane, Cambridge CB2 1TN UK. The Reports and Financial Statements can be obtained from this address upon request.

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

### 2. Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), including the public benefit entity requirements of FRS 102, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the SORP), and the Accounts Direction issued by the OfS.

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

### 3. Statement of significant accounting policies

#### (a) Basis of preparation

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

The Group has taken advantage of exemptions in FRS 102:

- from preparing a statement of cash flows for the University, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the University's cash flows; and
- from the financial instrument disclosures required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a) (iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, in relation to the University, as the information is provided in the consolidated financial statement disclosures.

The preparation of financial statements requires judgement in the process of applying the accounting policies and the use of accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed at the end of these policies.

#### (b) Going concern

The Council has a reasonable expectation that the University has adequate resources to continue to operate for the foreseeable future. In forming this view, the Council notes that the University:

- undertakes a robust and detailed annual business planning and budgeting process, including preparation of a five-year financial sustainability review in line with OfS guidance as well as ten-year plans for Academic University, and five-year plans for other segments, and as such the going concern nature of the University has been considered for a period of greater than 12 months from the date of approval of the financial statements;
- applies prudent financial and cash management in order to ensure that its day-to-day working capital needs can be met out of cash and liquid investments; and
- in considering the going concern of the University, the Council has considered the forecasts and cash position to July 2025 and has considered the liquidity under a severe yet plausible downside scenario to ensure adequate headroom is available to the University. Potential impact of credit risk and liquidity risk are detailed in Note 40.

For these reasons, the University continues to adopt the going concern basis in preparing its financial statements.

#### (c) Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings, details of which are given in Note 37. Entities over which the Group has the power to direct the relevant activities so as to affect the returns to the Group, generally through control over the financial and operating policies, are accounted for as subsidiaries. Intra-group transactions and balances are eliminated on consolidation.

The results of subsidiaries acquired or disposed of in the current or prior years are consolidated for the periods from or to the date on which control passed. The acquisition method of accounting has been adopted for subsidiary undertakings. Amounts attributable to non-controlling interests represent the share of profits on ordinary activities attributable to the interest of equity shareholders in subsidiaries which are not wholly owned by the University.

References to the University reflect the teaching and research activities of the University (excluding subsidiary companies and Associated Trusts), together with the Press & Assessment (but excluding their subsidiary companies, joint ventures and associates). References to the Group reflect the teaching and research activities of the University together with the Press & Assessment, including all subsidiary companies, Associated Trusts, joint ventures and associates (see Note 37).

A joint venture is an entity in which the University, or its subsidiaries, holds an interest on a long-term basis and is jointly controlled by the University or its subsidiaries and one or more other entities under a contractual agreement. An entity is accounted for as an associate where the Group has the ability to exercise significant influence over that entity. The University accounts for joint ventures and associates using the equity method.

*Notes to the financial statements for the year ended 31 July 2023 (continued)**3. Statement of significant accounting policies continued**(c) Basis of consolidation continued*

The University accounts for jointly controlled assets and operations based upon its share of costs incurred and recognises its share of liabilities incurred. Income and expenditure is recognised based upon the University's share.

The consolidated financial statements do not include the accounts of the 31 Colleges in the University (the Colleges), each of which is an independent corporation. Transactions with the Colleges are disclosed in Note 39.

The consolidated financial statements do not include the accounts of Cambridge Students' Union as this is a separate body in which the University has no financial interest and over which policy decisions it has no control.

**(d) Foreign currencies**

The Group's and University's functional currency is pound sterling and the financial statements are presented in pound sterling and millions.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Where foreign branches and subsidiary undertakings accounting in foreign currencies operate as separate businesses, all their assets and liabilities are translated into sterling at year-end rates and the net effect of currency adjustments is included in other comprehensive income. Otherwise, monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates and translation differences are included in income or expenditure.

**(e) Recognition of income***Revenue*

Income arising from the sale of goods or the provision of services is recognised in income on the exchange of the relevant goods or services and, where applicable, is shown net of value added taxes, returns, discounts, and rebates as appropriate. In particular:

- **Tuition fees and education contracts**  
Tuition fees for degree courses are charged to students by academic term. Income is recognised for academic terms falling within the period. For short courses, income is recognised to the extent that the course duration falls within the period. Professional course fees and other educational contract revenues are recognised in line with the stage of completion/degree of provision of the service, as determined on an appropriate basis for each contract.
- **Examination and assessment services**  
Income from examination session-based assessments is recognised when services are rendered and substantially complete. Income from qualifications not based on examination sessions is recognised in proportion to the number of modules required for the qualification that has been achieved by candidates.
- **Publishing services**  
Income is recognised when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount

of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the Press & Assessment; and (e) when the specific criteria relating to each of the relevant sales channels have been met. In the case of books, income is recognised upon delivery of goods to the customer.

For materials supplied permanently, whether by way of print or perpetual electronic access, income is recognised when the material is first made available to the customer. Subscriptions income, including journals, is recognised evenly over the subscription period. For service offerings, income is recognised evenly as the service is delivered.

Rights and permissions income is recognised on a cash receipt basis. Income in respect of certain co-publishing arrangements is recognised upon the printing of content by the co-publishing partner. Income in respect of project-based contract work is recognised on the basis of progress (percentage of completion), being the ratio of costs incurred at the measurement date and the total expected costs for the programme. In a multiple component arrangement, in the event certain components remain undelivered or incomplete, income is recognised on the fair value of the components delivered, subject to specific conditions being met.

*Funding body grants and research grants and contracts*

All grant funding, including OfS grants, research grants, and capital grants, from government and other sources, is recognised in income when the University is entitled to the funding and any performance-related conditions have been met. Performance conditions are defined as 'a condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance'. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met. In respect of grants where no performance-related conditions are defined, income is recognised on the basis of proportionate costs incurred on such grants.

*Donations and endowments*

Donations and endowments are recognised in income when the University is entitled to the funds. In the majority of cases, this is the point at which the cash is received, although, in the case of capital and particularly building donations or endowments, this is in line with expenditure incurred under the agreement or delivery of specified milestones within the donation agreement.

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

Donations with no substantial restrictions are included in unrestricted reserves.

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

*Notes to the financial statements for the year ended 31 July 2023 (continued)**3. Statement of significant accounting policies continued**(e) Recognition of income continued**Donations and Endowments continued*

Endowment funds are classified under three headings:

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

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

*Investment income*

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

*Other income*

Other income is recognised in income in the period in which it is earned.

**(f) Employee benefits***Short-term benefits*

Short-term employment benefits, including salaries and compensated absences, are recognised as an expense in the period in which the service is rendered to the University. A liability is recognised at each balance sheet date for unused employee holiday allowances with the corresponding expense recognised in staff costs in the statement of comprehensive income.

*Pension costs*

The Group contributes to a number of defined benefit pension schemes for certain employees. The two principal pension schemes for the University's staff are the Cambridge University Assistants' Contributory Pension Scheme (CPS) and the Universities Superannuation Scheme (USS). The Press & Assessment operates two pension schemes for its UK staff, the Press Contributory Pension Fund (PCPF) and the Press Senior Staff Pension Scheme (PSSPS). A defined benefit scheme defines the pension benefit that an employee will receive on retirement, dependent upon several factors including length of service and remuneration.

Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. Where the University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University

recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

For other defined benefit schemes, the net liability recognised in the balance sheet in respect of each scheme is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

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

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

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

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

Further detail is provided on the specific pension schemes in Note 36 to the financial statements.

**(g) Taxation***Current tax*

The University's current tax is composed of UK and non-UK tax payable (or recoverable) in respect of taxable profit or loss for the year or prior year. Tax is calculated on the basis of tax rates and laws that have been enacted, or substantively enacted, by the year end.

The University has charitable status in the UK as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. As such, it is listed as a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from Corporation Tax on income and gains falling within section 287 of the Corporation Tax Act (CTA) 2009 and sections 471 and 478–488 CTA 2010 or section 256 of the Taxation and Chargeable Gains Tax Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. Certain of the University's non-UK subsidiaries benefit from equivalent or similar exemptions in their territories of tax residency.

*Notes to the financial statements for the year ended 31 July 2023 (continued)**3. Statement of significant accounting policies continued**(g) Taxation continued**Current tax continued*

Material commercial trading activities undertaken by the University are operated through its subsidiary companies, which are liable to UK Corporation Tax or equivalent taxes for non-UK tax resident subsidiaries. However, the taxable profits made by these UK companies are typically distributed as qualifying charitable donations, to the extent that the companies have distributable reserves, which would negate the liability.

*Deferred tax*

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised on all timing differences at the balance sheet date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

*VAT*

Whilst some of the University's principal activities are exempt from Value Added Tax (VAT), certain activities and other ancillary supplies and services are liable to VAT at various rates, as are the commercial activities undertaken by its UK subsidiaries. Non-UK subsidiaries undertaking commercial activities are liable to VAT or other turnover-based taxes such as Goods and Services Tax (GST) or US Sales Tax. Expenditure includes VAT charged by suppliers to the University where it is not recoverable and is likewise included in the cost of fixed assets.

**(h) Intangible assets and goodwill**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets consist of book lists, intellectual property, customer relationships, development of new products and curriculums, software and related assets under construction. Book lists purchased separately from a business are capitalised at cost. Book lists and intellectual property acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Asset	Estimated life for amortisation
Book lists	Up to 5 years
Intellectual property	Up to 10 years
Software and licences	3 to 10 years
Customer relationships	Up to 10 years
Content	3 years
Capitalised development costs	3 to 10 years
New product development	Up to 5 years
Curriculum development	Up to 5 years

Amortisation is charged to net operating expenses in the consolidated income statement.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design (including testing) of identifiable and unique software products or curriculums controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the development so that it will be available for use;
- Management intends to complete the development and use or sell it;
- There is an ability to use or sell the asset;
- It can be demonstrated how the asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- The expenditure attributable to the asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Assets under construction are stated at cost. These assets are not amortised until they are available for use.

Goodwill arises on consolidation and is based on the fair value of the consideration given for the subsidiary and the fair value of its assets at the date of acquisition. Goodwill is amortised over its estimated economic life of between five and ten years on a straight-line basis.

The carrying value of intangible assets and goodwill is considered in light of events or changes in circumstances which may indicate that the carrying value may not be recoverable. Where there is impairment in the carrying value of these assets, the loss is included in the results of the period.

**(i) Fixed assets***Land and buildings*

Operational land and buildings are included in the financial statements using the FRS 102 fair value at 1 August 2014 as deemed cost, with subsequent additions at cost.

No depreciation is provided on freehold land. Freehold buildings are written off on a straight line basis over their estimated useful lives, which are typically between 15 and 60 years (in exceptional circumstances up to 96 years). Leasehold properties are written off over the length of the lease.

*Assets under construction*

Assets under construction are stated at cost. These assets are not depreciated until they are available for use. Financing costs are not capitalised as part of additions to fixed assets.

*Notes to the financial statements for the year ended 31 July 2023 (continued)***3. Statement of significant accounting policies continued****(i) Fixed assets continued****Equipment**

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

**(j) Heritage assets**

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

**(k) Investments**

Non-current investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings, which are stated in the University's balance sheet at cost and eliminated on consolidation. All gains and losses on investment assets are recognised in the statement of comprehensive income as they accrue.

**Cambridge University Endowment Fund (CUEF)**

The CUEF is assessed to be controlled by the University and, as such, forms part of the consolidated financial statements. The total assets of the CUEF are disclosed within 'Investments – other (non-current)' where beneficial ownership resides with the University, and in 'Investments – current' where beneficial ownership resides with Colleges and Associated Bodies, on the basis that the latter is substantially available for redemption in less than one year.

Amounts due to Colleges and Associated Bodies are classified as a financial liability within 'Creditors: amounts falling due within one year' as they are substantially available for redemption in less than one year and without material restriction. Other liabilities of the CUEF comprise derivative financial instruments and secured borrowings, and are disclosed under the appropriate financial statement line items.

**Other investments**

Marketable securities are valued using the quoted market prices at 31 July. Investments in spin-out companies are valued in accordance with the International Private Equity and Venture Capital Guidelines. Investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Investment properties**

A property will be deemed an investment property by the University if the following conditions are met:

- The University's core objective remains delivering excellence in teaching and research, and not in the provision of accommodation.
- The properties are designed to generate long-term financial returns through rental and capital appreciation.
- Any associated rental model is market-linked and rentals are not substantially below market levels.
- The University retains a degree of choice over tenants.
- The properties are not deemed to be social housing.

After initial recognition at cost, investment property shall be measured at fair value at each reporting date with changes in fair value recognised in the statement of comprehensive income. The investment property portfolio has been categorised into the following components:

- Shared equity properties: these properties are valued annually by an external valuer. The properties are not inspected internally.
- Residential and non-residential rental properties: these properties are valued annually on an open market value basis by an external valuer.
- North West Cambridge development: Phase 1, which is essentially complete, is valued annually by an external valuer based on estimated open market values. Subsequent phases are valued annually, taking into account land values including any planning permission attributed to that land as well as determining any aspect of the assets which may be assigned for the University's own use. The future development is valued with reference to the proposed planning permission and by having regard to comparable sales and residual appraisals to arrive at a fair value.

To the extent that the University has assigned property for its own use then it will be valued at cost. Once subsequent phased construction commences, it is intended to value the property at open market value for the land plus the associated costs of construction.

**(l) Stock and work in progress**

Stock is stated at the lower of cost and net realisable value after making provision for slow-moving and obsolete items. Cost includes the purchase price, including taxes, duties, and transport and handling costs directly attributable to bringing the inventory to its present location and condition.

In respect of publishing services, (a) direct costs incurred prior to publication are included in current assets where the title will generate probable future economic benefits and costs can be measured reliably. These costs are amortised upon publication of the title over the estimated useful life of the product (Academic products over 18 months and Learning products over 36 months); (b) the University makes full provision against the cost of stock in excess of projected future sales on all inventory aged 24 months since the publication date; and (c) provision for impairment of accumulated pre-publication costs is made based on recoverability of unamortised pre-publication costs.

Notes to the financial statements for the year ended 31 July 2023 (continued)

3. Statement of significant accounting policies continued

**(m) Cash and cash equivalents**

Cash includes cash in hand, cash at bank, deposits repayable on demand, and bank overdrafts. Deposits are repayable on demand if they are in practice available on call without penalty. Bank overdrafts are shown within borrowings in current liabilities. Cash equivalents are short term (typically with less than three months' notice or a fixed term of three months or less at inception) highly liquid investments, which are readily convertible into cash and include deposits and other instruments held as part of the University's treasury management activities.

**(n) Financial instruments**

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments.

*Financial assets*

Basic financial assets include trade and other receivables and cash and cash equivalents. These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments, which are not subsidiaries, associates, or joint ventures, are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments is not publicly traded and where the fair value cannot be reliably measured, the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of ownership of the asset are transferred to another party.

*Financial liabilities*

Basic financial liabilities include trade and other payables, bank loans, and inter-group loans. These liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

The University has debt instruments through:

- long-term unsecured fixed interest bonds issued in October 2012 and June 2018 and listed on the London Stock Exchange. The bonds were initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the bonds were issued and the transaction costs are accounted for as additional expense over the term of the bonds (see Note 29); and
- long-term unsecured CPI-linked bonds issued in June 2018 and listed on the London Stock Exchange. These bonds are deemed to be complex financial instruments and so are initially recognised at fair value at the transaction date and subsequently re-measured to their fair value at the reporting date. For financial instruments that are subsequently re-measured at fair value through profit or loss, transaction costs (net of any fees paid or received) are not added to or deducted from the amount initially recognised, instead they are expensed immediately on initial recognition.
- Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.
- Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement or are held within the CUEF where any change in fair value is reflected through investment gains or losses.
- To the extent that the University enters into forward foreign exchange contracts which remain unsettled at the balance sheet date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the balance sheet date. The University does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.
- Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

**(o) Related party transaction**

The University discloses transactions with related parties, which are outlined in detail in Note 38 to the financial statements.

Notes to the financial statements for the year ended 31 July 2023 (continued)

3. Statement of significant accounting policies continued

**(p) Segment information**

The Group operates in a number of different classes of business. For the purpose of segmental reporting, classes of business have been identified by reference to the nature of activity, the nature of funding, and the management organisation (see Note 19).

**(q) Lease commitments**

The Group assesses agreements that transfer the right to use assets. Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of an asset. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**(r) Climate change**

As described on page 295, the University Council have a target to reduce emissions from the operational estate to absolute zero by 2048 and a target for the reducing emissions from our CUEF investments to net zero by 2038. Page 295 also describes the activities being undertaken at this time to address this.

The impact of climate change is considered in preparation of specific aspects of the financial statements, for example, when considering whether indicators of impairment of assets exist, or the existence of capital commitments. No material impacts have been identified in the year. The Group intends to continue to develop a systematic approach to climate change risk assessment in preparation of the financial statements in future periods, in the context of the maturation and prioritisation of the University's physical programme of action.

**4. Critical accounting judgements, estimates, and assumptions**

Management is required to adopt those accounting policies most appropriate to the circumstances for the purposes of presenting fairly the Group's financial position, financial performance, and cash flows. The preparation of the Group and University's financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Given the continued uncertainty in global and UK economic conditions, it is increasingly difficult to predict the impact on the Group's reported and future financial position. Valuations for the Group's investments (including properties, the endowment fund, spin-outs and other securities) and pension funds rely on third-party and other market valuations. These valuations are subject to inherent uncertainty as global markets continue to fluctuate following the global pandemic.

