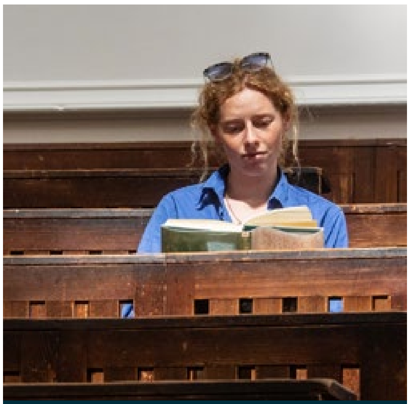
UNIVERSITY OF CAMBRIDGE

# Reports and Financial Statements 2023

# Contents







# Vice-Chancellor's **statement**

**As I write, I have been Vice-Chancellor for four months, and here in Cambridge for almost seven. I am grateful for the warm welcome I have received, and for the effort shown to inform me of the issues, opportunities and challenges we are facing.**

I am inspired by this University on a daily basis. Individuals are doing extraordinary work in every nook and cranny of the Collegiate University. The excellence of this work has been recognised by Cambridge's top scores in this year's Teaching Excellence Framework and Knowledge Exchange Framework, as well as placing in the top three in the most recent Research Excellence Framework.

The collegiate University is built on partnerships – not only with and among Cambridge's constituent Colleges, but also with government, industry, and charities throughout the United Kingdom and the world. For example, we are currently partnering locally to build two new hospitals, working to define Greater Cambridge's innovation strategy and engaging with development plans for our city, county and region.

Nationally, the University contributes around £30bn a year to the UK economy, a colossal value which reflects the brilliant work carried out here every day. And every day, here in Cambridge, our research is leading the response to the biggest challenges facing our planet: around climate and sustainability, AI, and cancer, for example.

Our financial strategy is to drive the maximum resources into those things that matter most – our research, teaching and learning excellence, innovation and our wider impact agenda – and ensure that Cambridge has enough resources to maintain its position as a world-leading university. We are stewards of this University and want to hand on to the next generation an institution which is even stronger than the one we inherited. This, of course, involves making choices. And we all have a part to play in how we use our resources.

The excellence of this University begins and ends with its people – the students and staff who make Cambridge what it is. The past several years have been difficult for people at this University, and we recognise the need to address the impacts of the rising cost of living in a financially sustainable way.

In addition, we are looking hard at our estate – our buildings. We have hundreds of buildings across Cambridge and beyond, many of them outdated and dilapidated. As energy prices have risen, we must look at what buildings we need for the future. We can make financial savings and carbon savings here, and gain some additional income too.

**Professor Deborah Prentice**
Vice-Chancellor

We are also looking hard at our processes – looking at how we can do things better, improving how we work as a team. Examples include procurement , human resources, finance and research, all of which are the focus of major transformation programmes.

For centuries, the University of Cambridge has attracted the very best minds and provided them with an environment in which they could do their best work. That remains our aspiration and commitment going forward.

**Professor Deborah Prentice**
Vice-Chancellor

# About the **University**

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

The University retained its number two spot in the 2024 QS World University Rankings and remains the highest-rated higher education institution in the UK. Cambridge was awarded a gold rating in the Teaching Excellence Framework (TEF) 2023 published by the Office for Students (OfS).

The University attracts some of the most able students to undergraduate and postgraduate programmes, renowned for intense learning in small groups. Its graduates are highly sought after for leading roles in industry, academia and government. The University is home to around 13,000 undergraduate and 12,000 post-graduate students.

Cambridge has generated headlines around the globe as it makes key advances in diverse research fields. These include discovering the world's oldest DNA – breaking the record by one million years and unlocking a new chapter in the history of evolution – to creating a model of a human embryo to help understand why and how pregnancies fail.

A report by London Economics found the University contributes nearly £30bn annually to the UK economy and supports more than 86,000 jobs across the UK, including 52,000 in the East of England. It was calculated that for every £1 the University spends, it creates £11.70 of economic impact and for every £1m of publicly funded research income the University receives, it generates £12.65m in economic impact across the UK.

The 2023 Global Innovation Index (GII) – which evaluates the top-level innovative capacity of countries and economies, and identifies local concentrations of world-leading activity – has named Cambridge as the number one science and technological cluster by intensity, in relation to its size, unchanged from the 2022 Index.

The University sits at the heart of the 'Cambridge cluster', powering world-leading research, driving a thriving ecosystem of hundreds of spinout and start-up companies, and nurturing an environment for business services and investment.

Cambridge University Press & Assessment publishes thousands of books, hundreds of journals, and through its examinations, issues more than 11 million grades worldwide each year. The Press & Assessment serves more than 100 million learners in 170 countries.

### Public benefit

The University is an exempt charity subject to regulation, with effect from 1 April 2018, by the Office for Students under the Higher Education and Research Act 2017.

The University reports annually on the ways in which it has delivered charitable purposes for the public benefit.

Highlights for the year are included on pages 9 to 18.

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


CAUTION
DO NOT TURN UNLESS MOTOR IS RUNNING

# Environmental **sustainability**

The University is delivering a broad programme of work to improve its environmental sustainability performance.

Work continues to reduce the University's energy use and deliver against its commitment to reduce energy-related emissions from the operational estate[1] to zero by 2048 at the latest. Over the past year, the University has been exploring options for removing gas from two of its key sites, as well as working with Cambridge City Council to assess the feasibility of a city centre heat network. A programme of work has also commenced to enable the University to make more efficient use of its existing space, and identify opportunities to reduce carbon, as well as improve biodiversity and climate resilience, across the estate.

In July, the University received planning permission to build a solar farm and, this year, the Chris Abell Day Nursery was certified as BREEAM Excellent, and the Entopia building won awards[2] for its environmental sustainability performance.

The University has now completed a high-level screening assessment under the Greenhouse Gas Protocol across its scope 3 carbon emissions, estimating the magnitude of each major category of scope 3 emissions as relevant to our organisation. This is providing early insights into our priorities for further work and will inform the further development of a prioritised action plan, which, with time, will look to address emissions sources, including the University's supply chain and staff and student travel.

In relation to transport, this year, the University has been developing a broader range of options for staff and students to utilise sustainable and active transport across the city and between sites, including a new route and revised timetable for the Universal bus service, operating with electric buses.

Work has also continued to deliver against the commitments set out in the University's Biodiversity Action Plan and this year the University became a signatory of the Nature Positive Universities initiative[4], as part of its journey to address the wider impacts it has on nature and biodiversity.

In February 2022, the University Council asked the Environmental Sustainability Strategy Committee to oversee the development of a new Sustainability Strategy, which would be broader in scope than the existing University's Environmental Visions, Policy and Strategy. Following extensive stakeholder engagement, the University has developed a draft Strategic Framework for Sustainability, which will be a foundation for the new Sustainability Strategy.

University staff and students continue to play a key role in supporting delivery against the University's environmental sustainability commitments, and, this year, their achievements were celebrated at the University's inaugural sustainability showcase event[5].

Shown on page 6 are energy-related (total scope 1 and 2) emissions from the University's operational estate in 2022/23 and previous years. To date, the University remains on track to meeting its commitment to reduce energy-related emissions from its operational estate to absolute zero by 2048. The University reports its environmental sustainability performance in full in an annual environmental sustainability report. The 2022/23 report will be available in early 2024 and selected environmental performance measures for the year ended 31 July 2023 for the operational estate will be subject to independent limited assurance.

1 The operational estate comprises those buildings that are used to support the University's teaching and research, and the associated administrative functions.

2 www.cfci.org.uk/awards/awards-winners/2023-2/david-mackay-award-entopia/ and https://awards.constructionnews.co.uk/cnaw/en/page/2023-winners.

3 Scope 3 emissions are those that arise as a consequence of the University's operations and activities, but either upstream or downstream from the University itself – including, for example, supply chain emissions and emissions from business travel.

4 www.naturepositiveuniversities.net/.

5 www.environment.admin.cam.ac.uk/news/sustainability-showcase-2023.

## Total scope 1 and 2 emissions for the University's operational estate ($tCO_2e$ per year)[1]:

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | Baseline (2015/16) |
|---|---|---|---|---|---|
| Total scope 1 and 2 location-based carbon emissions (energy and fuel) | **50,690** | 49,124 | 55,106 | 53,931 | 74,828 |
| Total scope 1 and 2 market-based carbon emissions (energy and fuel use) | **23,229** | 24,766 | 27,695* | 24,136* | ** |
| Total nuclear waste generated (tonnes/year)*** | **0.794** | 0.783 | 0.732 | 0.769 | – |

* Our market-based emissions figures for 2019/20 and 2020/21 have changed from those reported last year, following an amendment to our calculation methodology, in line with best practice defined under the Greenhouse Gas Protocol.

** We started reporting our market-based emissions figures from 2019/20, after securing our first Power Purchase Agreement in 2019.

*** The University's long-term strategy for its procured electricity is to incrementally increase the proportion that is being sourced from renewable sources via PPAs. As an interim step towards zero carbon energy sources, the proportion of the University's procured electricity that is currently not sourced via a PPA is generated through nuclear power. In the interests of transparency, we have calculated the amount of nuclear waste that has been generated as a result of the University's use of nuclear power (since we started reporting market-based emissions in 2019/20). Conversion factors from www.edfenergy.com/fuel-mix.

The Press & Assessment is a signatory of UN Global Compact the world's largest corporate sustainability programme that helps organisation's align strategies and operations with Ten Principles on human rights, labour, the environment and anti-corruption. It communicates its progress on sustainability via the UN Global Compact website[2].

1 For details on how we calculate our emissions figures, please refer to our Methodology Statement (available at www.environment.admin.cam.ac.uk/Annual-Report).

2 https://cambunipress.prod.acquia-sites.com/people-and-planet/united-nations-global-compact.

# Financial **highlights**

The University's audited financial statements for the year ended 31 July 2023 are included after this overview and will be published in the Cambridge University Reporter. The following analyses, extracted from those financial statements and the accompanying Financial review, summarise the University's sources of income, surplus for the year, and the factors affecting net assets.

## Group income

The Group's income has increased by £280m (up 13%) compared to the prior year, due primarily to a continued strong performance from Cambridge University Press & Assessment, where revenues are up 15%, and increased income from donations and endowments, up £80m to £132m.