The resulting accounting estimates will, therefore, by definition, be unlikely to equal the related actual results and may lead to adjustments to the future carrying value of assets and liabilities.

**(a) Critical judgements in applying the Group's accounting policies**

*i. Revenue recognition*

Revenues, particularly donations and grant income, are subject to judgement over when and by how much revenues should be recognised in the financial statements. This includes determining when entitlement arises, such as performance conditions being met, recognising research and other funding revenues in line with expenditure once a right to the funding is deemed to have arisen, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

*ii. Consolidation of the CUEF*

As described in Note 3(k), the CUEF is considered to be controlled by the University and, as such, forms part of the consolidated financial statements. The University, through its statutes and governance processes, and its ability to control the financial and operating policies of the CUEF so as to obtain benefits from its activities, is considered to meet the criteria of FRS 102 sections 9.4 and 9.5 with respect of demonstrating control.

**(b) Key accounting estimates and assumptions**

*i. Investment valuations (Note 12)*

The CUEF is comprised of a range of investment asset categories where there is not always a clearly observable valuation basis available.

Investments which are not listed or which are not frequently traded are stated at the Valuation Committee's best estimate of fair value. With respect to investments held through pooled funds or partnerships, reliance is placed on valuations of the underlying listed and unlisted investments as supplied by the investment fund managers of those funds or partnerships. The principles applied by the investment fund managers to those valuations are reviewed to ensure they are in compliance with CUEF policies. With respect to other investments, recognised valuation techniques are used, which may take account of any recent arm's-length transactions in the same or similar investment instruments. However, where no reliable fair value can be estimated, investments are stated at cost.

The CUEF valuation was based on 30 June and the University has carried out an exercise to determine the fund valuation as at 31 July. Where July statements were not available, the Group has adjusted for known cash movements and used the movement in indices for various asset classes to estimate the valuation changes from June to July. The indices chosen to be used for this exercise represented the underlying characteristics of these specific funds (that is, geographic location, industry of the fund, similar markets). The use of these indices require judgement. The valuation approach was approved by the UCIM's valuation Committee. A 10% change in the movement in valuation between 30 June 2023 and 31 July 2023 in assets where indices have been used would result in an increase/decrease of £4.6m in comprehensive income.

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

*4. Critical accounting judgements, estimates, and assumptions,  
(b) Key accounting estimates and assumptions continued*

*ii. Valuation of investment properties*

Properties held for investment purposes are revalued annually by accredited valuers, typically on the basis of estimated open market values on an existing use basis. Such valuations are based on assumptions and estimates including rental growth projections, key worker salary increases, whether break clauses will be taken, discount rates, future cash flows, and associated expenditure, which are impacted by a variety of factors, including changes in market and other economic conditions, which may have a material impact on the annual valuations.

In the current year, one of the key estimates used by the valuers, based on historic performance and by analysing historic wage inflation, is rental growth of key worker housing of 3.0% for 2023 (2022: 2.5%). The total investment property portfolio for key worker housing is £132.0m (2022: £137.7m).

Property yields, estimated rental value (ERVs) and capital value rates per square foot are other key judgements applied in the investment property valuations.

A change in valuation of 10% for the investment property portfolio would result in an increase/decrease of £50.9m (2022: £56.2m) in comprehensive income.

*iii. Defined benefit pension schemes and funding of pension deficits*

The University has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy; salary increases; asset valuations; and the discount rate on corporate bonds.

Based on actuarial advice provided, management estimate these factors to determine the net pension obligation in the statement of financial position (see Note 36).

Additionally, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS) (see Note 30). Management is satisfied that the USS meets the definition of a multi-employer scheme and has, therefore, recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the balance sheet date. The deficit recovery plan relates to the 2020 actuarial valuation.

Sensitivity analysis for the above is provided in Note 36.

*iv. CPI-linked bond valuation*

The CPI-linked bond must be remeasured to fair value at each balance sheet date. This requires valuation estimates provided by third-party valuers. Given the bond operates in an illiquid market, this requires an estimate of the offer price (see Note 41 for more information on methodology). Sensitivity analysis is provided in Note 41.



Notes to the financial statements for the year ended 31 July 2023 (continued)

## 5. Tuition fees and education contracts

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Full-time home/EU students	145.3	137.4	145.3	137.4
Full-time overseas (non-EU) students	172.7	168.5	172.7	168.5
Other course fees	46.4	43.8	29.0	30.1
Research training support grants	25.7	26.5	25.7	26.5
	<b>390.1</b>	376.2	<b>372.7</b>	362.5

## 6. Funding body grants

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Office for Students (OfS):				
Recurrent grant: teaching	19.7	18.8	19.7	18.8
Recurrent grant: research	143.7	144.3	143.7	144.3
Recurrent grant: museum funding	2.3	2.3	2.3	2.3
Other revenue grants	15.9	12.1	15.9	12.1
Total revenue grants	181.6	177.5	181.6	177.5
Capital grants recognised in the year	26.0	19.8	26.0	19.8
	<b>207.6</b>	197.3	<b>207.6</b>	197.3

## 7. Research grants and contracts

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Research councils	172.8	169.7	172.8	169.7
UK-based charities	172.1	166.1	172.1	164.8
European Commission	39.1	50.7	39.1	50.7
UK industry	26.3	24.1	25.7	23.3
UK government	56.2	50.7	55.5	50.5
Other bodies	103.0	90.5	90.6	81.9
	<b>569.5</b>	551.8	<b>555.8</b>	540.9

Total research grants and contracts income includes grants of £5.8m (2022: £9.3m) towards the cost of buildings and £17.9m (2022: £14.0m) for the purchase of equipment.

## 8. Examination, assessment, and publishing services

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Examination fees	508.0	490.4	434.9	367.4
Publishing	390.3	348.7	356.5	315.9
Other examination and assessment services	92.7	21.0	23.0	19.9
	<b>991.0</b>	860.1	<b>814.4</b>	703.2

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 9. Donations and endowments

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
New endowments	10.5	4.7	10.1	4.2
Donations of, and for the purchase of, fixed assets	4.1	2.0	4.1	2.0
Donations of, and for the purchase of, heritage assets	19.1	4.8	19.1	4.8
Other donations with restrictions	79.8	19.2	71.1	11.6
Donations from subsidiary companies	-	-	10.8	6.0
Unrestricted donations	18.9	22.1	12.5	15.3
	<b>132.4</b>	52.8	<b>127.7</b>	43.9

Other donations with restrictions includes donations for multi-year programmes where the related expenditure is incurred across multiple years. Included within donations from subsidiary companies to the University is £0.4m (2022: £1.9m) relating to capital donations received for the purchase of fixed assets.

## 10. Sources of grant and fee income

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Grant income from the OfS	24.1	22.0	24.1	22.0
Grant income from other bodies	183.5	175.3	183.5	175.3
Fee income for taught awards *	278.3	259.6	268.6	245.9
Fee income for research awards *	74.1	72.9	74.1	72.9
Fee income from non-qualifying courses *	37.7	43.7	30.0	43.7
	<b>597.7</b>	573.5	<b>580.3</b>	559.8

\* Exclusive of Value Added Tax.

Grant and fee income consist of Tuition fees and education contracts of £390.1m (2022: £376.2m) and Funding body grants of £207.6m (2022: £197.3m). 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 11).

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 11. Other income

	Group 2023 £m	Group 2022 £m (*restated)	University 2023 £m	University 2022 £m (*restated)
Other services rendered	77.9	70.7	61.2	57.9
Health and hospital authorities	22.8	22.0	22.8	22.0
Residences, catering, and conferences	13.9	9.2	13.6	9.1
Income from intellectual property	5.7	4.9	4.8	3.4
Rental income	27.3	23.6	24.7	21.1
Grants received (other than those included in Notes 6 and 7 above)	5.5	5.8	2.5	2.7
Sundry income	24.9	24.5	67.2	22.7
	<b>178.0</b>	160.7	<b>196.8</b>	138.9

\* Refer to Note 43 on page 385 for details of the restatement.

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.

## 12. Investment income

Investment returns generated by the Cambridge University Endowment Fund (CUEF) constitute a significant proportion of investment income. The CUEF is a unitised fund constituted by Trust Deed with the University as sole trustee holding the property of the CUEF on trust for unit holders. Unit holders are the University, a number of its subsidiary undertakings, and UK charities associated with the University (such as Colleges and trusts) provided they meet the necessary eligibility requirements. The University operates the fund through its wholly-owned subsidiary, University of Cambridge Investment Management Limited, to deliver long-term investment in respect of individual restricted endowments and other balances. The CUEF is managed on a total return basis (that is, income and net capital gains) and invests in asset classes, which generate little or no income. Distributions are made to unit holders according to a formula which has regard to the total return reasonably to be expected in the long term, in proportion to the number of units held. Unit holders receive distributions as income.

Distributions made to unit holders are usually funded through both investment income generated on the underlying CUEF assets and an element by drawing on the long-term capital growth of the investments. For the year ended 31 July 2023 distributions by the CUEF totalled £138.2m (2022: £121.5m) all of which were funded by drawing on the long-term capital gain as investment expenses were more than investment income.

As the CUEF is consolidated in the financial statements of the Group, the distribution from the CUEF is eliminated on consolidation. However, an analysis of investment income including CUEF distributions, and a reconciliation between the income allocated to the various reserves on a distribution basis, which are used for internal management reporting purposes, and the statement of comprehensive income, are provided below and on the next page:

	Group 2023 £m	Group 2022 £m (*restated)	University 2023 £m	University 2022 £m (*restated)
Investment income from underlying CUEF assets	20.6	22.0	20.6	22.0
Income from other investments, including current asset investments and cash equivalents	29.1	17.2	24.9	11.3
<b>Net investment income reported in financial statements</b>	<b>49.7</b>	39.2	<b>45.5</b>	33.3
CUEF distributions credited to unit holders	138.2	121.5	114.6	100.2
Investment income on distribution basis	<b>187.9</b>	160.7	<b>160.1</b>	133.5

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 12. Investment income continued

Credited to:

	Total investment income 2023 £m	Amounts distributed from capital 2023 £m	Net investment income 2023 £m	Net investment income 2022 £m (*restated)
<b>Group</b>				
Permanent endowment reserves	72.2	(73.8)	(1.6)	(1.1)
Expendable endowment reserves	24.6	(24.7)	(0.1)	(0.4)
Restricted reserves	5.7	(2.9)	2.8	0.1
Unrestricted reserves	90.6	(42.0)	48.6	40.6
	193.1	(143.4)	49.7	39.2
<b>University</b>				
Permanent endowment reserves	64.1	(65.7)	(1.6)	(1.9)
Expendable endowment reserves	11.7	(11.6)	0.1	(0.2)
Restricted reserves	1.2	(2.9)	(1.7)	-
Unrestricted reserves	87.5	(38.8)	48.7	35.4
	164.5	(119.0)	45.5	33.3

\* Refer to Note 43 on page 385 for details of the restatement.

## 13. Total income

Consolidated total income of £2,518.3m (2022: £2,238.1m (restated)) is credited to reserves as follows:

	Group: Year ended 31 July 2023			Group: Year ended 31 July 2022		
	Endowments £m	Restricted £m	Unrestricted £m	Endowments £m	Restricted £m	Unrestricted £m (*restated)
Tuition fees and education contracts	-	-	390.1	-	-	376.2
Funding body grants	-	26.0	181.6	-	19.8	177.5
Research grants and contracts	-	49.7	519.8	-	50.0	501.8
Examination, assessment and publishing services	-	-	991.0	-	-	860.1
Donations and endowments	10.5	61.1	60.8	4.7	(29.7)	77.8
Other income	-	5.5	172.5	-	5.8	154.9
Investment income	(1.7)	2.8	48.6	(1.5)	0.1	40.6
	8.8	145.1	2,364.4	3.2	46.0	2,188.9

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 13. Total income continued

Consolidated total income £2,518.3m (2022: £2,238.1m (restated)) is attributable as follows to the three broad categories defined by FRS 102: revenue, government grants, and non-exchange transactions:

	Group: Year ended 31 July 2023			Group: Year ended 31 July 2022		
	Revenue £m	Government grants £m	Non- exchange transactions £m	Revenue £m (*restated)	Government grants £m	Non- exchange transactions £m
Tuition fees and education contracts	364.4	25.7	-	349.7	26.5	-
Funding body grants	-	207.6	-	-	197.3	-
Research grants and contracts	-	268.1	301.4	-	271.1	280.7
Examination and assessment services	991.0	-	-	860.1	-	-
Donations and endowments	-	-	132.4	-	-	52.8
Other income	147.6	5.5	24.9	130.4	5.8	24.5
Investment income	49.7	-	-	39.2	-	-
	<b>1,552.7</b>	<b>506.9</b>	<b>458.7</b>	1,379.4	500.7	358.0

\* Refer to Note 43 on page 385 for details of the restatement.

### 14. Staff costs

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Wages and salaries	852.5	780.0	749.3	694.1
Social security costs	89.7	84.9	80.4	75.8
Pension costs:				
Gross pensions costs included within staff costs	181.4	189.5	173.7	184.2
Net change in USS deficit recovery provision (see Note 30)	(103.0)	250.8	(103.3)	243.4
Total pension costs (see Note 36)	78.4	440.3	70.4	427.6
<b>Total staff costs</b>	<b>1,020.6</b>	1,305.2	<b>900.1</b>	1,197.5
The average number of staff employed in the year, expressed as full-time equivalents, was:	<b>18,425</b>	17,901		

Based on the 2020 valuation of the Universities Superannuation Scheme (USS), the impact of the net change in the USS deficit recovery provision is a credit of £103.0m (2022: charge of £250.8m). This comprises a non-cash credit to staff costs resulting from the change in assumptions, including the change in discount rate, of £75.2m (2022: charge of £260.8m) and cash contributions made to reduce the deficit in the year of £27.8m (2022: £10.0m). The cash contributions are recognised in Gross pension costs included in staff costs, with the corresponding credit recognised in Net change in USS deficit recovery provision.

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 14. Staff costs continued

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

With income of over £2.5bn, and more than 18,000 staff across the Group and a diverse range of academic and non-academic strands, the University is a complex organisation. It is one of the largest universities in the UK, with significant academic standing and global presence, regularly appearing in the top five of global university rankings.

Consequently, when considering the remuneration for the Vice-Chancellor, the Remuneration Committee undertakes detailed analysis of comparable salaries in the UK, North America, and Australia. The Remuneration Committee considers the range within which a salary can be offered and proposes a package to the Council once the candidate is identified. The last recruitment exercise for Vice-Chancellor was undertaken during the year.

The term of office of the Vice-Chancellor, who was in post at the beginning of the year ended on 30 September 2022. An Acting Vice-Chancellor was in post from 1 October 2022 to 30 June 2023. The current Vice-Chancellor's term of office commenced on 1 July 2023. The disclosures in this note relate to the three post holders during the year.

The Vice-Chancellor's performance is usually assessed annually against objectives agreed by the Council. Based on that assessment, the Council determines any salary increase, having been advised by the Remuneration Committee and taking due regard of salary growth across the wider University. Due to the situation described above, no formal performance assessment has been undertaken during the year.

The remuneration of the three postholders during the year is detailed in the table below and relates to the year from 1 August 2022 to 31 July 2023. The comparative year information relates solely to the postholder whose term of office ended on 30 September 2022.

	2023 Post holder to 30 September 2022 £'000	2023 Post holder 1 October 2022 – 30 June 2023 £'000	2023 Post holder 11 April – 31 July 2023* £'000	2023 Total £'000	2022 Total £'000
Salary for the year	66	209	123	398	385
Deductions to reflect salary sacrifice arrangements	(2)	-	(12)	(14)	(10)
Net salary paid in the year	64	209	111	384	375
Taxable benefits in kind	8	-	17	25	52
Non-taxable benefits in kind	-	-	13	13	22
Total excluding employer pension contributions	72	209	141	422	449
Employer pension contributions	6	-	38	44	31
Payments made in lieu of pension	8	25	-	33	46
<b>Total remuneration</b>	<b>86</b>	<b>234</b>	<b>179</b>	<b>499</b>	<b>526</b>

\* The post holder became an employee of the University on 11 April 2023, prior to commencement of her term of office on 1 July 2023. The disclosures relate to the period from 11 April to 31 July 2023.

Taxable benefits in kind for the post holder up to 30 September 2022 include private healthcare of £nil (2022: £2,732), and accommodation, utilities and property taxes of £8,292 (2022: £49,750). Non-taxable benefits include flights and related airport transfers of £nil (2022: £22,324).

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

#### **14. Staff costs** continued

HMRC wrote to all universities in April 2019 to warn that proposed changes to HMRC's interpretation of the relevant legislation would likely result in the provision of any accommodation associated with employment becoming a taxable benefit from 6 April 2021. For many universities, including Cambridge, the subsequent change affected official residences occupied by university leaders. The University of Cambridge had to reassess, from 6 April 2021, the way in which it covers the costs of the Vice-Chancellor's Lodge. The Lodge is provided to the Vice-Chancellor as part of their employment contract and the post holder is contractually required to reside there. The taxable accommodation benefit has been calculated on a basis agreed with HMRC, using the 'employer-related living accommodation' rules. The University Council approved equalisation payments to the Vice-Chancellor in post at the start of the year and up to 30 September 2022 to cover the additional costs arising from the change in tax position, given the exceptional circumstances of the change occurring during the Vice-Chancellor's contract. Equalisation payments made during the year relate to liabilities that arose during the current and previous years. These payments should not be regarded as additional remuneration; they are made to ensure that the Vice-Chancellor's financial position is the same as it was before HMRC made this change. No equalisation payments were made to the Acting Vice-Chancellor or the current Vice-Chancellor.

Taxable benefits in kind for the post holder from 11 April to 31 July 2023 include accommodation, utilities and property taxes of £2,496 and other taxable benefits of £14,367 which included the taxable element of relocation expenses borne by the University. Non-taxable benefits of £12,841 included relocation costs borne by the University up to the £8,000 HMRC relocation allowance, and flights and related airport transfers of £4,841.

The Interim Vice-Chancellor in post between 1 October 2022 and 30 June 2023 did not receive any benefits in kind.

#### **Pay ratios:**

- (a) The Vice-Chancellor's basic salary is 10.3 times (2022: 10.5) 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 10.4 times (2022: 11.9) 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 1,223 (2022: 1,013) agency staff employed on temporary contracts through the University's Temporary Employment Services (TES).

Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 14. Staff costs continued

##### Basic salary bandings for higher paid staff

The number of staff (FTEs) with a basic salary (including market pay supplements) in excess of £100,000 p.a., before salary sacrifice arrangements is outlined below:

	Group 2023 Number	Group 2022 Number
£100,001 – £105,000	114	91
£105,001 – £110,000	108	117
£110,001 – £115,000	73	68
£115,001 – £120,000	66	69
£120,001 – £125,000	83	49
£125,001 – £130,000	36	36
£130,001 – £135,000	45	25
£135,001 – £140,000	18	20
£140,001 – £145,000	21	21
£145,001 – £150,000	15	20
£150,001 – £155,000	9	20
£155,001 – £160,000	22	7
£160,001 – £165,000	12	13
£165,001 – £170,000	11	4
£170,001 – £175,000	6	10
£175,001 – £180,000	9	6
£180,001 – £185,000	7	5
£185,001 – £190,000	5	6
£190,001 – £195,000	5	2
£195,001 – £200,000	3	1
£200,001 – £205,000	2	4
£205,001 – £210,000	1	4
£210,001 – £215,000	3	6
£215,001 – £220,000	7	2
£220,001 – £225,000	3	6
£225,001 – £230,000	-	2
£230,001 – £235,000	2	1
£235,001 – £240,000	3	1
£240,001 – £245,000	1	1
£245,001 – £250,000	2	2
£250,001 – £255,000	2	-
£260,001 – £265,000	1	-
£265,001 – £270,000	1	-
£295,001 – £300,000	-	1
£305,001 – £310,000	-	1
£310,001 – £315,000	1	-
£340,001 – £345,000	-	1
£345,001 – £350,000	-	1
£355,001 – £360,000	1	-
£360,001 – £365,000	1	-
£380,001 – £385,000	-	1
£415,001 – £420,000	1	-
£480,001 – £485,000	-	1
£505,001 – £510,000	1	-
	<b>701</b>	<b>625</b>

The above statistics include staff engaged in business and commercial activities, including those of the Press & Assessment. The above bandings also include the Vice-Chancellor.



Notes to the financial statements for the year ended 31 July 2023 (continued)

**14. Staff costs** continued**Compensation for loss of office**

	Group 2023 £000	Group 2022 £000
Aggregate payments for compensation for loss of office were paid to 392 members of staff in 2022–23 (486 in 2021–22):		
Payments in respect of loss of office	4,398	5,094

**Key management personnel**

	Group 2023 £000	Group 2022 £000
The total remuneration of the Vice-Chancellor, the Pro-Vice-Chancellors, Chief Financial Officer and Registry for the year (or part thereof), comprising salary and benefits (taxable and non-taxable), employer pension contributions and before salary sacrifice arrangements, was:	2,322	2,263

**15. Analysis of consolidated expenditure by activity**

	Staff costs £m	Other operating expenses £m	Depreciation and amortisation £m	Interest payable £m	Group 2023 Total £m	Group 2022 Total £m (*restated)
Academic departments	332.7	90.1	6.4	–	429.2	370.1
Academic services	44.0	14.3	1.3	–	59.6	57.3
Payments to Colleges (see Note 39)	–	85.9	–	–	85.9	84.7
Research grants and contracts	254.7	210.3	17.8	–	482.8	465.9
Other activities:						
Press & Assessment	345.3	472.1	52.8	2.8	873.0	760.8
Other services rendered	23.9	44.8	0.6	–	69.3	66.4
Intellectual property	6.8	15.1	0.1	–	22.0	24.2
Residences, catering, and conferences	2.8	16.3	0.1	–	19.2	12.8
Other activities total	378.8	548.3	53.6	2.8	983.5	864.2
Administration and central services:						
Administration	69.6	15.3	1.4	0.3	86.6	87.1
General educational	9.6	90.9	–	–	100.5	86.3
Staff and student facilities	5.5	1.1	–	–	6.6	5.1
Development office	8.5	7.7	–	–	16.2	14.0
Other	2.6	13.8	(0.2)	0.1	16.3	14.4
Administration and central services total	95.8	128.8	1.2	0.4	226.2	206.9
Premises	19.8	93.6	56.1	–	169.5	142.7
Interest payable on bond liabilities	–	–	–	(64.3)	(64.3)	(161.1)
CUEF administration expenses	–	26.4	–	–	26.4	25.6
Pension cost adjustments for USS (see Note 30)	(103.0)	–	–	14.6	(88.4)	233.8
Pension cost adjustments for CPS (see Note 36)	(2.2)	–	–	9.7	7.5	30.3
<b>Total per statement of comprehensive income</b>	<b>1,020.6</b>	<b>1,197.7</b>	<b>136.4</b>	<b>(36.8)</b>	<b>2,317.9</b>	<b>2,320.4</b>

\* Refer to Note 43 on page 385 for details of the restatement.

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 15. Analysis of consolidated expenditure by activity continued

### Other operating expenses include:

	Group 2023 £m	Group 2022 £m
<b>Operating lease charges:</b>		
Land and buildings	7.9	7.2
Other	0.2	0.9

At 31 July 2023, the Group has total commitments under non-cancellable operating leases of £7.4m (2022: £7.0m) not later than one year, £19.7m (2022: £15.4m) later than one year and not later than five years, and £6.8m (2022: £11.9m) later than five years.

	Group 2023 £000	Group 2022 £000
<b>Auditor's remuneration:</b>		
Audit fees payable to the Group's external auditors	1,953	1,185
Other fees payable to the Group's external auditors	57	75
Audit fees payable to other firms (in respect of certain Trusts and subsidiary undertakings)	245	188
<b>Payments to trustees</b>		
Reimbursement of expenses to three external members of Council (2022: two)	2	3
There were no other payments made to trustees for their services to the University		

## 16. Access and participation expenditure

The spend incurred directly by the University in respect of access and widening participation activities for the financial year ended 31 July 2023 is outlined below.

	Group 2023 £m	Group 2022 £m
Access investment	2.1	1.8
Financial support for students	5.7	5.2
Support for disabled students	1.3	1.5
Research and evaluation	0.1	0.2
	<b>9.2</b>	<b>8.7</b>

Included within the above spend are staff costs amounting to £2.9m (2022: £2.5m) which are included within the staff note disclosures in Note 14.

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 (see Note 1). 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>.

Finally, financial support is also provided to students from around the world through associated Trusts of the University: the Commonwealth European and International Trust and the Gates Trust. This activity is not reflected in the above table.

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 17. Interest and other finance income

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Interest payable (credit)/charge and other finance costs on bond liabilities (see Note 29)	(64.3)	(161.1)	(64.3)	(161.1)
Interest on pension liabilities (see Note 30)	26.4	15.9	25.8	15.8
Interest paid on other retirement benefit liabilities (see Note 31)	0.6	0.4	0.6	0.4
Finance charge/(credit) associated with the revaluation of forward exchange contracts	0.5	0.2	0.9	0.2
	<b>(36.8)</b>	(144.6)	<b>(37.0)</b>	(144.7)

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:

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Bond liabilities – unsecured 2052 (fixed interest)	13.2	13.2	13.2	13.2
Bond liabilities – unsecured 2078 (fixed interest)	7.1	7.1	7.1	7.1
Bond liabilities – unsecured 2068 (index-linked, amortising from 2028)	(84.6)	(181.4)	(84.6)	(181.4)
	<b>(64.3)</b>	(161.1)	<b>(64.3)</b>	(161.1)

Included within the 2068 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 credit recognised as a result of this revaluation is £85.4m (2022: credit of £182.2m).

For further details on these bond liabilities, see Note 29.

## 18. Taxation

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
UK Corporation Tax	–	–	–	–
Foreign taxes	5.6	4.4	2.0	1.2
	<b>5.6</b>	4.4	<b>2.0</b>	1.2

The foreign taxes for the Group and University primarily relate to overseas activities associated with publishing and assessment activities. The Group operates in a variety of overseas jurisdictions with activities for which profits are subject to local taxes. The associated risks in operating internationally are managed within the University's tax departments. The Group has made payments on account totalling £8.9m (2022: £7.9m) in relation to an ongoing tax audit. These amounts are reflected in other debtors, as it is expected that the audits will conclude in the Group's favour.

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 (2022: £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.

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 19. Segment information

The Group's reportable segments are:

<b>Academic University</b>	Teaching and research undertaken by the University.
<b>Cambridge University Press &amp; Assessment</b>	Publishing, examination and assessment services, carried out by the Press & Assessment department of the University and its subsidiary undertakings.
<b>Cambridge University Endowment Fund (CUEF)</b>	The investment fund managed by the Group and holding the majority of the Group's investments together with some investments of Colleges and other associated bodies (see Note 12).
<b>Trusts and other</b>	The combination of smaller entities including the associated trusts and subsidiary companies not included in the other segments.

The reportable segments are determined based on the governance, management and internal reporting structures, which combine entities and operations with common characteristics.

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

	Academic University £m	Press & Assessment £m	CUEF £m	Trusts and other £m	Eliminations and adjustments £m	Group £m
<b>Year ended 31 July 2023</b>						
Total income						
External	1,401.9	1,010.5	20.6	84.9	0.4	2,518.3
Intersegment	186.6	4.4	-	86.9	(277.9)	-
<b>Total</b>	<b>1,588.5</b>	<b>1,014.9</b>	<b>20.6</b>	<b>171.8</b>	<b>(277.5)</b>	<b>2,518.3</b>
<b>Surplus/(deficit) for the year</b>	<b>142.1</b>	<b>143.2</b>	<b>86.1</b>	<b>(49.4)</b>	<b>(123.1)</b>	<b>198.9</b>
Included in surplus/(deficit) for the year:						
Investment income	133.0	8.0	20.6	22.1	(134.0)	49.7
Depreciation and amortisation	82.7	52.9	-	0.8	-	136.4
Interest (receivable)/payable	(41.0)	4.2	-	0.1	(0.1)	(36.8)
Gain/(loss) on disposal of fixed assets	-	-	-	-	-	-
(Loss)/gain on investments	(109.5)	5.8	91.9	(32.2)	47.9	3.9
Additions to intangible assets, fixed assets, heritage assets, and investment property	138.3	55.4	-	3.3	-	197.0
<b>Assets</b>	<b>7,490.5</b>	<b>1,318.4</b>	<b>4,129.4</b>	<b>698.0</b>	<b>(4,017.5)</b>	<b>9,618.8</b>
<b>Liabilities</b>	<b>(1,827.2)</b>	<b>(357.2)</b>	<b>(42.2)</b>	<b>(142.2)</b>	<b>(82.3)</b>	<b>(2,451.1)</b>
<b>Net assets</b>	<b>5,663.3</b>	<b>961.2</b>	<b>4,087.2</b>	<b>555.8</b>	<b>(4,099.8)</b>	<b>7,167.7</b>

Notes to the financial statements for the year ended 31 July 2023 (continued)

**19. Segment information** continued

	Academic University £m	Press & Assessment £m	CUEF £m (*restated)	Trusts and other £m (*restated)	Eliminations and adjustments £m (*restated)	Group £m (*restated)
Year ended 31 July 2022						
Total income						
External	1,273.1	868.5	22.0	76.8	(2.3)	2,238.1
Intersegment	151.2	4.3	-	100.2	(255.7)	-
<b>Total</b>	<b>1,424.3</b>	<b>872.8</b>	<b>22.0</b>	<b>177.0</b>	<b>(258.0)</b>	<b>2,238.1</b>
Surplus for the year	28.8	109.3	194.6	13.2	(225.7)	120.2
Included in surplus for the year:						
Investment income	108.4	1.6	22.0	25.5	(118.3)	39.2
Depreciation and amortisation	84.5	45.3	-	1.0	(0.3)	130.5
Interest (receivable)/payable	(146.9)	2.2	-	0.1	-	(144.6)
Gain/(loss) on disposal of fixed assets	8.2	(0.7)	-	-	-	7.5
Gain on investments	51.7	6.7	198.2	18.7	(76.3)	199.0
Additions to intangible assets, fixed assets, heritage assets, and investment property	119.5	50.4	-	0.4	0.2	170.5
Assets	7,543.1	1,221.2	4,083.7	724.8	(3,985.8)	9,587.0
Liabilities	(2,255.5)	(406.4)	(83.2)	(109.4)	(39.6)	(2,894.1)
<b>Net assets</b>	<b>5,287.6</b>	<b>814.8</b>	<b>4,000.5</b>	<b>615.4</b>	<b>(4,025.4)</b>	<b>6,692.9</b>

**Eliminations and adjustments**

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

	2023 £m	2022 £m (*restated)
<b>Total income</b>		
Elimination of intersegment income	(277.9)	(255.7)
Other adjustments	0.4	(2.3)
<b>Total eliminations and adjustments</b>	<b>(277.5)</b>	<b>(258.0)</b>
<b>Surplus for the year</b>		
Eliminate CUEF surplus recognised in other segments or attributable to external investors	(86.1)	(194.6)
Eliminate transfers from other segments to HEI based on surpluses	(43.8)	(30.3)
Elimination of intersegment funding commitments	1.8	1.8
Eliminate intersegment surplus on transfer of fixed assets	-	-
Eliminate other intersegment balances	5.0	(2.6)
<b>Total eliminations and adjustments</b>	<b>(123.1)</b>	<b>(225.7)</b>

**Assets and liabilities**

	Assets 2023 £m	Liabilities 2023 £m	Net assets 2023 £m	Net assets 2022 £m
Eliminate CUEF assets recognised in other segments or attributable to external investors	(3,735.9)	(351.3)	(4,087.2)	(4,000.5)
Eliminate accrual for intersegment funding commitments	-	25.6	25.6	23.8
Eliminate intersegment surplus on transfers of fixed assets	(39.1)	-	(39.1)	(39.2)
Eliminate investments in subsidiaries	(6.7)	6.7	-	-
Eliminate intersegment balances	(235.8)	236.7	0.9	(9.5)
<b>Total eliminations and adjustments</b>	<b>(4,017.5)</b>	<b>(82.3)</b>	<b>(4,099.8)</b>	<b>(4,025.4)</b>

\* Refer to Note 43 on page 385 for details of the restatement.

Notes to the financial statements for the year ended 31 July 2023 (continued)

**20. Intangible assets and goodwill**

Group	Software £m	Goodwill £m	Others £m	2023 Total £m	2022 Total £m
<b>Cost</b>					
At 1 August	304.2	37.9	23.1	365.2	323.6
Additions	49.7	-	2.3	52.0	42.3
Disposals	(1.2)	-	-	(1.2)	(1.4)
Currency adjustments	(0.6)	(0.4)	-	(1.0)	0.7
At 31 July	352.1	37.5	25.4	415.0	365.2
<b>Accumulated amortisation</b>					
At 1 August	216.8	27.1	15.9	259.8	230.6
Charge for the year	31.2	5.1	0.9	37.2	29.7
Disposals	(1.2)	-	-	(1.2)	(1.0)
Currency adjustments	(0.5)	(0.1)	-	(0.6)	0.5
At 31 July	246.3	32.1	16.8	295.2	259.8
<b>Net book value</b>					
<b>At 31 July</b>	<b>105.8</b>	<b>5.4</b>	<b>8.6</b>	<b>119.8</b>	105.4
At 1 August	87.4	10.8	7.2	105.4	93.0
<b>University</b>	<b>Software £m</b>	<b>Goodwill £m</b>	<b>Others £m</b>	<b>2023 Total £m</b>	<b>2022 Total £m</b>
<b>Cost</b>					
At 1 August	289.8	8.0	22.7	320.5	290.5
Additions	42.2	5.2	-	47.4	31.4
Disposals	-	-	-	-	(1.4)
Currency adjustments	0.2	-	-	0.2	-
At 31 July	332.2	13.2	22.7	368.1	320.5
<b>Accumulated amortisation</b>					
At 1 August	205.6	3.2	18.5	227.3	202.1
Charge for the year	25.2	4.4	0.8	30.4	26.0
Disposals	-	-	-	-	(0.8)
At 31 July	230.8	7.6	19.3	257.7	227.3
<b>Net book value</b>					
<b>At 31 July</b>	<b>101.4</b>	<b>5.6</b>	<b>3.4</b>	<b>110.4</b>	93.2
At 1 August	84.2	4.8	4.2	93.2	88.4

Notes to the financial statements for the year ended 31 July 2023 (continued)

**21. Tangible assets**

Group	Non-leasehold					2023 Total £m	2022 Total £m
	Land £m	buildings £m	Leasehold buildings £m	Assets in construction £m	Equipment £m		
<b>Cost</b>							
At 1 August	372.6	2,009.7	417.4	317.9	493.9	3,611.5	3,506.6
Additions	-	3.6	0.5	69.4	40.4	113.9	114.9
Transfers	-	18.0	0.8	(19.0)	0.2	-	-
Disposals	-	-	-	-	(14.8)	(14.8)	(11.9)
Currency adjustments	(0.2)	(0.2)	0.3	0.1	(0.6)	(0.6)	1.9
At 31 July	372.4	2,031.1	419.0	368.4	519.1	3,710.0	3,611.5
<b>Accumulated depreciation</b>							
At 1 August	-	379.5	62.1	-	420.6	862.2	772.0
Charge for the year	-	56.2	11.3	-	31.7	99.2	100.8
Disposals	-	-	-	-	(14.7)	(14.7)	(11.3)
Currency adjustments	-	(0.1)	0.2	-	(0.2)	(0.1)	0.7
At 31 July	-	435.6	73.6	-	437.4	946.6	862.2
<b>Net book value</b>							
At 31 July	372.4	1,595.5	345.4	368.4	81.7	2,763.4	2,749.3
At 1 August	372.6	1,630.2	355.3	317.9	73.3	2,749.3	2,734.6

The net book value of leasehold land included in the above table is £30.8m (2022: £30.8m).