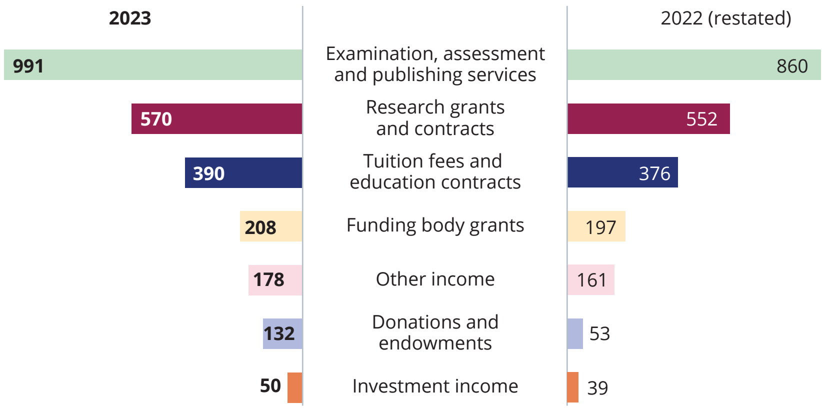
**Year ended 31 July 2023**

**£2,518m**

**Year ended 31 July 2022**

**£2,238m**

**(restated)**




## Group net assets

The Group's net assets totalled £7,168m at 31 July 2023 (2022: £6,693m). The increase in net assets substantially reflects actuarial gains of £286m on the Group's defined benefit pension schemes, combined with non-cash credit adjustments of £75m relating to the USS pension scheme deficit recovery provision and £85m relating to the fair value revaluation of the Group's CPI-linked bond.

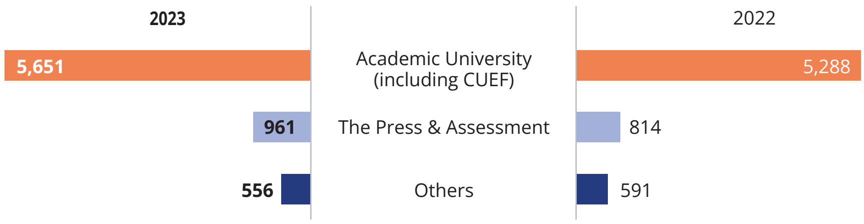
Cash and cash equivalents (excluding cash held in the CUEF) decreased from £553m to £399m in the year, primarily as a result of operating cash inflows of £26m, and cash outflow of £227m from investing activities relating primarily to the acquisition of fixed assets, CUEF investment activity, and investments of £150m into the Cambridge Multi Asset Fund (CMAF).

**As at 31 July 2023**

**£7,168m**

**As at 31 July 2022**

**£6,693m**

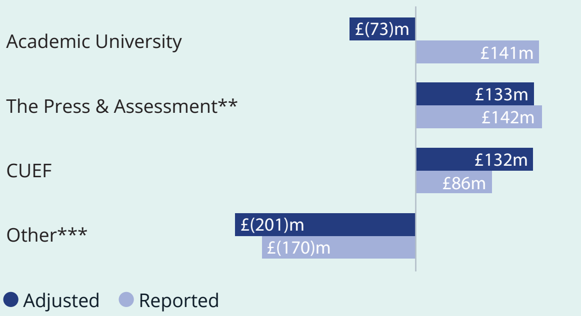


## Group surplus for the year

The Group generated a surplus for the year of £199m. After adjusting for the fair value revaluation the CPI index linked Bond, change in USS pension deficit recovery provision, donations, endowments and capital grant income, and the CUEF income on a distribution basis, the underlying "adjusted operating deficit" was £9m. The University considers this to be the best measure of underlying recurrent operating performance. The consolidated Group has recorded a small adjusted operating deficit this year following a surplus of £25m in 2021–22.

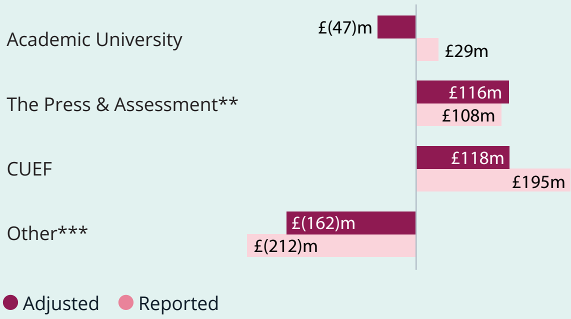
### Year ended 31 July 2023

| | |
|---|---|
| Reported surplus for the year | **£199m** |
| Adjusted operating deficit for the year* | **(£9m)** |




### Year ended 31 July 2022

| | |
|---|---|
| Reported surplus for the year | **£120m** |
| Adjusted operating surplus for the year* | **£25m** |




* See Appendix 1.

** Stated before contributions and transfers made to the University.

*** Other includes Trusts, subsidiaries and the elimination adjustments.

# Cambridge University's **economic impact**

**The University contributes nearly £30bn annually to the UK economy and supports more than 86,000 jobs across the UK.**

A report by London Economics has measured the University of Cambridge's impact on the UK economy in 2020–21.

The total annual impact, estimated at £29.8bn, includes:

- £23.1bn – from the University's research and knowledge exchange activities (including commercial companies spun out from, or closely associated with, the University and other commercial activity carried out at the University)
- £4.69bn – from the impact generated by the spending of the University and its colleges
- £716m – from the University's educational exports
- £693m – from the University's teaching and learning activities
- £587m – from the impact of tourism associated with the University

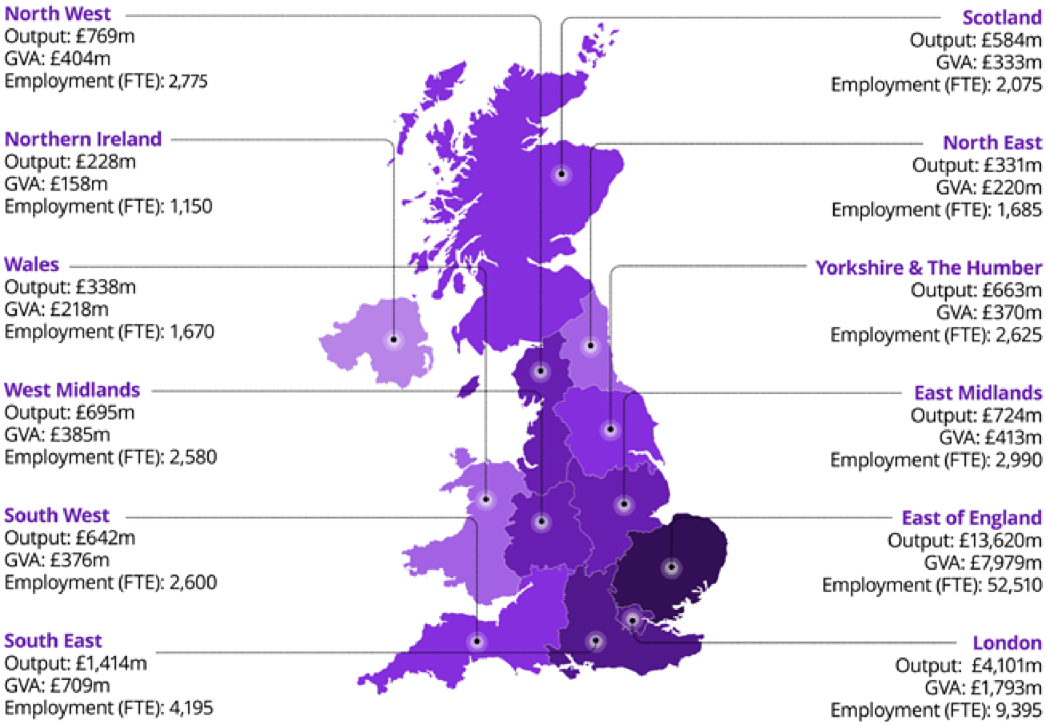
The report estimated that the University supports more than 86,000 jobs across the UK, including 52,000 in the East of England, and contributes over £13bn in gross value added (GVA).

For every £1 the University spends, it creates £11.70 of economic impact. For every £1m of publicly funded research income the University receives, it generates £12.65m in economic impact across the UK.

London Economics also carried out a comparison of the costs and benefits associated with almost 600 government regulatory impact assessments and found that very few government interventions bring higher economic benefits than investment in the University of Cambridge.

The University has partnered with local communities up and down the UK to make an impact. Projects include detecting kidney cancer earlier in Yorkshire, using artificial intelligence to predict fruit yields in Lincoln, exploring the culture and indigenous languages of the Channel Islands, and regenerating endangered landscapes in the Cairngorms and the Lake District.

## Total economic impact of the University of Cambridge's activities in 2020-21 by region




Note: Economic impact from knowledge exchange, educational exports, operating and capital expenditure, and tourism activities disaggregated by region, and presented in terms of GVA and FTE employment. These strands make up approximately **£24,108 million** (81%) of the University of Cambridge's total impact of **£29,801 million**. Monetary estimates are presented in 2020-21 prices, discounted to reflect net present values (where applicable), rounded to the nearest £1 million, and may not add up precisely to the totals indicated. Employment estimates are rounded to the nearest 5, and again may not add up precisely to the totals indicated.

Source: London Economics' analysis.

Professor Rebecca Fitzgerald, Director of the Early Cancer Institute. Credit: Lloyd Mann, University of Cambridge

The Early Cancer Institute. Credit: Lloyd Mann, University of Cambridge

# Inside the new institute **looking at early cancer**

**The Early Cancer Institute at Cambridge opened on 21 September 2022. It's the first physical institute in the UK dedicated to detecting cancer early enough to cure it.**

Researchers at the Institute will be focusing, in particular, on cancers that are hard to treat and, as such, have very poor outcomes. These include lung, pancreas, oesophagus, and liver cancers, and acute myeloid leukaemia. Outcomes for these cancers have changed little over the past few years.

The Institute will see as many as 120 scientists from a broad spectrum of disciplines across the University – from biologists and clinicians to engineers, physicists and social scientists – working together under one roof to understand how cancer develops and evolves. They will pioneer new methods for detecting, treating – even preventing – cancer early.

The Institute is located on the Cambridge Biomedical Campus, where its close proximity to a number of world-leading academic, NHS and industrial partners will prove essential to its success. These include the Cancer Research UK Cambridge Institute, Wellcome-MRC Stem Cell Institute and Heart and Lung Research Institute, three hospitals, and major pharmaceutical companies AstraZeneca and GSK.

# The King breaks ground on Cambridge's **New Whittle Laboratory**

**On 9 May 2023, His Majesty The King visited the University of Cambridge, in his first public engagement following the Coronation to break ground on the New Whittle Laboratory. There, he also met with staff and researchers, leaders from the aviation industry, and senior government representatives.**

The New Whittle Laboratory, a £58m facility, will be the leading global centre for net-zero aviation and energy. Its mission is to halve the time to develop key technologies to support a sustainable aviation industry.

It typically takes six to eight years to develop a new technology to a point where it can be considered for commercial deployment in the aerospace and energy sectors. However, recent trials in the Whittle Laboratory have shown this timeframe can be accelerated by breaking down barriers that exist between academia and industry.

Alongside the groundbreaking, senior figures from government and industry gathered for an international roundtable as part of an initiative led by Cambridge and MIT. The roundtable presented insights based on global aviation systems' modelling capabilities developed through the Aviation Impact Accelerator, a project led by the Whittle Laboratory and the Cambridge Institute for Sustainability Leadership.