University	Non-leasehold					2023 Total £m	2022 Total £m
	Land £m	buildings £m	Leasehold buildings £m	Assets in construction £m	Equipment £m		
<b>Cost</b>							
At 1 August	372.6	2,012.0	408.2	323.1	480.6	3,596.5	3,494.8
Additions	-	3.6	-	66.6	38.9	109.1	113.7
Transfers	-	18.0	0.8	(19.0)	0.2	-	-
Disposals	-	(0.1)	-	-	(14.4)	(14.5)	(11.4)
Currency adjustments	(0.2)	(0.1)	0.3	-	(0.3)	(0.3)	(0.6)
At 31 July	372.4	2,033.4	409.3	370.7	505.0	3,690.8	3,596.5
<b>Accumulated depreciation</b>							
At 1 August	-	379.6	58.7	-	410.2	848.5	761.6
Charge for the year	-	56.2	10.4	-	30.6	97.2	98.6
Disposals	-	-	-	-	(14.4)	(14.4)	(11.3)
Currency adjustments	-	(0.1)	0.1	-	(0.3)	(0.3)	(0.4)
At 31 July	-	435.7	69.2	-	426.1	931.0	848.5
<b>Net book value</b>							
At 31 July	372.4	1,597.7	340.1	370.7	78.9	2,759.8	2,748.0
At 1 August	372.6	1,632.4	349.5	323.1	70.4	2,748.0	2,733.2

The net book value of leasehold land included in the above table is £30.8m (2022: £30.8m).

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 22. Heritage assets

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Opening balance	82.2	77.4	82.1	77.4
Additions in the year	19.6	4.8	19.6	4.7
<b>Closing balance at 31 July</b>	<b>101.8</b>	82.2	<b>101.7</b>	82.1

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 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 (see Note 4), heritage assets acquired since 1 August 1999 have been capitalised. The majority of assets held in the University's collections were acquired before 1 August 1999; because reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result, the total included in the balance sheet is partial.

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

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Value of acquisitions by donation	19.1	4.8	3.7	1.6	1.4
Total acquired by, or funded by, donations	19.1	4.8	3.7	1.6	1.4
Acquisitions purchased with University funds	0.5	–	0.1	–	–
<b>Total acquisitions capitalised</b>	<b>19.6</b>	4.8	3.8	1.6	1.4



Notes to the financial statements for the year ended 31 July 2023 (continued)

## 23. Non-current asset investments

### (a) Other investments

	Group 2023 £m	Group 2022 £m (restated*)	University 2023 £m	University 2022 £m (restated*)
Opening balance	4,215.0	3,723.0	3,541.2	3,070.0
Additions in the year	162.4	271.7	157.5	278.0
Disposals in the year	(10.7)	(10.2)	(5.3)	(6.1)
Transfers (to)/from cash and cash equivalents	(62.3)	24.7	(32.3)	44.2
Share of operating surplus/(deficit) in joint ventures and associates	0.1	(2.0)	(2.5)	(10.6)
Gains on investments	69.0	207.5	78.1	165.5
Impairment of investments	(8.9)	-	(8.9)	-
Currency adjustments	(0.5)	0.3	(0.1)	0.2
<b>Closing balance at 31 July</b>	<b>4,364.1</b>	4,215.0	<b>3,727.7</b>	3,541.2
Represented by:				
CUEF units (see Note 12)	3,778.1	3,756.1	3,153.4	3,115.2
Cambridge multi-asset fund (CMAF)	406.8	244.7	406.8	244.7
Securities	31.3	35.4	20.7	28.7
Spin-out and similar companies (see Note 37)	97.4	124.4	62.0	61.8
Investments in associates – held as part of an investment portfolio (see Note 37)	42.9	46.5	42.9	46.5
Investments in subsidiary undertakings	-	-	41.0	43.3
Investments in joint ventures	7.5	7.8	-	-
Other	0.1	0.1	0.9	1.0
	<b>4,364.1</b>	4,215.0	<b>3,727.7</b>	3,541.2

\* Refer to Note 43 on page 385 for details of the restatement.

CUEF units of £3,778.1m (2022: £3,756.1m) include certain investment properties sold or transferred by the CUEF to Special Purpose Vehicles (SPVs) during the previous year. The SPVs have been assessed as being controlled by the CUEF (and in turn, the University), and remain consolidated within the Group and University Non-current asset investments. The investment properties are valued at £140.9m at 31 July 2023 (2022: £147.7m). The SPVs have also recognised secured loans of £40.4m (2022: £40.4m) against the properties. The value of the investment properties are included within the CUEF units value noted above.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 23. Non-current asset investments continued

#### Gains/(losses) on other investments

Gains/(losses) on investments included the following:

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Gains on CUEF investments	83.8	189.4	70.5	156.0
Gains/(losses) on CMAF investments	12.1	(5.3)	12.1	(5.3)
Gains on Securities	–	1.3	0.1	1.6
(Losses)/gains on spin-out and similar companies	(23.3)	23.5	(1.0)	14.6
Losses on Investments in associates – held as part of an investment portfolio	(3.6)	(1.4)	(3.6)	(1.4)
<b>Gains on non-current investments</b>	<b>69.0</b>	<b>207.5</b>	<b>78.1</b>	<b>165.5</b>
Losses on current asset investments	(2.6)	(5.6)	(2.5)	(5.7)
<b>Gains on other investments</b>	<b>66.4</b>	<b>201.9</b>	<b>75.6</b>	<b>159.8</b>

Further detail on the asset allocations held by the CUEF are outlined below:

	Group 31 July 2023		Group 31 July 2022	
	£m	%	£m	%
Public equity	1,640.7	40.1%	1,645.6	41.1%
Private equity	955.5	23.4%	962.5	24.0%
Absolute return and credit	898.2	22.0%	763.1	19.1%
Real assets	310.7	7.6%	398.2	10.0%
Fixed interest, cash and other	282.1	6.9%	231.1	5.8%
<b>Total value of fund</b>	<b>4,087.2</b>	<b>100.0%</b>	<b>4,000.5</b>	<b>100.0%</b>

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

Private equity 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.

Absolute return and 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. The value of the SPVs referred to on page 353, including the investment properties and secured loans, are included within this category. 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 CUEF asset allocation categories align with those reported to investors in quarterly and annual performance and asset allocation reporting.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 23. Non-current asset investments continued

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

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Non-current asset investments (see Note 23), comprising	<b>3,778.1</b>	3,756.1	<b>3,153.4</b>	3,115.2
Investment assets	<b>3,613.4</b>	3,535.8	<b>2,988.7</b>	2,894.9
Cash and cash equivalents	<b>164.7</b>	220.3	<b>164.7</b>	220.3
Current asset investments (see Note 26) – balances held on behalf of:	<b>351.3</b>	327.6	<b>976.0</b>	968.5
Subsidiary undertakings	–	–	<b>624.7</b>	640.9
Colleges	<b>337.9</b>	314.6	<b>337.9</b>	314.6
Other associated bodies	<b>13.4</b>	13.0	<b>13.4</b>	13.0
Derivative financial instrument liabilities (Note 28)	<b>(1.8)</b>	(42.8)	<b>(1.8)</b>	(42.8)
Secured borrowings (Note 29)	<b>(40.4)</b>	(40.4)	<b>(40.4)</b>	(40.4)
<b>Total value of units</b>	<b>4,087.2</b>	4,000.5	<b>4,087.2</b>	4,000.5

At 30 June 2023, the directly held property portfolio of the CUEF is valued by Knight Frank LLP in accordance with the standards of the Royal Institute of Chartered Surveyors, with an assessment then performed to update the value to 31 July 2023, where appropriate.

Cash and cash equivalents held within the CUEF are treated as Non-current asset investments as they are generally considered to be part of the CUEF asset allocation and not are held for the purpose of meeting short-term cash commitments.

#### (b) Investment property

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Opening balance	<b>562.2</b>	589.9	<b>562.2</b>	589.9
Additions in the year	<b>11.5</b>	7.7	<b>11.5</b>	7.7
Disposals in the year	<b>(2.4)</b>	(32.5)	<b>(2.4)</b>	(32.5)
Transfers from other balance sheet accounts	<b>0.2</b>	–	<b>0.2</b>	–
Net loss from fair value adjustments	<b>(62.5)</b>	(2.9)	<b>(62.5)</b>	(2.9)
<b>Closing balance</b>	<b>509.0</b>	562.2	<b>509.0</b>	562.2
Represented by:				
North West Cambridge development	<b>276.1</b>	346.4	<b>276.1</b>	346.4
Other investment property	<b>232.9</b>	215.8	<b>232.9</b>	215.8
	<b>509.0</b>	562.2	<b>509.0</b>	562.2

Phase 1 of the North West Cambridge (NWC) development is substantially complete and includes accommodation for University staff and students, infrastructure and community facilities. The NWC development, including land for Phases 2 and 3, has been valued as at 31 July 2023 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the RICS valuation – Global Standards (January 2022 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 loss in the carrying value of the investment of £78.7m (2022: £14.8m revaluation loss). The loss is substantially attributable to changes in key worker housing ratios and increasing build and infrastructure costs.

Other investment property is revalued annually by independent external valuers. The annual valuation of these properties has resulted in a gain on investment of £16.2m (2022: £11.9m revaluation gain).

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 24. Stock and work in progress

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Goods for resale	27.6	25.3	22.4	20.4
Pre-publication costs and other work in progress	24.4	25.2	22.9	23.6
Other stock	1.5	1.9	1.5	1.8
	<b>53.5</b>	52.4	<b>46.8</b>	45.8

There is no significant difference between the replacement cost of inventory and its carrying amount. Inventories are stated after a provision for impairment of £7.8m (2022: £8.9m).

## 25. Trade and other receivables

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
<b>Amounts due within one year:</b>				
Research grants recoverable	133.4	119.8	134.5	120.9
Amounts due from group undertakings	-	-	101.5	29.5
Trade debtors	148.2	171.1	120.7	152.5
Other debtors	196.4	132.8	173.0	134.3
	<b>478.0</b>	423.7	<b>529.7</b>	437.2

The majority of non-research trade and other receivables relates to examination, assessment and publishing services. Debtors relating to examination, assessment and publishing services are included within the Group amounting to £238.4m (2022: £213.3m) and within the University amounting to £204.4m (2022: £208.2m). Trade and other receivables are stated after a provision for impairment of £39.4m (2022: £31.2m).

## 26. Current asset investments

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
CUEF units held on behalf of other entities (see Note 23)	351.3	327.6	976.0	968.5
Money market investments (see Note 42)	345.5	221.2	345.5	221.2
Other current asset investments	133.1	294.7	133.1	294.7
	<b>829.9</b>	843.5	<b>1,454.6</b>	1,484.4

Other current asset investments comprise diversified investment funds and direct investments in UK government gilts. Refer to Note 40 for further details.

## 27. Cash and cash equivalents

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Money market investments with maturity less than three months	126.5	359.7	126.5	359.7
Cash at bank and in hand and with investment managers	272.8	193.6	161.0	90.8
	<b>399.3</b>	553.3	<b>287.5</b>	450.5

Cash and cash equivalents disclosed in this note excludes cash held within the CUEF, which is disclosed in Note 23. The movement in net debt is disclosed in Note 42.

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 28. Creditors: amounts falling due within one year

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Bank overdraft (see Note 42)	-	-	-	-
Finance leases (see Note 42)	0.1	0.1	0.1	0.1
Research grants received in advance	271.0	257.5	271.0	257.5
Other creditors and deferred income	469.6	472.5	350.6	356.9
Amounts due to group undertakings	-	-	64.2	21.9
Derivative financial instruments liabilities	2.8	43.4	2.8	43.4
Investments and cash equivalents held on behalf of subsidiary undertakings	-	-	704.4	719.3
Investments and cash equivalents held on behalf of Colleges and other associated bodies	355.4	326.2	355.4	326.2
	<b>1,098.9</b>	1,099.7	<b>1,748.5</b>	1,725.3

Deferred income of £116.3m (2022: £115.9m) is included above for the Group and £88.7m (2022: £82.6m) for the University as at 31 July 2023.

## 29. Creditors: amounts falling due after more than one year

	Group 2023 £m	Group 2022 £m	University 2023 £m	University 2022 £m
Bond liabilities – unsecured 2052 (fixed interest)	343.2	343.1	343.2	343.1
Bond liabilities – unsecured 2078 (fixed interest)	297.9	297.8	297.9	297.8
Bond liabilities – unsecured 2068 (index-linked, amortising from 2028)	196.3	281.8	196.3	281.8
Secured CUEF borrowings	40.4	40.4	40.4	40.4
Finance leases	1.0	1.0	1.0	1.0
Accruals and deferred income	31.0	19.7	5.3	6.1
	<b>909.8</b>	983.8	<b>884.1</b>	970.2

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 29. Creditors: amounts falling due after more than one year continued

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 remeasured 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 2023, the Indexed bonds were revalued downwards to £196.3m (2022: £281.8m) based on an average price of three independent valuations, decreasing the liability and resulting in a fair value adjustment credit through finance costs of £85.4m (2022: credit of £182.2m).

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

The secured CUEF borrowings are held in the Investment property Special Purpose Vehicles (SPVs) described in Note 23a. The loan carries interest at a fixed rate of 2.98%, being the seven-year UK Government Gilt rate at inception of 1.48%, plus 1.5%. Interest is paid quarterly in arrears on 30 January, 30 April, 30 July and 30 October. The capital is repayable on 30 April 2029.

The movement in net debt is disclosed in Note 42.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 30. Pension liabilities

Group	CPS (UK schemes) £m	The Press & Assessment £m	Defined benefit total £m	USS deficit recovery £m	Other £m	Total 2023 £m	Total 2022 £m
Opening balance	288.2	66.8	355.0	437.3	(1.4)	790.9	1,099.1
Movement in year:							
Current service cost	25.4	0.7	26.1	-	7.5	33.6	53.3
Past service cost	-	-	-	-	-	-	-
Contributions	(28.8)	(3.7)	(32.5)	-	(7.4)	(39.9)	(39.7)
Administration expenses	1.2	-	1.2	-	0.2	1.4	1.4
Interest on liability	9.6	2.2	11.8	14.6	-	26.4	15.9
Currency adjustments	-	-	-	-	0.2	0.2	(0.4)
Net change in underlying assumptions (see Note 14):							
- change in underlying assumptions	-	-	-	(75.2)	-	(75.2)	260.8
- USS deficit contributions payable	-	-	-	(27.8)	-	(27.8)	(10.0)
Actuarial gain	(233.0)	(49.2)	(282.2)	-	0.1	(282.1)	(589.5)
<b>Closing balance at 31 July</b>	<b>62.6</b>	<b>16.8</b>	<b>79.4</b>	<b>348.9</b>	<b>(0.8)</b>	<b>427.5</b>	<b>790.9</b>
<b>University</b>							
Opening balance	288.2	66.8	355.0	423.6	(2.3)	776.3	1,091.9
Movement in year:							
Current service cost	25.4	0.7	26.1	-	7.3	33.4	53.1
Past service cost	-	-	-	-	-	-	-
Contributions	(28.8)	(3.7)	(32.5)	-	(7.3)	(39.8)	(39.6)
Administration expenses	1.2	-	1.2	-	0.2	1.4	1.4
Interest on liability	9.6	2.2	11.8	14.1	(0.1)	25.8	15.8
Currency adjustments	-	-	-	-	0.4	0.4	(0.3)
Net change in underlying assumptions (see Note 14):							
- change in underlying assumptions	-	-	-	(76.6)	-	(76.6)	253.3
- USS deficit contributions payable	-	-	-	(26.7)	-	(26.7)	(9.9)
Actuarial gain	(233.0)	(49.2)	(282.2)	-	(0.5)	(282.7)	(589.4)
<b>Closing balance at 31 July</b>	<b>62.6</b>	<b>16.8</b>	<b>79.4</b>	<b>334.4</b>	<b>(2.3)</b>	<b>411.5</b>	<b>776.3</b>

The net liabilities in respect of the Cambridge University Assistants' Contributory Pension Scheme (CPS) and the Press defined benefit schemes represent the present value of the schemes' obligations to provide future benefits in relation to past service, less the assets of the schemes. For additional information, please refer to Note 36.

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 has estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in Note 36.

The Group also has a smaller number of staff in other pension schemes, including the defined benefit schemes relating to Cambridge University Press activities in the United States, the Local Government Pension Scheme (LGPS) supporting staff in the University primary school, and the National Health Service Pension Scheme (NHSPS).