The King at the groundbreaking for the New Whittle Laboratory. Credit: Lloyd Mann, University of Cambridge

# Cambridge University **Press & Assessment**

**Cambridge University Press & Assessment continued to grow its global impact, now reaching 100 million learners across 170 countries.**

**Cambridge academic books, research journals and other scholarly materials were downloaded 114 million times.**

**The group awarded more than 11 million grades globally in exams such as GCSEs, IGCSEs, Cambridge Technicals, Cambridge Nationals, AS, A-levels, and the English language qualification, IELTS.**

**The Cambridge Dictionary achieved more than 2 billion page views, making it the world's most popular online dictionary.**

Cambridge Dictionary is the number one dictionary website in the world

## English

The Press & Assessment's English group is a leading provider of English language education and assessment across schools, higher education, adult, and migration contexts. The Press & Assessment has consolidated sales channels and created single teams focused on learning and assessment within the English group, with a stronger presence on the ground. English test taker levels are now higher than before the pandemic and with increased demand for assessments and learning, with distributors now keen to do both. The English group improved revenue by 17% on the prior year for exams and 11% for publishing. It is also embedding cutting-edge auto-marking and artificial intelligence (AI) capabilities into systems like Linguaskill.

## International Education

The International Education group delivers materials, resources and services to teachers and learners, and is the world's largest provider of international education programmes and qualifications for 5 to 19 year olds. The group oversaw more than 1.4 million exam entries across 147 countries. With many International Education colleagues working outside of the UK, the group is able to draw on expertise from all around the world to ensure it reaches the people it is seeking to support.

The Cambridge Partnership for Education is driving education reform across curriculum, assessment, learning, and teacher materials. For example, this year saw the group complete half a decade of work in supporting the Ministry of Education of Oman to transform maths and science teaching and learning for every child in a government school across the country, from Grades 1 to 12. It also signed an agreement with the Ukrainian Education Ministry to transform education for temporarily displaced children from the country. Building resilient systems of education and training will be the cornerstones of Ukraine's recovery from the war.

## UK Education

The UK Education group operates the Oxford, Cambridge, and RSA Examinations (OCR) – a leading UK awarding body – which provides a wide range of general and vocational qualifications to help students achieve their full potential. It also incorporates the Cambridge Centre for Evaluation and Monitoring, which offers formative assessments for children of all ages, from early years to post 16. This year, the group has worked with Ofqual, the Department for Education, and other boards to successfully improve delivery of vocational results. Together with the International Education group, UK Education is also pooling its expertise to develop joint projects for digital high-stakes qualifications and other formative assessments. In 2023, projects included launching a digital mock exam service in computer science for schools that want to run a digital mock. This service proved to be useful and popular, and will be expanded to further subjects in the future. OCR has also continued to incorporate more diverse, representative and rigorous texts into courses, including in English literature and media studies, and is looking across all its qualifications to make them more relevant.

### Academic

The Academic group creates university-level research and teaching materials and publishes more than 400 peer-reviewed academic journals, thousands of books, and monographs. Online growth has been particularly strong. Researchers downloaded 114 million academic books, research journals, and other scholarly materials, digitally, over the last year, in addition to physical copies. The Cambridge Open Equity Initiative launched in April 2023, waiving open access fees for over 100 low and middle-income countries to allow their scholars to reach the widest possible audience. This initiative will accelerate the transition to open access for scholars outside of high-income countries. The Academic group remains on track to achieve open access for the vast majority of research publications by 2025. The year saw several landmark publications, including No Miracles Needed: How Today's Technology Can Save Our Climate and Clean Our Air by Mark Z Jakobson.

## Growing impact on society – **and growing sustainably**

The Press & Assessment is at the forefront of climate education, offering resources and expertise in teaching and learning for nature, the environment and climate in partnership with students, teachers, and education ministries.

It is creating the skills and understanding required for adapting to climate change by embedding understanding of climate issues and sustainability into its education programmes, publishing, assessment, and research. The Press & Assessment helped develop carbon literacy courses for school children worldwide, and for its employees. Like the rest of the University, the Press & Assessment is committed to reaching carbon zero on all energy-related emissions by 2048.

## Looking to **the future**

The Press & Assessment has a heritage of innovation and is at the forefront of technological and academic advances. It was one of the first publishers to develop a policy for authors with guidelines on the use of ChatGPT and other generative AI tools. It has also published a set of principles on how to use generative AI and assessment, aiming to strengthen the skills of education professionals, support teachers, and deliver better assessments.

**In India, Cambridge University Press & Assessment successfully launched the Cambridge Early Years curriculum for 3 to 6 year olds**

# Beethoven's **DNA**

Ludwig van Beethoven's genome was sequenced for the first time by an international team of scientists using 5 genetically matching locks of his hair. The study, published in March 2023, was led by Cambridge PhD student Tristan Begg.

The study aimed to shed light on Beethoven's health problems, which included progressive hearing loss, eventually leading to him being functionally deaf. The team also investigated possible genetic causes of Beethoven's chronic gastrointestinal complaints and a severe liver disease, which culminated in his death in 1827.

The scientists were unable to find a definitive cause for Beethoven's deafness or gastrointestinal problems. However, they did discover a number of significant genetic risk factors for liver disease. They also found evidence of an infection with Hepatitis B virus during at least the months prior to his death.

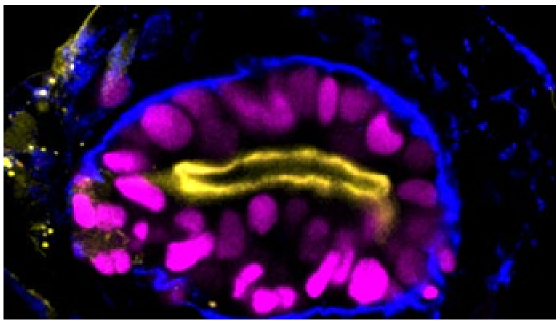
The Moscheles Lock, authenticated by the study, with inscription by former owner Ignaz Moscheles. Credit: Ira F. Brilliant Center for Beethoven Studies, San Jose State University. (Under a Creative Commons Attribution-Share Alike 4.0 International license)

# Human embryo-like models **created from stem cells**

Cambridge scientists have created a stem cell-derived model of the human embryo in the lab by reprogramming human stem cells. The breakthrough could help research into genetic disorders and in understanding why and how pregnancies fail. The research was published in June 2023.

The same month, the University launched a project to develop the first governance framework for research involving stem cell-based human embryo models in the UK.

The Governance of Stem Cell-Based Embryo Models (G-SCBEM) project is led by Cambridge Reproduction and brings together scientists, legal scholars, and bioethics experts, as well as representatives from major funders and regulators of this research.



Day 4 embryoid showing an inner epiblast-like domain in magenta that has apico-basal polarity (yellow apical, blue basal), similar to the epiblast of the human embryo just after implantation. Credit: University of Cambridge

# AI cuts waiting times for **cancer patients in NHS first**

Dr Raj Jena, oncologist at Cambridge University Hospitals NHS Foundation Trust, has led research, published June 2023, to develop artificial intelligence (AI) technology that has reduced the amount of time cancer patients wait for radiotherapy treatment.

Working alongside this AI technology, specialists have found they can plan radiotherapy treatments approximately 2.5 times faster than if they were working alone, this has ensured that more patients have been treated sooner, improving the likelihood of a cure.

The technology has been used at Addenbrooke's for prostate and head and neck cancers, but has the potential to work for many other types of cancer, benefitting patients across the NHS.

Dr Raj Jena, oncologist at Cambridge University Hospitals NHS Foundation Trust. Credit: Cambridge University Hospitals NHS Foundation Trust

# Stormzy **Scholarships**

In July 2023, it was announced that Stormzy and HSBC will continue to support Black UK students.

Five years since the launch of the Stormzy Scholarship programme at the University of Cambridge, HSBC UK has pledged a further £2m in support of 30 new Stormzy Scholarships over the next three years (2024–26). The #Merky Foundation, the UK charity founded by the award-winning British musician, Stormzy, will continue to fund a further two students per year.

Since launching in 2018, the scholarships have helped alleviate the financial worries and transform the university experience of 44 students from less-advantaged socio-economic backgrounds. It's anticipated that a total of 81 students will have received a Stormzy Scholarship by 2026.

Thanking HSBC UK for its commitment, Stormzy said: "For a further 30 Black students to have the opportunity to study at Cambridge University – the same year we celebrate five years of the scholarship's launch – feels like an incredible landmark moment.

"Thank you to HSBC UK for another incredibly significant donation and of course, Cambridge University for always, always backing our mission.

"I hope these scholarships continue to serve as a small reminder to young Black students that the opportunity to study at one of the best universities in the world is theirs for the taking!"

Stormzy with Drew Chateau and Joseph Vambe, Stormzy Scholars 2018-2021. Credit: Andrew Timms

# Mastercard Foundation **Scholars Program**

In December 2021, a new partnership between the Mastercard Foundation and the University of Cambridge was announced. The partnership sought to provide talented scholars from Africa with fully-funded opportunities to pursue a master's degree at Cambridge University while honing their leadership skills.

Mastercard Foundation Scholars come from diverse backgrounds but share a strong commitment to service, often driven by their lived experience of the economic and social realities that drive global inequities – including barriers to education access that are associated with financial constraints, forcible displacement, gender, and living with a disability.

Mastercard Foundation Scholars at the University of Cambridge are particularly committed to using the skills and knowledge they gain to help drive climate resilience and sustainability in Africa and around the world.

The first cohort of Mastercard Foundation Scholars started their courses in Cambridge in October 2022. One of the Scholars, Muhammad Balarabe, whose research focused on developing age-friendly and sustainable cities, said that the Mastercard Foundation had created a real opportunity and a secure learning environment for him. He said: "It gives me the opportunity to return to Africa and contribute, to change narratives, and to do things in better ways." Muhammad will be taking up a position at the African Centre for Cities in Cape Town, South Africa.

Mastercard Foundation students. Credit: Nick Saffell, University of Cambridge

# Kettle's Yard gallery celebrates a pioneering art project **created with local school pupils**

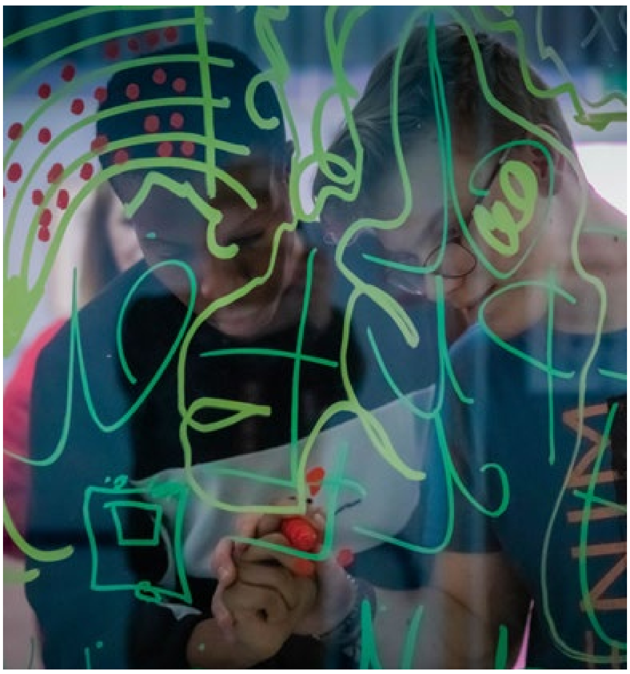
Cambridge Festival. Credit: Domininkas Zalys

In February 2023, an exciting, interactive art installation at Kettle's Yard was launched following 18 months of collaboration between the gallery, artist-in-residence Georgia Akbar, and the students of Castle School in Cambridge.