The deficit recovery provision, based on the 2020 actuarial valuation of USS, has decreased from £437.3m to £348.9m. The movements described as a 'net change in underlying assumptions' also include the impact of movements in discount rates. The resulting decrease in provision of £103.0m (2022: increase of £250.8m) is included in staff costs (see Note 14).

Please refer to Note 36 for actuarial assumptions and sensitivity analysis.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 31. Other retirement benefits liabilities

Group and University	2023 £m	2022 £m
Opening balance	19.7	26.0
Movement attributable to the year:		
Current service cost less benefits paid	0.1	0.2
Contributions	(0.9)	(1.0)
Finance costs	0.6	0.4
Currency adjustments	(0.3)	0.6
Actuarial gain	(4.3)	(6.5)
<b>Closing balance at 31 July</b>	<b>14.9</b>	<b>19.7</b>

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

### 32. Income and expenditure reserve – endowment

Group	Permanent £m	Expendable £m	2023 Total £m	2022 Total £m
Balance at 1 August	1,791.3	685.6	2,476.9	2,378.2
New endowments received	6.0	4.1	10.1	4.7
Transfers to restricted and unrestricted reserves	5.4	–	5.4	31.1
Investment expense	(1.6)	(0.1)	(1.7)	(1.5)
Expenditure	(51.7)	(21.2)	(72.9)	(66.5)
Valuation gains on investments	34.4	16.9	51.3	130.9
<b>Balance at 31 July</b>	<b>1,783.8</b>	<b>685.3</b>	<b>2,469.1</b>	<b>2,476.9</b>
Capital	1,514.8	604.3	2,119.1	2,140.4
Unspent income	269.0	81.0	350.0	336.5
<b>Balance at 31 July</b>	<b>1,783.8</b>	<b>685.3</b>	<b>2,469.1</b>	<b>2,476.9</b>
<b>Representing:</b>				
Trust and Special Funds:				
Professorships, Readerships, and Lectureships	872.7	95.0	967.7	971.4
Scholarships and bursaries	275.2	355.8	631.0	637.8
Other	590.5	234.2	824.7	823.2
Gates Cambridge Trust	–	0.3	0.3	0.3
General endowments	45.4	–	45.4	44.2
<b>Group total</b>	<b>1,783.8</b>	<b>685.3</b>	<b>2,469.1</b>	<b>2,476.9</b>
<b>University</b>				
Balance at 1 August	1,777.9	345.1	2,123.0	2,030.8
New endowments received	6.0	4.1	10.1	4.2
Transfers to restricted and unrestricted reserves	5.4	–	5.4	31.1
Investment expense	(1.6)	0.1	(1.5)	(2.1)
Expenditure	(51.7)	(9.7)	(61.4)	(54.1)
Valuation gains on investments	34.0	9.5	43.5	113.1
<b>Balance at 31 July</b>	<b>1,770.0</b>	<b>349.1</b>	<b>2,119.1</b>	<b>2,123.0</b>
Capital	1,501.1	268.0	1,769.1	1,786.6
Unspent income	268.9	81.1	350.0	336.4
<b>Balance at 31 July</b>	<b>1,770.0</b>	<b>349.1</b>	<b>2,119.1</b>	<b>2,123.0</b>



Notes to the financial statements for the year ended 31 July 2023 (continued)

**33. Income and expenditure reserve – restricted**

	Unspent capital grants £m	Unspent research grants £m	Specific donations £m	Other restricted reserves £m	2023 Total £m	2022 Total £m
<b>Group</b>						
Balance at 1 August	8.1	58.1	93.4	30.5	190.1	182.4
Donations and grants recognised in the year	32.4	43.8	66.6	(0.5)	142.3	94.3
Investment income	-	0.7	2.0	0.1	2.8	0.1
Expenditure	(0.1)	(31.3)	(18.6)	0.1	(49.9)	(55.4)
Capital grants spent	(32.5)	-	-	-	(32.5)	(32.5)
Valuation gains on investments	0.1	-	1.0	0.6	1.7	3.9
Transfers from unrestricted income	-	-	-	(0.3)	(0.3)	(2.7)
<b>Balance at 31 July</b>	<b>8.0</b>	<b>71.3</b>	<b>144.4</b>	<b>30.5</b>	<b>254.2</b>	190.1
<b>University</b>						
Balance at 1 August	7.7	58.0	93.2	30.6	189.5	182.0
Donations and grants recognised in the year	32.4	43.8	71.1	-	147.3	81.7
Investment income	-	0.7	2.0	-	2.7	-
Expenditure	0.2	(31.5)	(23.3)	-	(54.6)	(42.9)
Capital grants spent	(32.5)	-	-	-	(32.5)	(32.5)
Valuation gains on investments	0.1	-	1.0	0.6	1.7	3.9
Transfers from unrestricted income	-	-	-	(0.3)	(0.3)	(2.7)
<b>Balance at 31 July</b>	<b>7.9</b>	<b>71.0</b>	<b>144.0</b>	<b>30.9</b>	<b>253.8</b>	189.5

**34. Non-controlling interests**

Non-controlling interests represent the interests of minority shareholders in the total comprehensive income and net assets of subsidiary companies where the University holds less than 100% of the issued share capital (see Note 37). The movement in non-controlling interests in the statement of comprehensive income and unrestricted reserves of the Group were as follows:

	Group 2023 £m	Group 2022 £m
Opening balance at 1 August	6.8	5.5
Total comprehensive income attributable to non-controlling interests	4.5	5.0
Dividends paid to non-controlling interests	(4.3)	(3.7)
Exchange differences	(1.0)	-
<b>Closing balance at 31 July</b>	<b>6.0</b>	6.8

For the year ended 31 July 2023, the surplus for the year attributable to non-controlling interests was £4.5m (2022: £5.0m), the total comprehensive income attributable to non-controlling interests was £4.5m (2022: £5.0m) and the unrestricted reserves attributable to non-controlling interests was £6.0m (2022: £6.8m).

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 35. Capital commitments

	Group 2023 £m	Group 2022 £m
<b>Capital commitments</b>		
Commitments for capital expenditure:		
Commitments contracted at 31 July	37.0	102.6
Authorised but not contracted at 31 July	160.2	127.8
	<b>197.2</b>	230.4
Commitments for capital calls on investments	<b>759.0</b>	683.8

Commitments for capital expenditure will be funded from existing reserves. There are no performance-related conditions attached to these commitments. Refer to Note 15 for details of commitments relating to non-cancellable operating lease contracts.

### 36. Pension schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Cambridge University Assistants' Contributory Pension Scheme (CPS). The USS and the CPS are not closed, nor is the age profile of their active membership rising significantly.

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

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

From 1 January 2013, the University has also operated an additional pension scheme for University staff, the Cambridge University Assistants' Defined Contribution Pension Scheme (CUADCPS), which is a defined contribution pension scheme. For reporting purposes, the contributions payable through the scheme are included in 'other' pension scheme costs in the statement of comprehensive income. This scheme does not form part of the liability disclosed under CPS in this Note.

#### Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102 'Employee Benefits' the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income represents contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised with related expenses being recognised through the statement of comprehensive income.

The total net cost charged to the statement of comprehensive income is £34.3m (2022: £378.5m). Deficit recovery contributions due within one year for the institution are £30.0m (2022: £27.5m).

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 36. Pension schemes continued

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5bn and the value of the scheme's technical provisions was £80.6bn, indicating a shortfall of £14.1bn and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:  1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus:  Pre-retirement: 2.75% p.a.  Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	23.9	23.9
Females currently aged 65 (years)	25.5	25.5
Males currently aged 45 (years)	25.9	25.9
Females currently aged 45 (years)	27.3	27.3

The deficit recovery plan put in place as part of the 2020 valuation requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, and 6.3% of salaries over the period 1 April 2024 until 30 April 2038. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.49%	3.33%
Pensionable salary growth	2.5–5.0%	3.0–5.0%

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

### **36. Pension schemes** *continued*

Subsequent to finalisation of the 2020 scheme valuation noted above, the USS Trustee has continued to undertake monitoring activities, and to issue interim monitoring reports. The most recent monitoring reports have indicated an estimated net asset/liability position of a surplus of £7.6bn at 31 March 2023, a surplus of £8.5bn at 30 June 2023 and a surplus of £10.0bn at 30 September 2023. These are all significant improvements from the deficit position at 31 March 2020 on which the current deficit recovery provision is based. These monitoring reports do not constitute a formal scheme valuation and are, therefore, not considered when calculating the deficit recovery provision disclosed in the financial statements, which has to reflect the contributions determined at the last published formal funding valuation. The valuation as at 31 March 2023 is currently being finalised. It is likely that this new valuation will lead to the removal of the requirement for continued deficit recovery contributions. It is therefore expected that the deficit recovery provision disclosed in Note 30 will be substantially derecognised.

#### **Cambridge University Assistants' Contributory Pension Scheme (CPS)**

The CPS was established under the authority of the Universities of Oxford and Cambridge Act 1923. It is a registered pension scheme for the purposes of the Finance Act 2004. The active members of the scheme are employees of the University and its subsidiary undertakings.

#### **Triennial valuation of the scheme**

A full triennial valuation of the scheme was carried out by the actuary for the trustees of the scheme as at 31 July 2021. The results of the valuation showed the actuarial value of the scheme's assets as £814m. These were sufficient to cover the scheme's past service liabilities of £738m; the scheme had a surplus of £76m and was 110% funded. The next triennial actuarial valuation is being undertaken as at 31 July 2024 and the next funding update is due as at 31 July 2023.

Since 1 August 2013, employer contributions were set at 11.5% of pensionable pay for existing members at 31 December 2012 and 5.8% of pensionable pay (together with contributions at 5.0% to a separate defined contribution arrangement) for new entrants from 1 January 2013. On 1 August 2023, employer contributions were adjusted to 14.1% of pensionable pay for existing members at 31 December 2012 and 7.6% of pensionable pay (together with contributions at 5% to a separate defined contribution arrangement) for new entrants from 1 January 2013.

In addition, fixed employer contributions totalling £14.6m p.a. are payable over the period from 1 August 2011 to 31 July 2023. It has been agreed that there will be no additional contribution during the year from 1 August 2023 to 31 July 2024. The funding position will next be re-examined as at 31 March 2024. Under the terms of a contingency funding arrangement agreed with the Trustee, additional contributions will recommence from 1 August 2024 at the rate of £10.0m p.a. if the funding level at 31 March 2024 on the funding basis agreed with the Trustee falls below 95%.

#### **CPS: Pension costs under FRS 102**

The liabilities of the plan have been calculated for the purposes of FRS102 based on the calculations undertaken for the triennial actuarial valuation as at 31 July 2021, allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 36. Pension schemes continued

The principal assumptions used by the actuary were:

	2023	2022
Discount rate	<b>5.10%</b>	3.40%
Rate of increase in salaries*	<b>3.30%</b>	3.00%
Rate of increase in pensions in deferment	<b>2.90%–3.30%</b>	3.00%
Rate of increase in pensions in payment:		
To 31 December 2012	<b>3.30%</b>	3.00%
From 1 January 2013 (RPI max 5.0% p.a.)	<b>3.20%</b>	2.95%
From 1 January 2013 (CPI max 5.0% p.a.)	<b>2.85%</b>	2.50%
Mortality – equivalent life expectancy for members reaching the age of 65:		
Males currently aged 65	<b>87</b>	87
Males currently aged 45	<b>88</b>	89
Females currently aged 65	<b>90</b>	90
Females currently aged 45	<b>91</b>	91

\* Long-term rate shown in the table above. In the short term, rates of 5.0% in 2023–24 and 4.0% in 2024–25, have been assumed.

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

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Opening	<b>(1,103.7)</b>	(1,622.7)	<b>815.5</b>	815.0	<b>(288.2)</b>	(807.7)
Current service cost	<b>(25.4)</b>	(44.9)	-	-	<b>(25.4)</b>	(44.9)
Administrative expenses paid	-	-	<b>(1.2)</b>	(1.2)	<b>(1.2)</b>	(1.2)
Employer contributions	-	-	<b>28.8</b>	28.4	<b>28.8</b>	28.4
Contributions by members	<b>(0.3)</b>	(0.3)	<b>0.3</b>	0.3	-	-
Benefits paid	<b>33.3</b>	27.7	<b>(33.3)</b>	(27.7)	-	-
Interest (expense)/income	<b>(37.3)</b>	(25.3)	<b>27.7</b>	12.7	<b>(9.6)</b>	(12.6)
Remeasurement gains/(losses):						
Actuarial gains	<b>228.0</b>	561.8	-	-	<b>228.0</b>	561.8
Expected less actual plan expenses	-	-	<b>(0.8)</b>	(0.6)	<b>(0.8)</b>	(0.6)
Return on assets excluding interest	-	-	<b>5.8</b>	(11.4)	<b>5.8</b>	(11.4)
<b>Closing defined benefit obligation</b>	<b>(905.4)</b>	(1,103.7)	<b>842.8</b>	815.5	<b>(62.6)</b>	(288.2)

The movement for the year in the net pension liability is reflected in Note 30.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 36. Pension schemes continued

	2023 £m	2022 £m
The total cost recognised in expenditure was:		
Current service cost	25.4	44.9
Past service cost	-	-
Administrative expenses	1.2	1.0
Interest cost	9.6	12.7
	<b>36.2</b>	58.6
The fair values of the major categories of scheme assets expressed as a percentage of the total were:		
Equities	67.8%	64.6%
Bonds and cash	24.0%	25.1%
Property	8.2%	10.3%
	<b>100.0%</b>	100.0%
The return on the scheme's assets was (£m):		
Interest income	27.7	12.7
Return on assets excluding interest income	5.8	(11.4)
	<b>33.5</b>	1.3

### Cambridge University Press UK defined benefit schemes (PCPF and PSSPS)

#### Triennial valuation of the schemes

Actuarial assessments to evaluate the schemes' liabilities and contributions required to fund these are carried out by independent qualified actuaries. The last such triennial valuation was carried out in the UK as at 1 January 2022 using the projected unit cost method (SSPS and CPF) and the next triennial will be performed as at 1 July 2024 with funding policy and contribution levels to be reviewed accordingly.

#### Pension costs under FRS 102

For accounting purposes, the schemes' assets are measured at fair value and liabilities are valued using the attained age method and discounted using the gross redemption yield for corporate AA rated bonds. The valuations use market-based assumptions and asset valuations, and represent current valuations. They do not impact on the joint contribution rates set by the trustees of the schemes. The actuary has updated the 1 January 2022 valuation to 31 July 2023 for the purposes of these financial statements. The principal assumptions used by the actuary for the schemes were:

	2023	2022
Discount rate	5.15%	3.40%
Rate of increase in salaries – schemes are now on frozen current salary basis	0.0%–3.2%	0.0%–3.3%
Rate of increase in pensions in deferment	3.7%	3.75%–3.8%
Rate of increase in pensions in payment	3.7%	3.73%–3.8%
Mortality – equivalent life expectancy for members at age 60:		
Males	86–88	87–89
Females	89–90	89

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 36. Pension schemes continued

The following results were measured in accordance with the requirements of FRS 102, based on the assumptions summarised above. The results for the two schemes have been amalgamated.

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Opening	<b>(317.1)</b>	(379.1)	<b>250.3</b>	271.0	<b>(66.8)</b>	(108.1)
Current service cost	<b>(0.7)</b>	(1.3)	-	-	<b>(0.7)</b>	(1.3)
Employer contributions	-	-	<b>3.7</b>	4.2	<b>3.7</b>	4.2
Contributions by members	-	(0.1)	-	0.1	-	-
Benefits paid	<b>14.6</b>	13.1	<b>(14.6)</b>	(13.1)	-	-
Interest (expense)/income	<b>(10.5)</b>	(5.8)	<b>8.3</b>	4.1	<b>(2.2)</b>	(1.7)
Remeasurement gains/(losses):						
Actuarial gains/(losses)	<b>54.1</b>	56.1	<b>(4.9)</b>	(16.0)	<b>49.2</b>	40.1
<b>Closing defined benefit obligation</b>	<b>(259.6)</b>	(317.1)	<b>242.8</b>	250.3	<b>(16.8)</b>	(66.8)

The movement for the year in the net pension liability is reflected in Note 30. The above table excludes the US pension schemes net pension assets relating to the Press's US Defined Benefit Plans of £2.2m (2022: £2.2m). The US schemes are included in the other pensions disclosure in Note 30.