Since 2021, pupils from Castle School, an inclusive school supporting SEND (Special Educational Needs and Disabilities), visited Kettle's Yard for inspiration and the opportunity to work with artist Georgia through experimental, creative workshops.

The result was an inspiring and interactive artwork, inspired by the play of light and windows within Kettle's Yard. It encouraged visitors to look up, to interact and play with light, and notice how light could change the nature or appearance of an environment.

The students combined their interest in film-making, projection, painting, drawing, and installation to create the final artwork. They also found themselves so inspired by the artwork that they went on to create a new music composition, which played alongside the work.



Castle School students Credit: Lloyd Mann, University of Cambridge

The project was the first of its kind for Castle School and Kettle's Yard. Its aim was to celebrate, amplify, and importantly, be led by student voices. Pupils across the school, from early years up to sixth formers took part.

# Cambridge **Festival**

The Cambridge Festival ran from 17 March to 2 April 2023 and encompassed over 350 online and in-person events, resulting in 132,000 direct engagements with the public about the University's research.

This year's Festival saw the largest number of in-person events since 2019. There were open days at the University's West Cambridge Campus, a Family Weekend at the New Museums Site, special days for schools, evening talks, exhibitions, and guided walks. Over 30,000 people engaged with the in-person events, an increase of 20,000 compared to the previous year.

The programme of evening talks featured leading academics tackling some of the biggest issues of our time, including food securing, climate change, mental health, artificial intelligence, and misinformation.

Over 1,400 students from across the region attended the special days for schools, which were a new addition to this year's programme of events.

Attendees rated the Festival as 4.7 out of 5 stars describing it as engaging, entertaining, interesting, inspiring, and stimulating.

# Cambridge **Enterprise**

**Cambridge Enterprise Limited (Cambridge Enterprise) leads the commercialisation of University research to unlock solutions to global challenges. It also plays a central role in activating and enhancing the globally competitive innovation ecosystem that surrounds the University.**

Last year, Cambridge Enterprise celebrated another successful year. It licensed 125 technologies to industry and grew its managed portfolio of spin-out companies to over 145, which have raised in excess of £3bn of venture investment over the last 10 years. Cambridge Enterprise signed over 290 consultancy agreements, a record year for consultancy services, which acts as a powerful vehicle for the quick translation of research and a valuable support mechanism for academics and researchers.

Cambridge Enterprise is also active in supporting wider innovation activities across the University and beyond. This year, it welcomed ideaSpace to the Cambridge Enterprise family and it now provides co-working space and community for founders and entrepreneurs in three locations across Cambridge. Cambridge Enterprise also now co-ordinates the University Enterprise Network (UEN) and has taken a leading role in convening the University's community of innovation providers by sharing and encouraging best practice. Cambridge is now the number one ranked university globally for University alumni founders who have raised US$10m in investment. It is this entrepreneurial culture that Cambridge Enterprise is fostering and developing.

In partnership with the University and Cambridge Innovation Capital, Cambridge Enterprise is also leading the Innovate Cambridge initiative. This is an ambitious activity to create a collaborative, inclusive, and broad ranging innovation vision for the Greater Cambridge Region. It challenges everyone to consider what must be done to ensure Cambridge remains a leading global location for innovation into the future.

Cambridge Enterprise celebrated Gyroscope Therapeutics and Centessa Pharmaceuticals, companies which originated from the University, becoming unicorns – private startups valued at over US$1bn.

## Gyroscope Therapeutics

Gyroscope Therapeutics became a Cambridge unicorn following its acquisition by Novartis for up to US$1.5bn, accelerating gene therapy for ocular diseases towards the clinic. Cambridge Enterprise has supported the intellectual property since it was first disclosed by Professor Sir Peter Lachmann in 2009. Co-founded with Syncona Investment Management in 2016, Gyroscope Therapeutics became a global leader in ocular gene therapies, developing the world's first treatment for an advanced form of dry age-related macular degeneration that leads to blindness.

Gyroscope Therapeutics: acquisition by Novartis accelerates gene therapy for ocular diseases towards the clinic
Credit: NDABCREATIVITY – stock.adobe.com

# Legacies of enslavement

**In September 2022, the University of Cambridge shared a digest of peer-reviewed research into its historical connections to enslavement, together with a response from Professor Stephen J Toope, who commissioned the inquiry and served as Vice-Chancellor from 2017 to 2022.**

The research indicated that Cambridge was implicated in enslavement in a number of ways, including investing in the Atlantic slave trade; receiving benefactions based on income derived from the slave trade; educating wealthy slave estate owners' sons; and its academics supporting the proslavery movement.

Professor Stephen J Toope said: "It is not in our gift to right historic wrongs, but we can begin by acknowledging them. Having unearthed our University's links to an appalling history of abuse, the report encourages us to work even harder to address current inequalities – particularly those related to the experiences of Black communities."

The University has begun to implement the report's recommendations by creating a Cambridge Legacies of Enslavement Fund for research, community engagement, and partnership activities.

The report calls for the following:

- The creation of a Cambridge Legacies of Enslavement Research Centre
- Enhancing engagement with Black communities
- Funding for new partnerships in Africa and the Caribbean
- Memorialising Black scholars

The University's museums and collections have been working to facilitate conversations around the legacies of empire and enslavement through an interdisciplinary public programme. This includes a landmark exhibition Black Atlantic: Power, People, Resistance being staged in the Fitzwilliam Museum's historic Founder's Galleries (8 September 2023 to 7 January 2024), galleries that were built using profits from enslavement and exploitation.


King's Parade, Cambridge (1798–99) by Thomas Malton the Younger. Credit: Yale Center for British Art, Paul Mellon Collection, B1996.22.25

# Financial **review**

## Scope of the financial statements

The consolidated financial statements provide **an overview of the finances and operations of the University Group** (the 'Group') covering:

- the teaching and research activities of the University (the 'Academic University') and its subsidiary companies
- Cambridge University Press & Assessment (the 'Press & Assessment') and its subsidiary companies, joint ventures, and associates
- The Cambridge University Endowment Fund (CUEF), the investment fund managed by the Group and holding the majority of the Group's investments together with some investments of Colleges and other associated bodies
- the Gates Cambridge Trust and the Cambridge Commonwealth, European and International Trust (the 'Associated Trusts'), and other subsidiaries of the Group not included in other segments that undertake activities, which, for legal or commercial reasons, are more appropriately carried out by limited companies

Cambridge Assessment and Cambridge University Press combined into a single organisation on 1 August 2021, and was named Cambridge University Press & Assessment (the Press & Assessment).

Further detailed information about the finances and operations of the Press & Assessment is given in the published annual reports of that entity. The Press & Assessment is a constituent part of the corporation known as the Chancellor, Masters and Scholars of the University of Cambridge. The Press & Assessment's primary work is the conduct and administration of examinations in schools and for persons who are not members of the University, and operation of the University's publishing house, dedicated to publishing for the advancement of learning, knowledge, and research worldwide.

The Associated Trusts are separately constituted charities. They are deemed to be subsidiary undertakings of the University since the University appoints the majority of the trustees for each Trust. The purpose of these Trusts is to support the University by enabling persons from both within and outside the United Kingdom to benefit from education at the University through the provision of scholarships and grants.

The financial statements should be read in conjunction with the Annual Report of the Council and the Annual Report of the General Board to the Council for the 2022–23 academic year. 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).

The financial position of the core teaching and research activities of the Academic University may be seen more clearly in the Financial Management Information published in the *Cambridge University Reporter*. The Group considers the best measure of underlying recurrent operating performance to be the adjusted operating surplus/(deficit) for the year shown in Appendix 1.

The Group redefined this measure during the prior year to Reported Surplus less gains or losses on revaluation of investments, fair value adjustment for the CPI-linked bond, change in USS deficit recovery provision, donations, endowments and capital grant income, and adding the CUEF income on a distribution basis. This adjusted measure provides a more reliable and consistent measure of the Group's performance than the statutory measures.

# Financial **review** (continued)



## Financial results for the year

The results for the Group for the year ended 31 July 2023 are summarised in Table 1:

| **Table 1**<br>**Summary statement of Comprehensive income** | **2022–23**<br>**£m** | 2021–22<br>£m<br>(restated***) | Change<br>% |
|---|---|---|---|
| Income | **2,518** | 2,238 | 13% |
| Expenditure excluding non-cash USS pension and CPI bond adjustments | **(2,479)** | (2,241) | 11% |
| Non-cash USS pension and CPI-bond adjustments * | **161** | (79) | |
| **Surplus/(Deficit) before other gains and losses and share of surplus of joint ventures and associates** | **200** | (82) | |
| Gain on disposal of fixed assets | **–** | 8 | |
| Gain on investments (net) | **4** | 199 | |
| Taxation | **(5)** | (5) | |
| Surplus for the year | **199** | 120 | 66% |
| Actuarial gain | **286** | 596 | |
| (Loss)/gain on foreign currency translation | **(6)** | 1 | |
| **Total comprehensive income for the year** | **479** | 717 | -33% |

| **Adjusted operating surplus for the year** | **2022–23**<br>**£m** | 2021–22<br>£m |
|---|---|---|
| **Surplus for the year (as above)** | **199** | 120 |
| Less: Gain on investments | **(4)** | (199) |
| Less: CPI-linked bond fair value adjustment | **(85)** | (182) |
| Less: USS pension deficit recovery reflected in staff costs | **(75)** | 261 |
| Less: Donation, endowment and capital grant income | **(182)** | (96) |
| Add: CUEF income (distribution basis) | **138** | 121 |
| **Adjusted operating (deficit)/surplus for the year **** | **(9)** | 25 |

| **Reconciliation to Academic University adjusted operating deficit** | **2022–23**<br>**£m** | 2021–22<br>£m |
|---|---|---|
| Adjusted operating (deficit)/surplus for the year (as above) | **(9)** | 25 |
| Less: the Press & Assessment adjusted operating surplus | **(133)** | (116) |
| Less: Trusts and other adjusted operating deficit | **32** | 14 |
| Less: CUEF operating deficit | **6** | 3 |
| Add back: the Press & Assessment contribution to Academic University | **39** | 30 |
| Other consolidation adjustments | **(7)** | (3) |
| **Academic University adjusted operating deficit (Table 2)** | **(72)** | (47) |

* Includes the non-cash credit relating to the USS deficit recovery provision of £75.2m (2021–22: charge of £260.8m) related to the 2020 scheme valuation, and the positive impact of an unrealised non-cash credit of £85.4m (2021–22: £182.2m) related to the fair value adjustment to the CPI-linked bond.

** See Appendix 1 to the financial statements for further details.

*** Please refer to Note 43 on page 115 for details of the restatement.

Following the return to a more usual operating environment in 2021–22, the current year has seen a continued increase in activity levels across the Group, albeit that the path of recovery has continued to vary across the Group's large number of different activities. Overall revenues have increased by 13% during the year, substantially driven by continued increases in the Press & Assessment activity, and increased donations and endowment income, Other income and Investment income. Operating costs (adjusted for non-cash items such as the USS deficit recovery provision and revaluation of the CPI-linked bond) have increased by 11%, again related, primarily, to the Press & Assessment activity and also as a result of increased Estates and other operating expenditures, in both staff and other operating costs, in the Academic University. The impact of rising inflation has been seen across a broad spectrum of the Group's cost base.

# Financial **review** (continued)

Total **income is higher year on year** with an increase of 13% compared to 2021–22, driven by increases in all categories. Higher income in the Press & Assessment and increased donations and endowment income, other income and investment income are the primary drivers, with smaller increases in tuition fees, funding body grants, and research grants and contracts income.

The Group reported a **surplus for the year** of £198.9m (2021–22: £120.2m). The surplus is £78.7m higher than last year primarily reflecting the following:

- Significantly higher restricted donations of £79.8m (2021–22: £19.2m) higher capital grants and donations income of £72.9m (2021–22: £49.9m), and new endowments of £10.5m (2021–22: £4.7m).
- A significant non-cash credit of £75.2m (2021–22: charge of £260.8m) relating to the USS scheme deficit recovery provision, based on the 2020 scheme valuation.
- A fair value adjustment relating to the CPI-linked bond amounting to a credit of £85.4m (2021–22: £182.2m).
- An overall increase in the cost base of the Group ahead of the increase in recurring revenues (excluding restricted donation for multi-year programmes and capital donations).
- Lower gains on investments (mostly unrealised) of £3.9m (2021–22: £199.0m). Gains of £83.8m from the CUEF were offset by a reduction in the assessed value of investment properties of £62.5m, primarily as a result of changes in key worker housing ratios and increasing build and infrastructure costs at the Eddington development. There were also losses on revaluation of spin-out and similar companies of £23.3m.

**Group total comprehensive income for the year** is £479.0m (2021–22: £717.4m), which benefited from the surplus of £198.9m and £286.4m of actuarial gains (2021–22: £596.0m), derived from the Group's defined benefit pension schemes, primarily reflecting an increase in market interest rates, inflation and discount rates.

Unrealised gains/losses on investments, fair value adjustment of the CPI-linked bond, actuarial Gains and losses on pension schemes and donations, endowments and capital grant income will continue to fluctuate from year to year over time. These effects are demonstrated in the historical trend data (see Appendix 1). The University considers the best measure of underlying recurrent operating performance to be the **adjusted operating surplus/(deficit) for the year**, being the surplus for the year adjusted for gains and losses on investments, the CPI-linked bond fair value adjustment, the change in USS pension deficit recovery provision, donations, endowments, and capital grant income, and the CUEF income on a distribution basis. The Group had a small adjusted operating deficit this year, largely as a result of the changes in income and expenditure described later in this review. The Academic University's operating cash flows are supported by the element of CUEF distributions funded from long-term capital growth, subsidising the deficit on core teaching and research activities.

**Investment by the Group in its capital infrastructure** continued during 2022–23 with £177.4m (2021–22: £164.9m) invested in fixed assets, software, and investment property over the period. The overall investment programme activity remains largely on track during the year.

The underlying 2022–23 **financial operating performance was satisfactory**, albeit that the operating cost pressures that began to be felt in the prior year have become increasingly prevalent this year, and will require careful management in the higher cost environment in which the Group now operates. Management regard the most representative measure of underlying performance to be the adjusted operating deficit for the year of £9.5m (2021–22: surplus of £25.4m) reflected above and in Appendix 1 to the financial statements.

## Segmental analysis

The consolidated position comprises four main segments: (i) core academic activities of the Academic University; (ii) the assessment and publishing activities carried out by the Press & Assessment; (iii) CUEF, the investment fund managed by the Group and holding the majority of the Group's investments together with some investments of Colleges and other associated bodies; and (iv) the combination of smaller entities including the associated trusts and subsidiary companies not included in the other segments. Within the Group, there are a number of intra-group transactions, principally the financial and other support from the Press & Assessment and the CUEF distribution from capital growth. Table 2 gives segmental information, which is considered in further detail in Note 19 to the financial statements.

# Financial **review** (continued)

| Table 2 | Academic University 2023 £m | The Press & Assessment 2023 £m | CUEF 2023 £m | Trusts and other 2023 £m | Elimination and adjustments*** 2023 £m | Total 2023 £m |
|---|---|---|---|---|---|---|
| | 2022–23 | | | | | |
| Income* | **1,589** | **1,015** | **21** | **172** | **(279)** | **2,518** |
| Expenditure | **(1,337)** | **(873)** | **(27)** | **(189)** | **108** | **(2,318)** |
| **Surplus/(deficit) before other gains and losses and share of surplus of joint ventures and associates** | **252** | **142** | **(6)** | **(17)** | **(171)** | **200** |
| (Losses)/gains on investments (including CUEF gain) | **(110)** | **6** | **92** | **(32)** | **48** | **4** |
| Taxation | **–** | **(5)** | **–** | **–** | **–** | **(5)** |
| **Surplus for the year**** | **142** | **143** | **86** | **(49)** | **(123)** | **199** |
| Less: Loss/(gain) on investments | **110** | **(6)** | **(92)** | **32** | **(48)** | **(4)** |
| Less: CPI-linked bond fair value adjustment | **(85)** | **–** | **–** | **–** | **–** | **(85)** |
| Less: USS pension deficit recovery provision | **(73)** | **(3)** | **–** | **1** | **–** | **(75)** |
| Less: Donation, endowment, and capital grant income | **(166)** | **–** | **–** | **(16)** | **–** | **(182)** |
| Add: CUEF income (distribution basis) | **–** | **–** | **138** | **–** | **–** | **138** |
| **Adjusted operating (deficit)/ surplus for the year**** | **(72)** | **134** | **132** | **(32)** | **(171)** | **(9)** |

| | Academic University 2022 £m | The Press & Assessment 2022 £m | CUEF 2022 £m | Trusts and other 2022 £m | Elimination and adjustments*** 2022 £m | Total 2022 £m |
|---|---|---|---|---|---|---|
| | 2021–22 | | | | | |
| Income* | 1,424 | 873 | 22 | 177 | (258) | 2,238 |
| Expenditure | (1,455) | (767) | (25) | (183) | 110 | (2,320) |
| **(Deficit)/surplus before other gains and losses and share of surplus of joint ventures and associates** | (31) | 106 | (3) | (6) | (148) | (82) |
| Gain on disposal of fixed assets | 8 | – | – | – | – | 8 |
| Gain on investments (including CUEF gain) | 52 | 7 | 198 | 19 | (77) | 199 |
| Taxation | – | (5) | – | – | – | (5) |
| **Surplus for the year**** | 29 | 108 | 195 | 13 | (225) | 120 |
| Less: (Gain)/loss on investments | (52) | (7) | (198) | (19) | 77 | (199) |
| Less: CPI-linked bond fair value adjustment | (182) | – | – | – | – | (182) |
| Less: USS pension deficit recovery provision | 241 | 15 | – | 5 | – | 261 |
| Less: Donation, endowment, and capital grant income | (83) | – | – | (13) | – | (96) |
| Add: CUEF income (distribution basis) | – | – | 121 | – | – | 121 |
| **Adjusted operating (deficit)/ surplus for the year**** | (47) | 116 | 118 | (14) | (148) | 25 |

* Income includes distribution from CUEF as income, which is eliminated at consolidated level.

** Surplus for the year for the Press & Assessment is before distribution to the Academic University.

*** Includes elimination on consolidation of the Press & Assessment transfers, CUEF distribution from capital growth, and other consolidation adjustments.

# Financial **review** (continued)

## Income

**The Group's income increased by £280.2m (up 13%)** from £2,238.1m (restated) to £2,518.3m. The Group has diversified sources of revenue providing operational stability with a compound growth of 5.8% over a rolling 10-year period. The increase this year has come from the continued growth in examination, assessment and publishing services, with an increase of £130.9m (15%) over 2021–22, reflecting continued post-pandemic recovery and growth in the business since the merger in 2021. Donations and endowment income, other income, and investment income have also increased significantly, with smaller increases in tuition fees, funding body grants, and research grants and contracts income.

- Revenues from **examination, assessment and publishing services** (comprising the majority of revenues from the Press & Assessment) represent the largest source of Group income, and in aggregate totalled £991.0m (2021–22: £860.1m), which amounts to 39% of total revenues for the year.
- Sponsors of research projects represent the second largest source of income for the Group. Research grants and contracts increased by 3% this year to £569.5m (2021–22: £551.8m). The increase has mainly come from higher funding from Other bodies, which increased by 12% to £103.0m, offsetting a decrease in European Commission funding of 23%, to £39.1m.
- Tuition fees and education contracts totalled £390.1m (2021–22: £376.2m), up 4%, principally due to increases in non-regulated fees.
- Funding body grants from the OfS and Research England increased by 5% to £207.6m (2021–22: £197.3m), the majority of which related to recurrent teaching and research grants and other revenue grants, primarily from UKRI.
- Other income of £178.0m (2021–22: £160.7m) increased this year, with higher revenues from residences, catering, conferences, and a continued recovery in revenues from the Group's various non-core activities related to academic departments.
- Donations and endowments received were £132.4m, (2021–22: £52.8m), with the increase primarily due to increased restricted donations for multi-year projects, and donations of heritage assets during the year of £19.1m (2021-22: £4.8m).
- Investment income increased to £49.7m from £39.2m in 2021–22, primarily as a result of increased income from other investments (including short-term and fixed-rate deposits), as interest rates have continued to rise during the year.

## Examination, assessment and publishing services

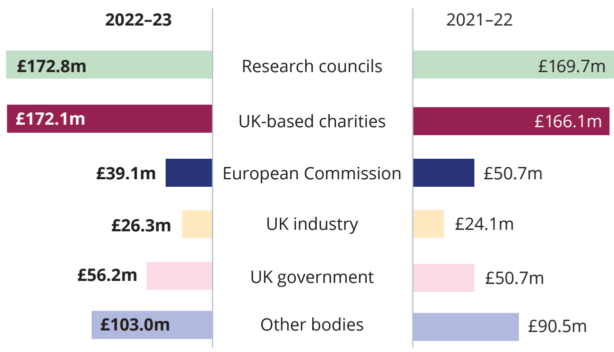
The Press & Assessment carry out examination and assessment services through its three exam boards: Cambridge Assessment English, Cambridge Assessment International Education, and Oxford Cambridge and RSA Examinations (OCR). Publishing services incorporate income from the sales of educational and scholarly books, e-books, journals, applications, and related services through its three publishing groups: Academic (research books, advanced learning materials and reference content as well as journals); Cambridge English Language Teaching (materials for both adults and students); and Education (teaching materials for schools and advice on educational reform). **Total examination, assessment and publishing income** in the year to 31 July 2023 increased by 15% to £991.0m as noted above, representing continued solid recovery from the pandemic and continued growth post the merger of the Press and Assessment businesses in 2021.