The total cost recognised in expenditure was:

	2023 £m	2022 £m
Current service cost	<b>0.7</b>	1.3
Interest cost	<b>2.2</b>	1.7
	<b>2.9</b>	3.0

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

	2023	2022
Equities	<b>42.5%</b>	42.5%
Property	<b>2.3%</b>	3.0%
Cash and annuities	<b>1.0%</b>	6.2%
Diversified growth fund	-	20.1%
Diversified credit fund	<b>17.5%</b>	23.7%
Buy and maintain bond portfolio	<b>18.7%</b>	-
Corporate Bonds	-	4.5%
Index-linked gilts	<b>18.0%</b>	-
	<b>100.0%</b>	100.0%

The return on the scheme's assets was:

	2023	2022
Interest income (£m)	<b>8.3</b>	4.1

The University also has a number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS), the Local Government Pension Scheme (LGPS) and the Cambridge University Assistants' Defined Contribution Pension Scheme. These pension schemes are amalgamated in the other pensions disclosure in Note 30. No further disclosures are provided as the balances are not material.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 36. Pension schemes continued

The total Group pension cost included in staff costs for the year (see Note 14) was:

	Employer contributions	Provisions (Note 30)	Total	Employer contributions	Provisions (Note 30)	Total
	2023	2023	2023	2022	2022	2022
	£m	£m	£m	£m	£m	£m
USS	137.3	(103.0)	34.3	127.7	250.8	378.5
CPS	28.8	(2.2)	26.6	28.2	17.7	45.9
PCPF	1.3	(0.6)	0.7	1.5	(0.8)	0.7
PSSPS	2.4	(2.4)	-	2.2	(2.2)	-
NHSPS	3.0	-	3.0	2.9	-	2.9
Other pension schemes	13.5	0.3	13.8	12.0	0.3	12.3
	<b>186.3</b>	<b>(107.9)</b>	<b>78.4</b>	<b>174.5</b>	<b>265.8</b>	<b>440.3</b>

### 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 and CPS scheme valuation, representing 97% of total pension net liabilities, are set out below:

Change in assumptions at 31 July 2023	Approximate impact
<b>USS deficit provision</b>	
a) Impact of a 0.5% p.a. decrease in discount rate	Liability increases by £12m
b) Impact of a 0.5% p.a. increase in salary inflation over duration	Liability increases by £13m
c) Impact of a 0.5% p.a. increase in salary inflation year one only	Liability increases by £2m
d) Impact of a 0.5% increase in staff changes over duration	Liability increases by £12m
e) Impact of a 0.5% increase in staff changes year one only	Liability increases by £2m
f) Impact of a 0.5% increase in deficit contributions from April 2024	Liability increases by £26m
g) One year increase in term	Liability increases by £19m
<b>CPS scheme valuation</b>	
a) Impact of a 1.0% p.a. increase in discount rate	Liability decreases by £129m
b) Impact of a 1.0% p.a. increase in inflation rate	Liability increases by £157m
c) Life expectancy increased by one year	Liability increases by £26m



Notes to the financial statements for the year ended 31 July 2023 (continued)

### 37. Principal subsidiary and associated undertakings and other significant investments

The following undertakings were subsidiary and associated undertakings during the year ended 31 July 2023. Except where stated, the accounting reference date is 31 July and the undertaking is a wholly-owned company registered in England and Wales.

Name	Notes	Principal activity
Cambridge Centre for Advanced Research and Education in Singapore Limited	a	Research and development
Cambridge Enterprise Limited		Consultancy and commercial exploitation of intellectual property
IFM Engage Limited (formerly IFM Education and Consultancy Services Limited)		Consultancy and commercial exploitation of intellectual property
University of Cambridge Investment Management Limited		Investment management
Cambridge Sustainability Ltd		Sustainability leadership programmes
Cambridge Institute for Sustainability Leadership (Australia)	b	Sustainability leadership programmes
Cambridge Institute for Sustainability Leadership (South Africa) NPC	c	Sustainability leadership programmes
Cambridge Institute for Sustainability Leadership (Belgium)	d	Sustainability leadership programmes
Cambridge University Technical Services Limited		Consultancy and commercial exploitation of intellectual property
The Dennis S Avery and Sally Tsui Wong-Avery Endowment Trust	e	Advancement of education and research in cosmology at the University
Fitzwilliam Museum (Enterprises) Limited		Publication of fine art books and sale of University museums merchandise
JBS Executive Education Limited		Corporate education services
Lynxvale Limited		Construction and development services
UTS Cambridge		Primary school education
Cambridge ClassServer LLP	f	Development and commercialisation of digital educational material for China
English Language iTutoring Limited	g	Commercialisation of provision of automated tutoring and assessment in learning of English as a foreign language
Portal Estate Management		Management and maintenance of the North West Cambridge estate
Core Sustainable Heat Management Limited		Management and maintenance of the North West Cambridge estate
Lodge Property Services Ltd		North West Cambridge estate letting and accommodation services
Storey's Field Community Trust	h	Operational management services for the North West Cambridge estate community centre
Foundation for Genomics and Population Health	e, ag	Provision of biological research
Cambridge University International Holdings Limited		Holding company for overseas projects
Cambridge India Research Foundation	n	Fundraising and research support
Cambridge University Research and Innovation (Nanjing) Ltd	o	Research and development
Cambridge University Nanjing Centre of Technology and Innovation Ltd	o	Research and development
Light Blue Fibre Limited	ah	Other telecommunication services
Cambridge& Ltd		Promotion of eco-friendly ventures in Cambridge
University of Cambridge Research Services Europe Limited	ai	Research and development
Northdown Real Estate Limited Partnership Northdown (General Partner) Limited Northdown Real Estate (Nominee) Limited	aq	Property development and investment
Wood Mews Partners LLP	aq	Property development and investment

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 37. Principal subsidiary and associated undertakings and other significant investments continued

Name	Notes	Principal activity
<b>Associated Trusts</b>		
Cambridge Commonwealth, European and International Trust	e	Provision of scholarships, grants, and other support for the education of UK and overseas students in the University
Gates Cambridge Trust	e	Provision of scholarships, grants, and other support for the education of UK and overseas students in the University
<b>Cambridge University Press &amp; Assessment subsidiary undertakings</b>		
Cambridge Assessment Overseas Limited		Overseas office services
Cambridge Assessment Singapore	i	Overseas office services
Cambridge Avaliacao Representacao e Promocao Ltda	j	Overseas office services
Cambridge Consulting (Beijing) Co. Ltd	k	Overseas office services
Cambridge English (Aus)	l	Overseas office services
Cambridge Boxhill Language Pty Limited	l	Examination services
Cambridge Michigan Language Assessment LLC (USA)	m	Examination services
Cambridge Assessment India Private Limited	n	Non-trading
Cambridge Assessment Pakistan Private Limited	p	Overseas office services
Fundacion UCLES	q	Overseas office services
Oxford and Cambridge International Assessment Services Limited		Overseas office services
The West Midlands Examinations Board		Examination services
Oxford Cambridge and RSA Examinations		Examination services
Cambridge Assessment Japan Foundation	r	Examination services
IELTS Inc. (USA)	s	Examination services
IELTS UK Services Ltd	t	Examination services
OET Global Pty Ltd	u	Holding company
OET USA LLC	v	Examination services
Cambridge Daigaku Shuppan KK	x	Sales support office for the Japanese market
Cambridge Knowledge (China) Limited	y	Sales support office for the Chinese market
Cambridge University Press (Holdings) Limited		Multi-activity holding company
Cambridge University Press & Assessment India Private Limited (formerly Cambridge University Press India Private Limited)	n	Academic and educational book publisher and distributor for India
Cambridge University Press Nigeria Limited	z	Educational book publisher and distributor for Nigeria
Cambridge University Press Operations Limited		Publishing services company
Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi	aa	Non-trading
Cambridge University Press Turkey Satış Destek Limited Şirketi	aa	Sales support office for the Turkish market
Cambridge University Press South Africa Proprietary Limited	ab	Academic and educational book publisher and distributor for South Africa
Cambridge Learning Limited		Non-trading
Editorial Edicambridge Cia Ltda	ac	Sales support office for the Ecuadorian market
Digital Services Cambridge Limited		Software development, infrastructure and business services
ELT Trading SA de CV	ad	Distribution company (Mexico and Latin America)
HOTmaths Pty Limited	ae	Development and commercialisation of web-based maths digital learning management systems
Oncoweb Limited		Non-trading intermediate holding company
Cambridge-Obeikan Company Limited	af	Academic and educational book distributor
Cogbooks Limited		Provision of software for education and training

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 37. Principal subsidiary and associated undertakings and other significant investments continued

Name	Notes	Principal activity
Cogbooks India Private Limited	aj	Provision of technical support services to Cogbooks Limited
Cambridge University Press Egypt LLC	ak	Sales support office for the Egypt market
Cambridge University Press Vietnam Company Limited	al	Sales support office for the Vietnam market
Cambridge University Press Pakistan (Private) Limited	am	Sales support office for the Pakistan market
Cambridge University Press – Qatar LLC	an	Sales support office for the Qatar market
Cambridge University Press Singapore Private Limited	ao	Sales support office for the Singapore market
Cambridge University Press Malaysia Sendirian Berhad	ap	Sales support office for the Malaysian market
Cambridge Kazakhstan Limited		Non-trading
Cambridge Press & Assessment Operations India Private Limited	ar	Publishing services company
Cambridge Assessment		Non-trading
OCR Nationals		Non-trading
Quick Placement Tests Limited		Non-trading
RSA Examinations Board		Non-trading
Cambridge Boxhill Language Assessment Unit Trust	as	Examination Services

- a Cambridge Centre for Advanced Research and Education in Singapore Limited is incorporated in Singapore and has an accounting reference date of 31 March for commercial reasons. The effect of this is not material to the consolidated financial statements.
- b Cambridge Institute for Sustainability Leadership (Australia) is incorporated in Australia and has an accounting reference date of 30 June for commercial reasons. The effect of this is not material to the consolidated financial statements.
- c Cambridge Institute for Sustainability Leadership (South Africa) is incorporated in South Africa.
- d Cambridge Institute for Sustainability Leadership (Belgium) is incorporated in Belgium.
- e These entities are exempt charities established by trust deeds.
- f Cambridge ClassServer LLP is a limited liability partnership registered in England and Wales, in which the University has a two-thirds interest acting through Cambridge University Press & Assessment.
- g English Language iTutoring Limited is a limited company registered in England and Wales, in which the University has a 100% interest acting through Cambridge University Press & Assessment.
- h Joint venture arrangement between the University and Cambridge City Council, with the University holding a 50% interest in the Company, which is limited by guarantee and registered in England and Wales.
- i Cambridge Assessment Singapore is incorporated in Singapore.
- j Cambridge Avaliacao Representacao e Promocao Ltda is incorporated in Brazil.
- k Cambridge Consulting (Beijing) Co. Ltd is incorporated in China.
- l Cambridge English (Aus) and Cambridge Boxhill Language Pty Limited are incorporated in Australia.
- m Cambridge Michigan Language Assessment LLC (USA) is 65% owned by Cambridge Assessment Inc and is incorporated in the United States.
- n Cambridge India Research Foundation, Cambridge Assessment India Private Limited, and Cambridge University Press & Assessment India Private Limited are incorporated in India.
- o Cambridge University Research and Innovation (Nanjing) Ltd and Cambridge University Nanjing Centre of Technology and Innovation Ltd are incorporated in China and have an accounting reference date of 31 December. Cambridge University Nanjing Centre of Technology and Innovation Ltd is 50% owned by Cambridge University Research and Innovation (Nanjing) Ltd. The effect of the accounting reference date is not material to the consolidated financial statements.
- p Cambridge Assessment Pakistan Private Limited is incorporated in Pakistan.
- q Fundacion UCLES is incorporated in Spain.
- r Cambridge Assessment Japan Foundation is 60% owned and incorporated in Japan.
- s IELTS Inc USA is incorporated in the United States and is 33% owned by Cambridge Assessment.

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

### **37. Principal subsidiary and associated undertakings and other significant investments** *continued*

- t IELTS UK Services Ltd is 33% owned by Cambridge Assessment.
- u OET Global Pty Limited is a 70% subsidiary incorporated in Australia.
- v OET USA LLC is a 70% subsidiary incorporated in the United States of America.
- w A number of Cambridge University Press & Assessment subsidiary undertakings formerly had an accounting reference date of 30 April for commercial reasons, with the exception of the companies incorporated in India (31 March), Australia (30 June) and Mexico, Ecuador, China, Greece and Saudi Arabia (31 December). The effect of this is not material to the consolidated financial statements.
- x Cambridge Daigaku Shuppan KK is incorporated in Japan.
- y Cambridge Knowledge (China) Limited is incorporated in Hong Kong.
- z Cambridge University Press Nigeria Limited is incorporated in Nigeria.
- aa Cambridge University Press Satış ve Dağıtım Ticaret Limited Şirketi and Cambridge University Press Turkey Satis Destek Limited Sirket are incorporated in Turkey.
- ab Cambridge University Press South Africa Proprietary Limited is a 75% subsidiary incorporated in South Africa.
- ac Editorial Edicambridge Cia Ltda is incorporated in Ecuador.
- ad ELT Trading SA de CV is incorporated in Mexico.
- ae HOTmaths Pty Limited is a 65% subsidiary incorporated in Australia.
- af Cambridge-Obeikan Company Limited is incorporated in Saudi Arabia.
- ag Foundation for Genomics and Population Health has an accounting reference date of 31 March. The effect of this is not material to the consolidated financial statements.
- ah Joint venture arrangement between the University and Cambridgeshire County Council, with the University holding a 50% interest in the company which is limited by shares and registered in England and Wales.
- ai University of Cambridge Research Services Europe Limited is incorporated in the Republic of Ireland. The effect of this is not material to the consolidated financial statements.
- aj Cogbooks India Private Limited is incorporated in India and has an accounting reference date of 31 March. The effect of this is not material to the consolidated financial statements.
- ak Cambridge University Press Egypt LLC is incorporated in Egypt.
- al Cambridge University Press Vietnam Company Limited is incorporated in Vietnam
- am Cambridge University Press Pakistan (Private) Limited is incorporated in Pakistan and has an accounting reference date of 30 June. The effect of this is not material to the consolidated financial statements.
- an Cambridge University Press – Qatar LLC is incorporated in Qatar.
- ao Cambridge University Press Singapore Private Limited is incorporated in Singapore.
- ap Cambridge University Press Malaysia Sendirian Berhad is incorporated Malaysia.
- aq Northdown Real Estate Limited Partnership, Northdown (General Partner) Limited, Northdown Real Estate (Nominee) Limited and Wood Mews Partners LLP have an accounting reference date of 30 June. The effect of this is not material to the consolidated financial statements.
- ar Cambridge Press & Assessment Operations India Private Limited is incorporated in India.
- as Cambridge Boxhill Language Assessment Unit Trust is a 70% subsidiary trust incorporated in Australia.

On 31 January 2023, Cambridge Assessment Inc. was dissolved via statutory merger with the US branch of the Press & Assessment department. Per Section 19 'Business Combinations and Goodwill' of FRS 102, the net assets transferred were not adjusted to fair value. Comparative information has not been restated on the grounds of materiality. A credit to unrestricted reserves of £5.2m has been recognised in the University as a result of this transaction, and is disclosed as Other movements in the University statement of changes in reserves.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 37. Principal subsidiary and associated undertakings and other significant investments continued

#### Other investments

The University has interests in a number of spin-out companies formed to exploit intellectual property rights or inventions. These are included at valuation in non-current asset investments (see Note 23). In some cases, the University's interest amounted to 20% or more of the share capital at the year end, and these companies are listed below. As the University does not exercise a significant influence over these investments and they are not intended to be held for the long term, they are not accounted for as associated undertakings. Other undertakings where the University's investment amounts to 20% or more are also listed below. These are not accounted for as associated undertakings as the effect on the financial statements would not be material.

Name	% interest	Principal Activity
Cambridge Flow Solutions Limited	22	Commercial exploitation of intellectual property
Microbial Technics Limited	23	Commercial exploitation of intellectual property
Ampika Limited	40	Commercial exploitation of intellectual property

In addition, at the year end the University held an interest of 28.66% (2022: 28.59%) in Cambridge Innovation Capital Limited. The investment is held partly within the CUEF, and partly directly held by the University within its investment portfolio comprising early stage companies. The Group has significant influence over Cambridge Innovation Capital Limited by virtue of its shareholding and board membership, and therefore treats its investment as an Associate. In Note 23(a), the proportion held in the CUEF is disclosed within in 'CUEF Units' and the proportion directly held by the University is disclosed as 'Investments in associates – held as part of an investment portfolio'. Movements in the carrying value of this investment are included in the consolidated surplus for the year. As Cambridge Innovation Capital Limited is an investment entity the Group's carrying value is based on its share of the entity's net assets.

### 38. Related party transactions

Due to the nature of the University's operations and the composition of its Council, it is inevitable that the University will enter into transactions in the normal course of business with Colleges, NHS Trusts, Research Councils, other grant-awarding bodies, and other private and public sector organisations in which members of the Council may have an interest. All transactions involving organisations in which members of Council may have such an interest, including those summarised below, are conducted in accordance with the University's financial regulations and usual procurement procedures. A register of the interests of the members of the Council is maintained.

The financial statements of the University include transactions with:

- (a) entities over which a member of Council or of key management personnel (see Note 14) has control or joint control
- (b) entities over which a member of Council has significant influence
- (c) entities of which a member of Council is a member of the key management personnel

Such transactions are summarised below where they are considered material to the University's financial statements and/or to the other party. The University has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

Transactions with Colleges are summarised in Note 39 below. Included within the financial statements are other transactions with the following related parties:

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

### **38. Related party transactions** continued

#### **Gatsby Charitable Foundation**

Lord Sainsbury of Turville, who was elected as Chancellor of the University in October 2011, is settlor of the Gatsby Charitable Foundation (Gatsby) and, together with the Gatsby Trustees, is actively involved in setting the Foundation's strategic direction and approving its activities. In 2006, the University approved a proposal to establish a Sainsbury Laboratory for plant science in Cambridge, with Gatsby providing capital funding and research funds over a ten-year period. The Sainsbury Laboratory was completed in the year ended 31 July 2011, with Gatsby capital contributions totalling £74m. Research grants and contracts income for the year ended 31 July 2023 includes £10.4m (2022: £8.8m) in respect of continuing grants funded by Gatsby of which £0.4m (2022: £1.0m) was included in debtors and a further £7.4m (2022: £7.7m) of deferred income was included in creditors at the year end.