## Research

The Group's 2022–23 research income increased to £569.5m from £551.8m in the previous year. The increase has mainly come from higher funding from Other Bodies, which increased by 12% to £101.8m. Research income across the primary sources of funding was broadly flat, with small percentage increases in UK Research Councils, UK-based charities and UK Government offsetting a fall of 23% in funding from the European Commission.

The University receives recurrent funding from the UK government in the form of grants for teaching, research, and other activities. In 2022–23, the University was also allocated £141.5m (2021–22: £131.4m) of Quality-Related (QR) funding, representing 7.2% (2021–22: 7.1%) of the overall grant award for England.

### Research income



# Financial **review** (continued)

## Donations

The University receives benefactions and donations from a variety of sources including trusts and foundations, corporations, and individuals (both alumni and non-alumni). The total given for donations and endowment income recognises all new endowments, donations for capital in respect of heritage assets, and other restricted and unrestricted donations available for current spend.

In aggregate over the year ended 31 July 2023, donations and endowment income totalled £132.4m (2021–22: £52.8m). Whilst the level of donations and endowments available for unrestricted purposes was slightly above the previous year, income for restricted purposes and capital projects (which routinely shows high variability year on year) was significantly higher. In particular, restricted donations for multi-year programmes, such as the Mastercard Foundation Scholars Programme, contributed a substantial proportion of the increase.

The Academic University continues to see increasing benefits from the dedicated team of development professionals, working in alignment with the University's priorities in raising endowment and investing in cutting-edge research, scholarships, and facilities. In July 2022, the *Dear World, Yours Cambridge* Campaign for the University and Colleges concluded, raising a total of £2.217bn in commitments. With reference to international competitors' philanthropy programmes, the University continues to develop the potential to grow donations, with enhanced alignment to academic priorities.

## Investment income

Investment income is an important component of the University's funding mix generated by the Group's financial investments, in particular the CUEF and from current asset investments (deposits and money market investments). During the year, the Group invested a further £150m in the Cambridge Multi-Asset Fund (CMAF), which is intended to provide greater returns than deposits and money market investments, whilst maintaining high levels of liquidity for funds intended for operational use, over the medium term. The Group has reported investment income of £49.7m (2021–22: £39.2m).

Other investment assets (excluding CUEF assets) generated income of £29.1m during the year (2021–22: £17.2m) mainly from current asset investments. The majority of the University and Group's current asset investments are invested in the deposit pool. This pool is managed by the Group Treasury according to guidelines on diversification, exposure, and credit quality as agreed by the Finance Committee. The investments are principally short-term deposits with banks and similar institutions.

## Other income

The Group generates significant other income including property rentals, contributions from health and hospital authorities, residences, catering and conferences, other activities linked to academic departments (for example, the Cambridge Institute for Sustainability Leadership) and income from intellectual property managed, primarily, through Cambridge Enterprise Limited. Total other income of £178.0m (2021-22: £160.7m) has increased this year, primarily as a result of continued recovery in residences, catering and conferences, and other activities linked to academic departments.

## Expenditure

The Group's headline total expenditure in 2022–23 of £2,317.9m (2021–22: £2,320.4m) was £2.5m lower than the prior year. However, excluding the non-cash impacts of significant adjustments to the USS deficit recovery provision and the fair value adjustment related to the CPI-linked bond described on page 21, expenditure was £2,478.5m (2021–22: £2,241.8m), an increase of £236.7m (11%) compared to the prior year.

Expenditure excluding the USS deficit recovery provision adjustment and the fair value adjustment related to the CPI-linked bond comprises staff costs (including research) of 44%; other operating expenses of 48%; depreciation and amortisation of 5%; and interest and other finance costs of 2%. The main changes compared to 2021-22 levels reflect the following:

- Staff costs increased by 5% to £1,095.8m. The increase is substantially due to a mix of pay increases, the non-consolidated cost-of-living-related pay award of £11.1m, and early part-implementation of the 2023–24 pay award in February 2023. In 2021–22, an exceptional COVID-19 payment of £13.2m was made to Academic University staff in July 2022.
- Other operating expenses increased by 16% to £1,197.7m, reflecting increased costs in the Academic University (primarily Estates and buildings, Laboratory supplies, Travel, transport and subsistence, and IT services and equipment), and the Press & Assessment (increases in both cost of sales and other operating costs, related to the increase in income described on page 23).
- Depreciation and amortisation has increased from £130.5m to £136.4m.
- Interest and other finance costs of £48.6m (2021–22: £37.6m) mainly comprise Interest payments on bonds of £21.1m (2021–22: £21.1m) and other interest costs, primarily relating to non-cash interest on pension liabilities, of £26.3m (2021–22: £15.9m), which has increased due to adverse movements in bond yields.

# Financial **review** (continued)

## Cash flow and financing

During the year, the net cash inflow from operating activities after taxation of £26.0m was significantly lower than the prior year (2021–22: £92.4m). Most of this difference relates to working capital, where there was an outflow of £41.7m, compared to an inflow of £23.1m in 2021–22. Most of the movement this year relates to debtors, with an increase of £13.6m in research debtors and £25.1m in the Press & Assessment debtors.

Other impacts include the operating cost base (excluding non-cash items) of the Academic University rising faster than operating income, offset by the increased surplus generated by the Press & Assessment. The activities of the Press & Assessment further the mission of the University in important ways and provide significant sources of funds for the Academic University. In the financial year to 31 July 2023, the Press & Assessment produced an increased surplus (before contribution to the University) of £143.2m (2021–22: £109.3m). Routinely, 30% of these surpluses are transferred to the University and used towards funding capital expenditure and academic investment, alongside donations, grants, and a continued draw on University unrestricted resources.

The net cash outflow for the Group was £209.6m (2021–22: £227.9m), driven by net cash inflows from operating activities after taxation as noted above of £26.0m, as well as cash outflows from investment activities of £226.8m (2021–22: £387.0m) and outflow from financing activities of £8.8m (2021–22: inflow of £66.7m). The outflow from investment activities relates primarily to acquisition of fixed assets, CUEF activity and investments of £150m into the Cambridge Multi Asset Fund (CMAF). The outflow from financing activities is primarily interest costs, combined with a lower level of net CUEF subscriptions from Colleges and Associated Bodies compared to 2021–22.

## Net assets

The following table shows the movement in Group net assets analysed into its main segments:

| **Table 3** | **Academic University 2023 £m** | **The Press & Assessment 2023 £m** | **CUEF 2023 £m** | **Trusts and other 2023 £m** | **Elimination and adjustments 2023 £m** | **Total 2023 £m** |
|---|---|---|---|---|---|---|
| Net assets at 31 July 2022 | 5,288 | 814 | 4,001 | 615 | (4,025) | 6,693 |
| Surplus/(deficit) for the year before tax | 142 | 148 | 86 | (49) | (123) | 204 |
| Taxation | – | (5) | – | – | – | (5) |
| **Surplus for the year (Table 2)** | 142 | 143 | 86 | (49) | (123) | 199 |
| Actuarial gain | 233 | 53 | – | – | – | 286 |
| Loss on currency translation | – | (6) | – | – | – | (6) |
| Dividend paid to non-controlling interest | – | (4) | – | – | – | (4) |
| Transfers | – | (39) | – | (10) | 49 | – |
| **Net assets at 31 July 2023** | 5,663 | 961 | 4,087 | 556 | (4,099) | 7,168 |

The Group's net assets totalled £7,167.7m at 31 July 2023 (2022: £6,692.9m). Total comprehensive income of £479.0m, comprising the majority of the increase in net assets, is described on page 21.

## Fixed assets

**The University has continued to deliver its capital investment programme**, focusing on maintaining and enhancing its facilities and infrastructure in order to safeguard its position as a global leader in education and research. However, cash generated from the University's own operational activities continues to be insufficient to deliver significant elements of the programme. For this reason, philanthropy and other sources of capital funding, including contributions from the Press & Assessment, are critical to the future programme's success.

In the year 2022–23, fixed asset additions for the Group were £113.9m (2021–22: £114.9m), with capital expenditure on Land and Buildings of £73.5m (2021–22: £86.7m), and further expenditure of £40.4m (2021–22: £28.2m) on equipment. The University continues to complete the extensive capital investment programme of the last few years and focus on developing a sustainable mid- and long-term programme of investments in buildings, people, and infrastructure. Significant expenditure continued on the new Cavendish III national laboratory facilities. This project constituted 47% of the capital expenditure on Land and Buildings.

# Financial **review** (continued)

The University's estates strategy is continuing to reshape the City. Focused on the major campus areas of West and North West Cambridge, the Biomedical Campus, and the City Centre, the estates strategy is supporting both continued academic excellence and the development of housing, transport, and childcare facilities for staff and their families. The University continues to develop its site at Eddington (formerly North West Cambridge), with Phase 1 now substantially complete, and work continues on the options for future phases.

The Group has continued to invest in Intangible assets during the year, with capitalised expenditure of £52.0m (2021–22: £42.3m), the majority of which relates to software development in the Press & Assessment.

## Cambridge University Endowment Fund (CUEF)

The CUEF is an investment vehicle, which enables the University to pool assets held on trust and invest them for the very long term, gaining from scale, diversification, and professional management. The CUEF is managed by University of Cambridge Investment Management Limited (UCIM) under investment and distribution policies set by the Cambridge University Endowment Trustee Body (CUETB). The CUEF is open to the University and to the Colleges and charitable trusts associated with the University. At 31 July 2023, there were 15 College investors.

The CUEF aims to preserve and grow the value of the perpetual capital of its investors, while providing a sustainable income stream. The investment strategy of the CUEF is primarily to invest through specialist, third-party fund managers in order to access the various asset types and geographies that the Fund targets. A central tenet of the strategy is that well-directed active management allows unconstrained investors with long-term investment horizons to outperform passive investments over time, net of fees.

This contention has been supported by Fund performance over the life of the CUEF and aims to enable CUEF to meet its long-term return objective of the UK Consumer Prices Index (CPI) +5%, net of fees, to fund distributions to investors of around 4% of the net asset value per year. The distribution policy is based on underlying capital values, ensuring the distribution is directly linked to the performance of the Fund.

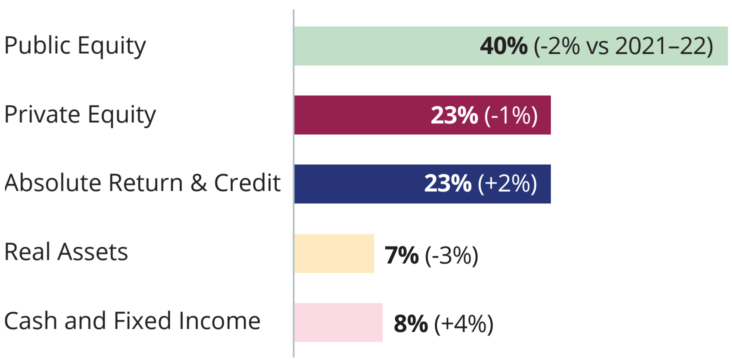
At 31 July 2023, the net asset value of the CUEF was £4,087.2m (2022: £4,000.5m) of which £3,735.9m (2022: £3,672.9m) is attributable to the Group.

### Asset allocation

The Fund is diversified over five broad asset classes: Public Equity, Private Equity, Absolute Return & Credit, Real Assets, and Fixed Interest/Cash. Because of this diversification, the annualised volatility of the Fund has been approximately two-thirds that of the MSCI All-Country World Equity Index ex-fossil fuels (ACWI ex-fossil fuels) since 1 July 2020 as measured in Sterling. Direct investment by the Fund is modest and primarily focused on positions held to maintain an appropriate level of broad market exposure. These may include, from time to time, real estate, equity index positions, exchange traded funds, and instruments for the management of the Fund's foreign exchange hedge programme.

The asset allocation and investment selection in the Fund is aimed at optimising the expected long-run total return, bearing in mind expected future volatility. The CUEF's asset allocation as at 30 June 2023 is shown below. Over the course of 2022–23, allocations to Absolute Return & Credit have increased in comparison to 2021–22 and allocation to Public Equity and Real Assets has decreased.

### Asset allocation



# Financial **review** (continued)

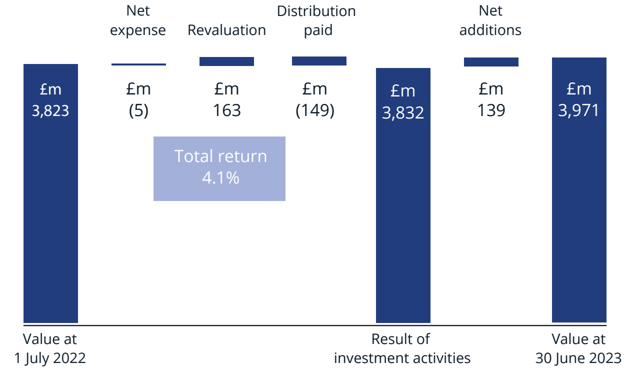
## Performance

The CUEF reports its performance to 30 June 2023. For this financial year, the CUEF delivered a net return of +4.1% (2021–22: -0.3%), which is below the Fund's absolute target of CPI +5% and narrowly lagged the CUEF's 'new 65/35' passive benchmark of +4.5%, largely attributable to the flat performance of Private Equity in 2022–23, despite the strong performance of this asset class over the long term. Over a three-year rolling period, the CUEF had an annualised return of 8.8%, 400 basis points per year higher than the 'new 65/35' passive benchmark[3] which was 4.8% annualised for the same period.

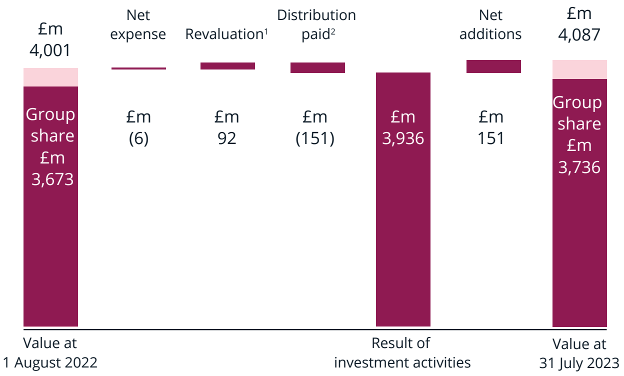
The University's Financial Statements include the CUEF values and gains on investment on a 31 July basis. The overall CUEF movements are demonstrated below.

The University's share of the CUEF represents approximately 92% of the total of £4,087m at 31 July 2023.

### CUEF Fund Performance year to 30 June 2023




### CUEF as reported year to 31 July 2023




## Sustainability

UCIM has continued to make encouraging progress towards its ambition of net zero greenhouse gas emissions from the CUEF portfolio by 2038, in line with the broader operational ambitions of the University.

The aim is to achieve this goal with a three-pronged strategy of:

- investing in renewable energy development and divesting meaningful[4] exposure to fossil fuels by 2030
- engaging with the CUEF's fund managers; holding them to account on reducing carbon emissions in their portfolios
- reporting regularly to stakeholders on progress against these aims

Specific highlights in the year to 30 June 2023 included the following:

- UCIM has further embedded sustainability considerations into its formal investment process through the introduction of four specific criteria by which to assess a new fund management partner. The UCIM team has found these criteria to be helpful and a positive way to engage with partners on sustainability in the early stages of the investment process.
  1. Is net zero a serious consideration for the senior leadership team?
  2. Does the firm have a formal net zero policy or approach in place?
  3. Does the firm engage with its portfolio on climate change?
  4. Is there adequate reporting in place to match UCIM requirements?
- As a result of UCIM's active engagement, a number of fund management partners have made tangible improvements, including the creation of new sustainable investment policies, the incorporation of environmental factors into their decision making, enhanced reporting against sustainability metrics, such as levels of greenhouse gas emissions, and the creation of fossil-free funds.

1 Group Share (Note 23) £84m.

2 Group share (Note 12) (£138m).

3 UCIM new '65/35 Benchmark' consists of: 33% MSCI World Index (GBP-Unhedged) ex fossil fuels after 1 July 2020; 24% MSCI World Index (GBP-Hedged) ex fossil fuels after 1 July 2020; 8% MSCI Emerging Markets Index (GBP-Unhedged) ex fossil fuels after 1 July 2020; 15% Barclays Capital Global Aggregate Bond Index (GBP-Hedged); 10% FTSE British Government Index-Linked All Stocks (GBP); 10% UK Quarterly Property Index (GBP)

4 UCIM defines "meaningful" as 0.5% of the portfolio or less.

# Financial **review** (continued)



- The continuation of a bespoke Executive Education programme, developed and delivered in partnership with the Cambridge Institute for Sustainability Leadership (CISL), which supports UCIM's fund management partners to decarbonise their portfolios. Following the third cohort in Spring of 2023, 18 firms have completed the programme, representing approximately US$150bn of assets under management. A fourth cohort is planned for 2024.

## Other investments

Some long-term investments are held outside the CUEF, amounting to £179.2m (2022: £214.1m). These include other securities, JVs, associates, and equity investments in spin-out companies overseen by the University's technology transfer company Cambridge Enterprise Limited and through its holding in Cambridge Innovation Capital. The majority of the decrease during the year is attributable to investments in spin-out companies, which saw valuation losses of £26.9m.

During the prior year, the Group invested £250.0m in the new Cambridge Multi-Asset Fund (CMAF), which is intended to provide greater returns than deposits and money market investments, whilst maintaining high levels of liquidity for funds intended for operational use, over the medium term. During this year, a further £150.0m has been invested. The fund had a value of £406.8m at 31 July 2023 (2022: £244.7m).

## Pension schemes

The Group is exposed to the costs and risks of pension schemes, in particular in relation to the Universities Superannuation Scheme (USS). The USS is a multi-employer scheme and Note 36 to the financial statements describes how the scheme is reflected in these statements. The actuarial valuation of the overall scheme as at 31 March 2020 reflected a shortfall of £14.1bn, which is currently being mitigated though an agreed Deficit Recovery Plan paid for by all institutions as per an agreed Schedule of Contributions.

Because of the mutual nature of the USS scheme, the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS 102, the University, therefore, only recognises a balance sheet liability in respect of future contributions arising from the agreed Recovery Plan, which determines how each employer within the scheme will fund the most recently calculated overall deficit. For the purposes of the financial statements, the calculation of the liability for the obligation to fund the USS deficit uses the modeller shared by the British Universities Finance Directors Group (BUFDG) for the Higher Education sector. This calculation reflects the Schedule of Contributions put in place in March 2022 following the finalisation of the USS March 2020 valuation, as updated for current discount rate information. The liability for this year has decreased significantly to £348.9m (2022: £437.3m), primarily due to an increase in the discount rate applied to the estimated deficit recovery contributions, as a result of increases in inflation and interest rates in the year.

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.

The Group has three other major schemes: the Cambridge University Assistants' Contributory Pension Scheme (CPS) for University assistant staff and two defined benefit schemes for staff of the Press & Assessment. The CPS is a hybrid-defined benefit scheme with a defined contribution component. The scheme remains open to new joiners and future accrual. The triennial valuation of the CPS at 31 July 2021 has shown a significantly improved position, and the scheme's deficit has further improved in subsequent valuations for FRS 102 reporting purposes. Since 2011, additional employer contributions of £14.6m p.a. have been made, but 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, at which time additional contributions of £10.0m would recommence should the funding level be below 95%.

# Financial **review** (continued)

The Press & Assessment defined benefit schemes are closed to new joiners and, following the triennial valuation of the two UK schemes as at 1 January 2022, show a substantially improved deficit position.

The CPS and the Press & Assessment UK schemes (being single-employer schemes) are included in the financial statements in accordance with FRS 102. The associated net pension liability as at 31 July 2023, which represents the present value of the schemes' obligations to provide future benefits in relation to past service less the market valuation of schemes assets, has decreased to £79.4m (2022: £354.8m). Of this, £62.6m relates to the CPS scheme, and £16.8m to the Press & Assessment schemes. The majority of the improvement is as a result of changing financial market conditions during the year and, in particular, the impact on the discount rate of changes to inflation and interest rate expectations.

Finally, there is a modest net pension asset recognised in 2022–23 of £0.8m in respect of other pension schemes, including the Press & Assessment US schemes (which have net assets of £2.2m) and the Local Government Pension Scheme for staff who are employed through the University's primary school. Pensions are discussed further in Note 36 to the financial statements.

The Group's current service costs and deficit-recovery contributions (including the USS provision decrease) as reflected through staff costs in the year 2022–23 were £78.4m (2021–22: £440.3m). Excluding the non-cash adjustment to the USS provision, costs were £181.4m (2021–22: £189.5m).

## Long-term borrowings

In 2012, the University issued £350m of 3.75% unsecured bonds due in October 2052. The bonds are listed on the London Stock Exchange. The net proceeds of the issue (£342m) were applied in the University's investment in the Eddington development.

In 2018, the University secured additional external finance, providing the University with options to further develop its non-operational estate (that is, projects outside those directly enabling core academic teaching and research activities). The University raised £600m in unsecured external finance through two tranches:

- £300m 60-year (2078) bullet repayment fixed-rate bond at coupon 2.35% p.a.
- £300m 50-year (2068) CPI-linked bond at coupon 0.25% p.a., amortising from year 10 and capped at 3% and floored at 0%.

As at 31 July 2023, the Group had outstanding bond liabilities totalling £837.4m (2022: £922.7m).

Over time, proceeds from the bonds will provide added flexibility in the continuing support of the University's academic mission and furthering the interests of our students through the development of income-generating projects in the non-operational estate, including further strategic housing.