#### **Cambridge Students' Union**

The President of the Students' Union was also a member of the University's Council for the 2022–23 financial year. Under Statutes and Ordinances, Chapter II, the University has discretion to provide financial assistance to the Union and, in the year ended 31 July 2023, provided a grant of £735,000 (2022: £768,000) and made other payments totalling £53,000 (2022: £24,000) for services provided, of which £300 was included in creditors at the year end (2022: £18,000)

#### **Office of Intercollegiate Services**

The Office of Intercollegiate Services (OIS) is responsible primarily for providing support to the 31 Colleges of the Collegiate University (Cambridge). In 2022–23, the University received payments from the OIS amounting to £1.9m (2022: £1.7m) relating to contributions to the Vice-Chancellor's Fund and the Cambridge Admissions Office and £2.9m (2022: £3.8m) for other services, of which £144,000 (2022: £116,000) was included in debtors at the year end. In addition, services were provided to the University by the OIS during the 2022–23 financial year amounting to £5.3m (2022: £267,000).

#### **Cambridge University Health Partners Ltd (CUHP)**

CUHP is a partnership organisation managing an academic health science centre which brings together the University, Cambridge University Hospitals NHS Foundation Trust and the Royal Papworth Hospital NHS Foundation Trust. A member of the University's Council and a member of the Registry team serving on the University's Council were Directors of CUHP during 2022–23. The University provided services to CUHP amounting to £5,000 (2022: £7,000) during the year and £2,000 (2022: £3,000) was included in debtors at the year end. In addition, services were provided to the University by CUHP during the 2022–23 financial year amounting to £184,000 (2022: nil).

#### **University of Southampton**

A member of the University's Council was a member of the Council of the University of Southampton (UoS) during 2022–23. The University received research funding from the UoS of £58,000 (2022: £397,000) during the financial year. The University had a research funding debtors balance of £131,000 (2022: £162,000). In addition, the University provided services to the UoS amounting to £66,000 (2022: £56,000) during the year. The University had a debtors balance excluding research funding of £48,000 (2022: £103,000).

#### **Cambridge University Musical Society**

A member of the University's Council was Chairman of Cambridge University Musical Society during 2022–23. During the year, the University provided services to the society amounting to £62,000 (2022: £13,000), of which £nil (2022: £4,000) was in debtors at the year end. The society also provided services to the University amounting to £43,000 (2022: £1,000) during the year, of which £38,000 (2022: £nil) was in creditors at the year end.

#### **Cambridge Philosophical Society**

A member of the University's Council was also a Fellow of Cambridge Philosophical Society during 2022–23. During the year, the University provided a grant of £32,000 to the society. Additionally the University provided services to the society amounting to £9,000, of which £900 was in debtors at the year end.

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

### **38. Related party transactions** continued

#### **Sir Jules Thorn Charitable Trust**

A member of the University's Council was a Trustee of the Sir Jules Thorn Charitable Trust during 2022–23. During the year, the University received research funding from the Sir Jules Thorn Charitable Trust amounting to £13,000.

#### **Cambridge University Hospitals NHS Foundation Trust**

A member of the University's Council was a Non-Executive Director of the Cambridge University Hospitals NHS Foundation Trust during the 2022–23 financial year. The University made purchases of £14.4m during the year, of which £1.0m was included in creditors at the year end. The University also received income from research grants and contracts of £24.4m during the year, with related debtors of £8.8m and deferred income included in creditors of £45.2m at the year end.

#### **Russell Group**

A member of the University's Council was a Director of the Russell Group during the 2022–23 financial year. During the year, the University made payments to the Russell Group amounting to £87,000 during the 2022–23 financial year.

#### **IKVA Ltd**

A member of the University's Council was also a Director of IKVA Ltd during 2022–23, which provides AI technology for data analysis. The University made payments to the company for services amounting to £4,000 during the 2022–23 financial year.

#### **Cambridge in America**

The Vice-Chancellor and another member of the University's Council are members of the Board of Directors of Cambridge in America, a non-profit entity established in the United States to raise funds for the benefit of the University and the independent Colleges described in Note 39. During the year, the University recognised donations totalling £16.5m (2022: £15.1m) from Cambridge in America, of which £0.7m (2022: £nil) was in debtors at the year end. Donations received by the University are reduced through a withholding agreement, with the difference between amounts recognised and received of £4.0m (2022: £3.9m). During the year, the University also provided services of £10,000 (2022: £6,000) and purchased services of £7,000 (2022: £nil) from Cambridge in America. Debtors of £nil (2022: £2,000) in relation to services provided were recognised at the year end.

Notes to the financial statements for the year ended 31 July 2023 (continued)

### 39. Colleges

There are 31 Colleges, each of which is an independent corporation with its own property and income. Each College publishes its own financial statements in a form specified by the University.

During the year, the University paid the Colleges sums totalling £85.9m (2022: £84.7m) under the terms of agreements between the University and the Colleges to share fee income with the Colleges in a way that recognises the relative contributions of the University and the Colleges. These payments are included as 'Payments to Colleges' in Note 15.

The University distributed third-party donations to the Colleges totalling £11.8m (2022: £14.6m); these payments are not included in the consolidated statement of comprehensive income. During the year, the University provided printing, network, and other services to the Colleges for which the Colleges paid a total of £7.5m (2022: £6.3m), and the Colleges provided accommodation, catering, and other services to the University for which the University paid a total of £9.5m (2022: £4.9m). During the year, the Colleges made donations to the University totalling £6.2m (2022: £6.1m).

Current asset investments (Note 26) and Creditors: amounts falling due within one year (Note 28) include CUEF units of £337.9m (2022: £314.6m) held on behalf of 15 (2022: 13) Colleges, £7.3m (2022: £7.5m) held on behalf of the Isaac Newton Trust and £6.1m (2022: £5.5m) held on behalf of other associated bodies.

Creditors: amounts falling due within one year (Note 28) also includes other balances with associated bodies of £4.1m (2022: asset of £1.4m) mainly comprising cash deposits held on behalf of those bodies.

Other debtors includes £13.3m (2022: £14.7m) receivable from Colleges. Other Creditors includes £10.7m (2022: £9.6m) payable to Colleges.

Colleges Fund	2023 £m	2022 £m
Balance at 1 August	-	-
Contributions received from Colleges	5.3	5.3
Payments to Colleges	(5.3)	(5.3)
<b>Balance at 31 July (included in creditors)</b>	-	-

The Colleges Fund is administered by the University on behalf of the Colleges, which make all contributions to and receive all allocations from the Fund. The transactions on the Colleges Fund are not included in the statement of comprehensive income.



Notes to the financial statements for the year ended 31 July 2023 (continued)

## 40. Financial risk management

In the ordinary course of its activities, the University manages a variety of financial risks including credit risk, liquidity risk, currency risk, and market risk. The principal risks and the University's approach to managing them are set out below. In view of the significance of the Cambridge University Endowment Fund (CUEF, see Note 12), some aspects of financial risk management are considered for CUEF and non-CUEF separately.

During the prior year, the CUEF established two revolving credit facilities of £200m and US\$150m, with certain investments of the CUEF provided as collateral for the facilities. During the current year, the US\$ facility was reduced to US\$110m. The facilities are intended to facilitate transactional liquidity, for the efficient implementation of tactical or strategic asset allocation and to enable CUEF to manage liquidity for distributions and redemptions in the ordinary course of business. The facilities are not permanent leverage. As at 31 July 2023 £nil (2021-22: £nil was outstanding on the credit facilities).

Through the CUEF, the University invests in various categories of assets for the long term in order to achieve the CUEF's investment objective. The University has a long-term investment objective to generate an average 5.0% p.a. return over the Consumer Price Index (CPI). The CUEF is managed by the University's Investment Office on behalf of University of Cambridge Investment Management Limited, with the oversight of the University's Investment Advisory Board. In order to pursue its investment objective, the CUEF seeks exposure to a variety of risks. This exposure could result in a reduction in the University's net assets.

### a. Credit risk

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

#### Credit risk exposure

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

	2023 £m	2022 £m
Trade debtors: invoices receivable	148.2	171.1
Research grants recoverable	133.4	119.8
Other debtors	196.4	132.8
Money market investments and other current asset investments	605.1	875.6
Cash at bank	272.8	193.6
<b>Total financial assets exposed to credit risk</b>	<b>1,355.9</b>	<b>1,492.9</b>

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

	2023 £m	2022 £m
Trade and research debtors: outstanding invoices and uninvoiced research grants	321.0	322.2
Less: Provision for impairment of receivables	(39.4)	(31.3)
	<b>281.6</b>	<b>290.9</b>

Trade debtors that are less than three months past their due date are not considered impaired unless they are included in the specific provision. At 31 July 2023, trade and research grant debtors with a carrying value of £54.9m (2022: £50.6m) were past their due date, but not impaired. The table below provides an ageing analysis.

	2023 £m	2022 £m
Uninvoiced research grants recoverable	76.1	76.2
Balances not past their due date	150.6	165.1
Up to 3 months past due	42.5	33.8
3 to 6 months past due	6.0	10.4
Over 6 months past due	6.4	6.4
Balances against which a provision has been made	39.4	30.3
	<b>321.0</b>	<b>322.2</b>

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 40. Financial risk management continued

### Movement on provision for impairment of receivables

	Trade Debtors		Research Debtors		Total	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Opening balance	10.6	10.2	20.6	16.5	31.2	26.7
Provided in year	2.2	1.0	7.2	4.1	9.4	5.1
Balances written off	(1.2)	(0.6)	-	-	(1.2)	(0.6)
<b>Closing balance at 31 July</b>	<b>11.6</b>	<b>10.6</b>	<b>27.8</b>	<b>20.6</b>	<b>39.4</b>	<b>31.2</b>

### Risk management policies and procedures

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

In respect of the CUEF, fund managers appointed by the CUEF have responsibility for choosing reliable counterparties. Where CUEF investments are managed directly by the University, investment transactions are carried out with well-established, approved brokers. Investment transactions are done on a cash against receipt or cash against delivery basis. The CUEF's credit exposure to debt instruments is managed by investing in marketable securities and with counterparties that have acceptable credit quality of at least investment grade BBB- or higher. The CUEF also minimises credit risk through banking policies which involve placing deposits only with highly regarded financial institutions. CUEF cash and cash equivalents of £164.7m (2022: £220.3m) were rated at Aaa-mf by Moody's.

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

The ratings of cash balances, term deposits and other current asset investments held outside the CUEF at 31 July were as follows:

Fitch credit quality rating (short/long term)		2023 £m	2022 £m
AAF/S2		92.1	294.7
F1+/AA	Highest/Very High	-	-
F1+/AA-	Highest/Very High	120.0	195.5
F1/A+	Highest/High	351.0	311.0
F1/A	Highest/High	222.9	142.4
F1/A-	Highest/High	0.3	42.4
F2/A-	Good/High	83.4	77.2
F2/BBB+	Good/Good	0.3	1.7
F3/BBB	Fair/Good	0.1	1.0
Lower ratings		7.8	3.3
		<b>877.9</b>	<b>1,069.2</b>

### b. Liquidity risk

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

#### Risk management policies and procedures

Public equities, which are readily realisable, remain the largest single asset class held by the CUEF and liquidity is carefully monitored using a comprehensive set of liquidity limits. For those CUEF assets that are not readily realisable (typically requiring more than six months to realise) and where the CUEF has commitments to provide additional capital to private investments held within the portfolio on short notice, there is risk mitigation in place. Limits are set for the extent of outstanding capital commitments in the CUEF and there is regular monitoring of the amounts of distributions and redemptions and the extent of unpaid capital commitments to private investments, compared to actual and potential liquidity of the CUEF. While CUEF assets are not available to fund obligations beyond those of the CUEF, there is no significant liquidity risk in relation to the CUEF itself.

Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 40. Financial risk management continued

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

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

	Three months or less £m	Between three months and one year £m	Between one and five years £m	More than five years £m	Total £m
<b>As at 31 July 2023</b>					
Bond liabilities	6.6	14.4	83.8	2,114.6	2,219.4
Secured CUEF borrowings	-	-	-	40.4	40.4
Derivative financial instruments liability positions	0.5	2.2	-	-	2.7
Investments held on behalf of others	-	351.3	-	-	351.3
Finance leases	-	0.2	0.2	0.7	1.1
Other creditors excluding deferred income	279.8	84.9	45.3	-	410.0
<b>Totals at 31 July 2023</b>	<b>286.9</b>	<b>453.0</b>	<b>129.3</b>	<b>2,155.7</b>	<b>3,024.9</b>
<b>As at 31 July 2022</b>					
Bond liabilities	6.6	14.4	83.8	2,135.5	2,240.3
Secured CUEF borrowings	-	-	-	40.4	40.4
Derivative financial instruments liability positions	0.4	43.0	-	-	43.4
Investments held on behalf of others	-	327.6	-	-	327.6
Finance leases	-	0.2	0.2	0.7	1.1
Other creditors excluding deferred income	255.4	110.4	21.2	0.2	387.2
<b>Totals at 31 July 2022</b>	<b>262.4</b>	<b>495.6</b>	<b>105.2</b>	<b>2,176.8</b>	<b>3,040.0</b>

Capital commitments, excluded from the above analysis, are disclosed in Note 35.

#### c. Market risk

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

##### CUEF

The Investment Advisory Board advises the Cambridge University Endowment Trust Board (CUETB) and is made up of investment professionals. The Investment Board monitors the performance of the Investment Office as well as providing advice to it. Investments in the CUEF are selected and combined with the aim of optimising the future long-term total return, bearing in mind the expected future volatility of the return. The risk taken in order to meet the total return objective is managed by utilising diversification of investment strategies, of investment asset classes and of external investment managers. The CUEF operates an evolving asset allocation, in the context of a long-term direction. An asset allocation paper is presented annually to the Investment Advisory Board and the latest position on asset allocations is disclosed in the quarterly Investment Advisory Board and investor reporting. Within each asset class, fund managers are appointed and carry out the day-to-day investment transactions.

#### c. (i) Currency risk

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

Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 40. Financial risk management continued

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

	2023	2022
Pounds Sterling	58.5%	60.5%
US Dollar	36.5%	33.8%
Euro	0.5%	2.4%
Japanese Yen	2.4%	1.5%
Other currency	2.1%	1.8%
	100.0%	100.0%

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

The following table summarises the significant assets and liabilities exposed to currency risk as at 31 July 2023:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	3,015.0	159.3	2,343.3	136.5	238.8	2,718.6
CUEF forward currency contracts	(1,093.6)	(137.4)	(850.0)	(117.7)	(56.4)	(1,024.1)
Net exposure of CUEF	1,921.4	21.9	1,493.3	18.8	182.4	1,694.5
Exposures outside CUEF:						
Debtors	61.1	38.0	47.5	32.6	32.1	112.2
Cash balances	28.2	7.6	21.9	6.5	77.1	105.5
Creditors including bank and other loans	(22.3)	(10.2)	(17.3)	(8.7)	(39.9)	(65.9)
Forward currency contracts	(28.7)	(13.8)	(22.3)	(11.8)	-	(34.1)
<b>Net exposure</b>	<b>1,959.7</b>	<b>43.5</b>	<b>1,523.1</b>	<b>37.4</b>	<b>251.7</b>	<b>1,812.2</b>

The impact on total recognised gains for the year 2022–23 of additional 10% variations in the principal exchange rates would have been:

10% US Dollar appreciation	152.3
10% Euro appreciation	3.7

The following table summarises the significant assets and liabilities exposed to currency risk as at 31 July 2022:

	US Dollar \$m	Euro €m	US Dollar £m	Euro £m	Other £m	Total £m
CUEF investment assets excluding currency contracts	2,957.1	324.5	2,430.0	271.9	196.1	2,898.0
CUEF forward currency contracts	(1,311.1)	(209.4)	(1,077.4)	(175.4)	(63.5)	(1,316.3)
Net exposure of CUEF	1,646.0	115.1	1,352.6	96.5	132.6	1,581.7
Exposures outside CUEF:						
Debtors	71.4	35.5	58.7	29.2	27.8	115.7
Cash balances	26.3	6.8	21.6	5.6	82.5	109.7
Creditors, including bank and other loans	(23.6)	(12.4)	(19.4)	(10.2)	(39.8)	(69.4)
Forward currency contracts	(0.7)	-	(0.6)	-	-	(0.6)
<b>Net exposure</b>	<b>1,719.4</b>	<b>145.0</b>	<b>1,412.9</b>	<b>121.1</b>	<b>203.1</b>	<b>1,737.1</b>

The impact on total recognised gains for the year 2021–22 of additional 10% variations in the principal exchange rates would have been:

10% US Dollar appreciation	141.3
10% Euro appreciation	12.1

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

## **40. Financial risk management** continued

### **Risk management policies and procedures**

Currency exposures are managed in accordance with the current hedging policy, which has been reviewed and approved by the University of Cambridge Investment Management Limited board and the Investment Advisory Board.

#### **c. (ii) Interest rate risk**

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

#### **Interest rate exposure and sensitivity**

As stated in the accounting policies, the University's fixed interest bond liabilities are measured at amortised cost using the effective interest rate method, rather than at fair value. The University has not directly invested in variable rate deposits or interest-bearing securities; however, it does hold investments in various fixed income instruments directly and through its investment fund managers. The University directly held fixed interest UK Government gilts amounting to £40.9m at 31 July 2023 (2022: £nil). The CUEF held a fixed interest investment in US Treasury notes amounting to £27.6m at 31 July 2023 (2022: £29.6m).

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

At 31 July 2023, the University did not directly hold any corporate and overseas government bonds with fixed interest.

### **Risk management policies and procedures**

University of Cambridge Investment Management Limited (the Investment manager of the CUEF) takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions. The CUEF has limited risk exposure to interest rates as there is regular monitoring of the allocations made to fixed interest investments not intended to be held to maturity and confirming there is no fixed interest borrowing.

#### **c. (iii) Other price risk**

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

This is a key risk for the University because of the significance of the endowments and other funds invested in the CUEF and the dependence of future plans on maintaining the value of CUEF units in real terms. Additionally, the Indexed bonds issued in June 2018 are subject to changes in the Consumer Price Index with the fair value of these liabilities fluctuating at each reporting date dependent on the movement in this index.

#### **Concentration of exposure to other price risk**

As the majority of the CUEF's investments are carried at fair value, all changes in market conditions will directly affect the University's net assets. The fund's asset allocation at the reporting date is shown in Note 23.

### **Risk management policies and procedures**

The CUEF measures the value of most of its investments on a monthly basis, and the remainder quarterly using market value if available (otherwise fair value). There is regular monitoring of the asset allocation to identify if the current allocation is in line with the actual and intended future allocations agreed with the Investment Advisory Board. Variations are then considered as part of the ongoing investment decisions.

*Notes to the financial statements for the year ended 31 July 2023 (continued)*

## **41. Fair value**

Debtors and current liabilities are stated in the Group balance sheet at book values, which are not materially different from their fair values. The fixed interest bond liabilities are measured at amortised cost of £641.1m (2022: £640.9m, see Note 29) whereas the fair value of the fixed interest bond liabilities at 31 July 2023 was £466.8m (2022: £640.0m) based on independent valuations. Other financial assets and liabilities are measured at fair value through profit and loss.

The Indexed bond liabilities are measured at fair value at the balance sheet date based on independent valuations. The University sought three estimates from independent institutions to value these Bonds. As the bonds operate in a highly illiquid market, valuation of these bonds relies on an estimation of the offer price. CPI-linked bond is valued with reference to the market yield on an equivalent duration gilt, adjusting for various spread factors associated with the unique Cambridge bond. Given the lack of direct market data and high degree of estimation, the price range (below) shows a large range, particularly in the more subjective areas of the spread. The estimate from three different institutions has indicated a sensitivity of approximately 6% (2022: 9%) of the value with (a range of £11.5m (2022: £25.0m)) between the highest and lowest valuation. An average price has been used for valuation purposes.

The fair value measurements of all the bond liabilities are categorised as Level 2 using the definitions as noted below.

The book values of the Group's other financial assets and long-term liabilities, including pension obligations shown on the statement of financial position, are the same as the fair values.

### **Fair value measurements**

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

- Level 1: Valued using quoted prices in active markets for identical assets.
- Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 41. Fair value continued

The valuation techniques used are described in more detail in Note 4 (iii) to the financial statements.

Investment assets at fair value at 31 July 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
CUEF:				
Investment assets	1,818.2	829.2	1,267.8	3,915.2
Derivative financial assets	-	49.5	-	49.5
Cash and cash equivalents	164.7	-	-	164.7
<b>Total CUEF assets</b>	<b>1,982.9</b>	<b>878.7</b>	<b>1,267.8</b>	<b>4,129.4</b>
Secured borrowings	(40.4)	-	-	(40.4)
Derivative financial liabilities	-	(1.8)	-	(1.8)
<b>Net CUEF assets/liabilities</b>	<b>1,942.5</b>	<b>876.9</b>	<b>1,267.8</b>	<b>4,087.2</b>
CMAF Units	406.8	-	-	406.8
Other investments	4.6	16.0	158.6	179.2
Investment properties	-	509.0	-	509.0
Money market and other liquid current asset investments	478.6	-	-	478.6
<b>Total investment assets at fair value at 31 July 2023</b>	<b>2,832.5</b>	<b>1,401.9</b>	<b>1,426.4</b>	<b>5,660.8</b>

Investment assets at fair value at 31 July 2022	Level 1 £m (restated*)	Level 2 £m	Level 3 £m (restated*)	Total £m
CUEF:				
Investment assets	1,233.0	1,277.9	1,346.5	3,857.4
Derivative financial instruments	-	6.0	-	6.0
Cash and cash equivalents	220.3	-	-	220.3
<b>Total CUEF net assets</b>	<b>1,453.3</b>	<b>1,283.9</b>	<b>1,346.5</b>	<b>4,083.7</b>
Secured borrowings	(40.4)	-	-	(40.4)
Derivative financial liabilities	-	(42.8)	-	(42.8)
<b>Net CUEF assets</b>	<b>1,412.9</b>	<b>1,241.1</b>	<b>1,346.5</b>	<b>4,000.5</b>
CMAF units	244.7	-	-	244.7
Other investments	10.9	11.2	192.0	214.1
Investment properties	-	562.3	-	562.3
Money market investments	515.9	-	-	515.9
<b>Total investment assets at fair value at 31 July 2022</b>	<b>2,184.4</b>	<b>1,814.6</b>	<b>1,538.5</b>	<b>5,537.5</b>

\* Refer to Note 43 on page 385 for details of the restatement.

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

	2023 £m	2022 £m
Fair value at 1 August	1,538.5	1,166.6
Purchases less sales proceeds	(8.9)	22.2
Total (losses)/gains	(121.0)	323.1
Transfers into Level 3	17.8	26.6
<b>Fair value at 31 July</b>	<b>1,426.4</b>	<b>1,538.5</b>

Investment assets comprise quoted investments and unquoted investments, which include investments in hedge funds, private equity funds and property funds. The fair values of unquoted investments and derivative financial instruments held through pooled funds and partnerships are based on the level assigned to the underlying assets as disclosed by the fund in their latest financial statements. Where multiple levels are split across the asset class, the fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant (>15%) to the fair value measurement in its entirety. Transfers into and out of Level 3 occur when the classification of the underlying assets and liabilities of these funds changes.

Notes to the financial statements for the year ended 31 July 2023 (continued)

## 42. Reconciliation of net cash/(debt)

An analysis of the movement in net cash/(debt) for the year ended 31 July 2023 is provided below:

	At 1 August 2022 £m	Cash changes £m	Non-cash changes £m	At 31 July 2023 £m
Cash and cash equivalents (see Note 27)	553.3	(154.0)	-	<b>399.3</b>
Money market investments and other liquid current asset investments (see Note 26)	515.9	(34.7)	(2.6)	<b>478.6</b>
Debt due within one year (see Note 28):				
– Finance leases	(0.1)	-	-	<b>(0.1)</b>
Debt due after more than one year (see Note 29):				
– Finance leases	(1.0)	-	-	<b>(1.0)</b>
– Secured CUEF borrowings	(40.4)	-	-	<b>(40.4)</b>
– Bond liabilities - unsecured 2052 (fixed interest)	(343.1)	-	(0.1)	<b>(343.2)</b>
– Bond liabilities - unsecured 2078 (fixed interest)	(297.8)	-	(0.1)	<b>(297.9)</b>
– Bond liabilities - unsecured 2068 (index-linked, amortising from 2028)	(281.8)	0.1	85.4	<b>(196.3)</b>
<b>Net cash/(debt)</b>	<b>105.0</b>	<b>(188.6)</b>	<b>82.6</b>	<b>(1.0)</b>

	At 1 August 2021 £m	Cash changes £m	Non-cash changes £m	At 31 July 2022 £m
Cash and cash equivalents (see Note 27)	644.2	(86.1)	(4.8)	553.3
Money market and other liquid current asset investments (see Note 26)	616.8	(95.2)	(5.7)	515.9
Debt due within one year (see Note 28):				
– Bank overdraft	(4.8)	-	4.8	-
– Finance leases	(0.1)	-	-	(0.1)
Debt due after more than one year (see Note 29):				
– Finance leases	(1.0)	-	-	(1.0)
– Secured CUEF borrowings	-	(40.4)	-	(40.4)
– Bond liabilities - unsecured 2052 (fixed interest)	(343.0)	-	(0.1)	(343.1)
– Bond liabilities - unsecured 2078 (fixed interest)	(297.8)	-	-	(297.8)
– Bond liabilities - unsecured 2068 (index-linked, amortising from 2028)	(464.0)	-	182.2	(281.8)
<b>Net cash/(debt)</b>	<b>150.3</b>	<b>(221.7)</b>	<b>176.4</b>	<b>105.0</b>

Net debt excludes cash and cash equivalents held within the CUEF but includes the Group's other liquid current asset investments that are excluded from cash and cash equivalents under FRS 102. Management's view is that this definition is representative of the Group's available liquid resources, as cash and cash equivalents held within the CUEF are considered part of the Group's non-current assets and are therefore excluded, and other liquid current asset investments are managed on a unified basis with non-CUEF cash and cash equivalents as part of the Group's short-term liquid assets portfolio.

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 cumulative effects of the fair value adjustment of (£100.3m), but including the accretion in the value of CPI-linked Bond of £34.8m) of (£136.1m) is more representative of the underlying borrowing position of the Group.



*Notes to the financial statements for the year ended 31 July 2023 (continued)*

### **43. Prior year restatement**

The Group and University has restated prior year comparatives as follows:

#### **Other income, investment income and other operating expenditure**

During the course of the year a review of the disclosure of other income, investment income and other operating expenditure has been undertaken to ensure a more appropriate presentation of CUEF external income and expenditure, and to ensure correct elimination of CUEF internal management fees. This confirmed that a reclassification of CUEF-related external income was required in order to show the amounts on a gross rather than net basis, and to correctly eliminate CUEF internal management fees. An amount of £25.6m has been reclassified between investment income and other operating expenditure, and an amount of £6.3m reclassified between other operating expenditure and other income, as a result of this review.

The prior year has been adjusted in the statement of comprehensive income to decrease other income by £6.3m, increase investment income by £25.6m and increase other operating expenditure by £19.3m. The statement of cash flows has been adjusted to decrease cash flows from operating activities and increase cash flows from investing activities by £25.6m. The adjustment has no impact on the statement of financial position or statement of changes in reserves.

The restatements described above have also been reflected in the relevant notes to the financial statements, and where appropriate the Financial Review and Appendix 1.

#### **Amortisation**

Previously, amortisation of intangible assets was disclosed within other operating expenditure in the statement of comprehensive income. It has been determined that, to improve the presentation of the statement of comprehensive income from the perspective of a user of the financial statements, the disclosure should be amended to include amortisation within a single financial statement line item amortisation.

The prior year has been adjusted in the statement of comprehensive income to decrease other operating expenditure by £29.7m. Amortisation of £29.7m is separately disclosed. The adjustment has no impact on the statement of financial position, statement of changes in reserves or statement of cash flows.

The restatements described above have also been reflected in the relevant notes to the financial statements, and where appropriate the Financial Review and Appendix 1.

#### **Fair value disclosure**

During the year, a review of the disclosure of the fair value of CUEF cash and cash equivalents in Note 41 was undertaken. The review identified that certain cash and cash equivalents had previously been disclosed in Investment assets in Note 41.

The prior year has been adjusted in Note 41, level 1 assets, to increase Cash and cash equivalents by £210.5m and decrease Investment assets by £210.5m. The restatement has no impact on the primary statements or notes to the financial statements except for Note 41.

#### **Investments in Associates – held as part of an investment portfolio**

During the year, the Group has assessed that the classification of its investment in Cambridge Innovation Capital Limited in Note 23 should be restated to be recognised as Investments in Associates – held as part of an investment portfolio, consistent with the assessment described in Note 37. The investment was previously disclosed as an investment in Spin-out and similar companies.

The prior year has been adjusted in Note 23, to decrease Spin-out and similar companies by £46.5m and separately disclose Investments in Associates – held as part of an investment portfolio of £46.5m. The restatement has no impact on the primary statements or notes to the financial statements except for Note 23.

## Appendix 1: Summary consolidated financial information

### Financial summary (unaudited)

The financial summary set out below has been derived from the audited consolidated financial statements of the University for the five years ended 31 July 2023. It should be read in conjunction with the consolidated financial statements and related notes.

(a) Summary consolidated statement of comprehensive income (£m)	2023	2022	2021	2020	2019
<b>Total income</b>	<b>2,518.3</b>	2,238.1	2,176.9	2,074.9	2,192.0
<b>Total expenditure</b>	<b>(2,317.9)</b>	(2,320.4)	(2,073.2)	(1,969.8)	(2,307.5)
<b>Surplus/(deficit) before other gains and losses</b>	<b>200.4</b>	<b>(82.3)</b>	<b>103.7</b>	<b>105.1</b>	<b>(115.5)</b>
Share of operating surplus/(deficit) in joint ventures	0.2	0.4	1.4	(0.8)	1.5
Gain on disposal of fixed assets*	-	7.5	(1.1)	4.7	-
Gain/(loss) on investments	3.9	199.0	781.6	(22.3)	235.1
<b>Surplus for the year before taxation</b>	<b>204.5</b>	<b>124.6</b>	<b>885.6</b>	<b>86.7</b>	<b>121.1</b>
<b>Surplus for the year</b>	<b>198.9</b>	<b>120.2</b>	<b>883.5</b>	<b>84.7</b>	<b>117.3</b>
Actuarial gain/(loss)	286.4	596.0	30.0	(156.8)	(208.2)
Other comprehensive (loss)/income for the year	(6.3)	1.2	(2.8)	(2.8)	-
<b>Total comprehensive income/(expense) for the year</b>	<b>479.0</b>	<b>717.4</b>	<b>910.7</b>	<b>(74.9)</b>	<b>(90.9)</b>
<b>Represented by:</b>					
Endowment comprehensive (expense)/income for the year	(7.8)	98.7	445.7	(38.8)	115.6
Restricted comprehensive income for the year	64.1	7.7	129.0	126.2	121.5
Unrestricted comprehensive income/(expense) for the year	422.7	611.0	336.0	(162.3)	(328.0)
	<b>479.0</b>	<b>717.4</b>	<b>910.7</b>	<b>(74.9)</b>	<b>(90.9)</b>
<b>Adjusted consolidated statement of comprehensive income</b>					
<b>Surplus for the year</b>	<b>198.9</b>	120.2	883.5	84.7	117.3
Less: (Gain)/loss on investments	(3.9)	(199.0)	(781.6)	22.3	(235.1)
Less: CPI-linked bond fair value adjustment	(85.4)	(182.2)	17.0	98.8	51.5
Less: USS pension deficit recovery reflected in staff costs	(75.2)	260.8	6.1	(160.4)	230.7
Less: Donation, endowment and capital grant income	(182.1)	(95.9)	(221.2)	(199.8)	(218.6)
Add: CUEF income (distribution basis)	138.2	121.5	116.0	112.1	105.0
<b>Adjusted operating (deficit)/surplus for the year</b>	<b>(9.5)</b>	<b>25.4</b>	<b>19.8</b>	<b>(42.3)</b>	<b>50.8</b>

## Summary consolidated financial information continued

(b) Summary consolidated statement of financial position (£m)	2023	2022	2021	2020	2019
Non-current assets	7,858.1	7,714.1	7,217.9	6,511.3	6,528.1
Current assets	1,760.7	1,872.9	2,005.2	1,765.1	1,770.4
<b>Total assets</b>	<b>9,618.8</b>	<b>9,587.0</b>	<b>9,223.1</b>	<b>8,276.4</b>	<b>8,298.5</b>
Current liabilities	(1,098.9)	(1,099.7)	(993.2)	(966.6)	(1,038.7)
Non-current liabilities	(1,352.2)	(1,794.4)	(2,250.4)	(2,240.8)	(2,115.0)
<b>Net assets</b>	<b>7,167.7</b>	<b>6,692.9</b>	<b>5,979.5</b>	<b>5,069.0</b>	<b>5,144.8</b>
Income and expenditure reserve – endowment	2,469.1	2,476.9	2,378.2	1,932.5	1,971.3
Income and expenditure reserve – restricted	254.2	190.1	182.4	153.5	128.3
Income and expenditure reserve – unrestricted	4,444.4	4,025.9	3,418.9	2,983.0	3,045.2
<b>Total reserves</b>	<b>7,167.7</b>	<b>6,692.9</b>	<b>5,979.5</b>	<b>5,069.0</b>	<b>5,144.8</b>
Net (debt)/cash	(1.0)	105.0	150.3	(32.2)	(84.7)
Less: CPI-linked bond fair value adjustment (cumulative adjustment)	(100.3)	(14.9)	167.3	150.3	51.5
Add: accretion of CPI-linked bond (cumulative adjustment)	(34.8)	(25.1)	(15.6)	(9.0)	(7.3)
<b>Adjusted net (debt)/cash</b>	<b>(136.1)</b>	<b>65.0</b>	<b>302.0</b>	<b>109.1</b>	<b>(40.5)</b>
<b>(c) Summary consolidated statement of cash flows (£m)</b>					
	2023	2022	2021	2020	2019
Net cash inflow from operating activities after taxation	26.0	92.4	119.2	123.5	124.4
Net cash (outflow)/inflow from investing activities	(226.8)	(387.0)	405.9	(314.2)	(292.6)
Net cash (outflow)/inflow from financing activities	(8.8)	66.7	(77.9)	12.5	45.4
<b>(Reduction)/increase in cash and cash equivalents in the year</b>	<b>(209.6)</b>	<b>(227.9)</b>	<b>447.2</b>	<b>(178.2)</b>	<b>(122.8)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>564.0</b>	<b>773.6</b>	<b>1,001.5</b>	<b>554.3</b>	<b>732.5</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.