Such income-generating projects are of high strategic importance; they deliver significant indirect benefits essential to the University's primary mission, while also addressing the critically important housing challenge, providing alternative income streams at a time of significant financial volatility.

The Group's net debt as at 31 July 2023 was £1.0m (2022: net cash of £105.0m) (see Note 42). This includes the cumulative non-cash fair value re-measurement of the CPI-linked bond at the balance sheet date of credit £100.3m (2022: credit of £17.0m). This will move year on year depending on volatility in the bond markets, so a more reflective position of the Group's underlying net debt position is **an adjusted net debt of £136.1m (2022: net cash of £65.0m)**, taking into account the cumulative fair value remeasurement described above, and the accretion in the value of the CPI-linked bond of £34.8m from inception. The change during the year is impacted by the investment of Group funds into both the CUEF (£122.7m) and CMAF (£150.0m) during the year. Please refer to Appendix 1 for more information.

## Financial outlook

The University remains confident in its long-term financial sustainability. We have continued to manage our financial reserves prudently in a period where the continued post-pandemic rebound in activity levels have seen costs, amplified by significant ongoing inflation, continuing to outgrow revenues in the short term. Indeed, we now see these effects dominating the operational finances for the next few years, with the Academic University now having moved into an operating deficit position.

The University is therefore redoubling its efforts to manage its sources of revenue effectively, and its cost base more efficiently, in order to achieve a sustainable operating cash flow surplus at the Academic University level and generate the long-term cash flow needed to ensure it has the resources to maintain its position amongst the world's leading universities.

# Financial **review** (continued)



Tuition fee income is expected to grow modestly, reflecting a gradual increase in the number of postgraduate students paying international fees and a rise in unregulated fee levels, but with overall fee growth levels limited by the continued freeze of regulated home fees at £9,250 per student, now meeting less than a half of the underlying cost of providing Cambridge's unique student experience.

Research grants and contracts income recognised is expected to continue its recovery to pre-pandemic levels as current multi-year grant awards work their way through the system. However, the University continues to compete in a highly competitive market, and the long-term trajectory continues to depend on levels of Government funding for research, supported by the University's very strong performance in the last Research Excellence Framework and continued strong rankings. News of the UK's continued association with the EU's Horizon Europe programme, was well received by the research community across Cambridge and the wider sector. However, block grants for funding from UKRI are not expected to increase to match inflation.

Cambridge University Press & Assessment has seen a further strong business performance delivery with total revenues of over £1bn for the first time, but the outlook for this business remains highly dependent on the global economy, the levels of international interest in learning and certification in English, and the use of international curricula in schools around the world.

Cambridge University Press & Assessment's prospects also hinge on the continued development of digital delivery capabilities in an increasingly competitive market.

Costs across the University Group have risen sharply and continue to do so, in the prolonged high- inflationary environment. External factors of higher national pay settlements and elevated levels of inflation for goods and services, are adding to a continued growth in Cambridge's own activity levels post- pandemic as well as, targeted increases in spend on maintenance and renewals across our large physical and IT estates. To these costs, we must add the investment needed to meet the University's zero carbon objectives. These increasing costs are likely to be offset somewhat by the expected reductions in contributions to USS following the conclusion of the 2023 valuation, and by the higher interest rates now available on the University's cash balances.

In order to address the residual cost escalation and to provide additional resources to invest in pay and other priorities, a number of ambitious modernisation and transformation programmes are now underway, which bring significant potential to increase the levels of efficiency and effectiveness of the devolved organisation, notably through a reimagined approach to collective professional services, greater leverage in procurement and purchasing of goods and services, and through improved usage of the physical estate.

The long-term growth objective of the CUEF remains at 5.0% + CPI. However, turbulence in financial markets in response to global events continues to highlight the potential for volatility in short to medium term investment returns.

Risks to future financial performance continue to include economic and mobility concerns resulting from geo-political events, and concerns and residual impacts from the global pandemic; Government actions to address the national deficit and debt; sustained cost inflation; further turbulence in financial markets impacting future CUEF and other investment returns.

# Principal risks and **uncertainties**

The University Council, which is the University's principal executive body, takes primary responsibility for ensuring the University has an effective and balanced enterprise risk management framework in place. Business risk management is at the core of the University's overall system of internal controls and is designed to focus on and mitigate, to every extent possible, the most significant risk events that might adversely or beneficially affect the University's ability to achieve its policies, aims and objectives.

The University is committed to ensuring that it has a robust and comprehensive system of risk management in line with the requirements of the Office for Students, and follows good practice in considering risk appetite in the context of the University's academic mission, seeking to ensure an appropriate balance between risk aversion and opportunity capture. The business risk management approach identifies and appraises risks and opportunities in a systematic manner. Accountability and responsibility for risk mitigation is assigned to management across the devolved organisation. Managers are encouraged to implement good risk management practice across the University. The University makes conservative and prudent disclosure of the financial and non-financial implications of risks.

The Group has a risk management framework overseen by the Audit Committee, for which the Council has the ultimate responsibility. The Academic University and the Press & Assessment have separate risk management policies which are relevant to those entities. The framework is designed to allow the senior leadership team to consider the University's key risks in a meaningful way and within the context of the University's evolving priorities, prior to scrutiny and approval of the University Risk Register through the Audit Committee and Council.

The senior leadership team is responsible for identifying and managing risks across the University's activities. The Council receives reports on the University's risks at least biannually, and seeks assurances over risk management and controls from individuals identified as accountable for risks. The Council has delegated to the Audit Committee the responsibility for reviewing the University's risk management processes to ensure that they are adequate and effective. The Audit Committee considers risk management as a standing item in its meetings to ensure routine monitoring, and will report to the Council on internal controls and alert the Council to any emerging issues as necessary. The Audit Committee also receives an annual opinion from the internal auditors on the adequacy and effectiveness of the University's arrangements for risk management, control, governance and Value for Money, and provides assurance to Council on the adequacy and effectiveness of the University's arrangements for risk management.

This year the internal auditors' opinion provided reasonable assurance over risk management, governance and internal controls, except for some areas where weaknesses in internal controls were identified and reported during internal audit work completed during the year. In all cases, the University is taking steps to further enhance internal controls in these areas. The Audit Committee also welcomed the introduction of a new Head of Institution Assurance Statement to provide visibility over controls operated at a devolved level and noted the continued focus on the timely implementation of internal audit actions. These steps have increased the level of assurance the Audit Committee is able to provide and the Audit Committee confirms its assurance to the Council on the adequacy and effectiveness of the University's arrangements for risk management, control, governance and value for money.

In parallel to the risk management framework, the University's senior leadership team have identified a set of University risks. The University Risk Register identifies those risks that are considered to have a fundamental impact on the University's ability to deliver its mission or to operate effectively.

The principal risks and uncertainties of the University are broadly consistent year on year, with some changes in emphasis to reflect the heightened risk of significant downturns in the UK and/or Global financial markets and the risks of increases to or continued high levels of inflation. These risks have potential downstream impacts on a number of the other risk areas identified. The activities of the Press & Assessment are subject to the pressures of international competition. The Press & Assessment balance the need to reinvest sufficient of their operating surplus to thrive with the need to support the University's core academic activities wherever possible.

**The University remains comparatively well positioned in the sector to deal with financial risks.** While costs across the University Group have risen sharply and continue to do so, in the prolonged high-inflationary environment, revenue streams are well diversified, both in terms of revenue line and geographically. These sources of revenue provide significant resilience, as does the strong and liquid balance sheet, enabling the University to manage the unexpected over the short term, and time to make the necessary operating adjustments. Furthermore, there are potential additional sources of revenue open to the University, albeit that the University chooses not to maximise surpluses.

# Principal risks and **uncertainties** (continued)

## Key strategic risk areas identified include:

| Risk area | Responses and actions |
|---|---|
| **Reputational and financial impact** through failure to meet OfS and other stakeholder expectations for widening student access and ensuring effective participation; student dissatisfaction in the quality of their educational experience; failure to compete with international competitors especially in providing financial support for doctoral students, particularly through failure to obtain funding for Doctoral Training Programmes (DTPs); inadequate support for student mental health and wellbeing; failure to recruit the very best undergraduate and postgraduate students; failure to ensure that educational facilities are of an acceptable standard for a world-class educational institution. | • Implementation of the actions committed to in the University's Access and Participation Plan agreed with the OfS (2020–21 to 2024–25).<br>• Full engagement with Colleges which are responsible for undergraduate admission decisions.<br>• Implementation of the recommendations of the strategic review of admissions and outreach.<br>• Continued progress in the Student Support Initiative with a particular focus on postgraduate studentships.<br>• International Student Recruitment Strategy.<br>• Support for innovation in methods of teaching and examination.<br>• Implementation of the strategic review of student mental health and wellbeing.<br>• Programme Board for Education Space responsible for improving educational space.<br>• Strategy to support DTPs and Centres for Doctoral Training (CDTs).<br>• The University's Industrial Action Task Force has implemented a number of actions to mitigate as far as possible the detrimental impacts to students as a result of the marking and assessment boycott, which has significantly affected this years' examinations cycle. |
| **Significant downturn in UK and/or Global financial markets** leads to reduced financial strength.<br><br>Combined impact of devalued long-term Investments, reduced endowment distribution levels, deterioration in pension valuations (increasing contribution levels), levels of student applications, particularly from overseas, and reduced sources of revenue and philanthropy.<br><br>Also further potential impact on staff through UK cost of living crisis and falling real incomes and potential supply chain disruption. | • The University continues to focus on the optimal management of long-term financial sustainability, including stress testing and enhanced contingency planning.<br>• The University is actively exploring opportunities to attract new revenue streams, modernise processes to seek cost efficiencies and ensure its capital programme is fully funded ahead of new commitments being made.<br>• Over time, more fundamental adjustments to the cost base could be made but would negatively impact on students and research. Likewise capital investment would have to be prioritised on refurbishment over investment.<br>• The University is investing further in its Development and Alumni Relations activities.<br>• The professionally managed CUEF has allocations across a diversified range of asset classes, sectors, styles and geographies with a broad equity focus, designed to optimise returns and be resilient over the long term. |

# Principal risks and **uncertainties** (continued)

| Risk area | Responses and actions |
|---|---|
| Significant increases in or continued high levels of **inflation** would result in an increase in the cost base of the University without matching increases in home student and government revenue streams. | • The University will continue to engage with Government directly and through the HE sector to ensure the funding is allocated reflecting inflationary pressures and increased costs of services for the sector.<br>• The University will continue to explore other revenue streams (both in UK and internationally) with Cambridge University Press & Assessment to ensure the resources are maximised to offset increased costs.<br>• The University will continue to invest in measures to increase the effectiveness and efficiency of its operations to optimise current and future use of resources.<br>• The University will continue to monitor the USS pension scheme funding position, noting the improved position in recent monitoring reports. |
| **Changes to government policy** particularly resulting from increased funding pressures related to UK national deficits and debt, and economic recovery post-COVID-19, lead to further cuts in financial support and provision for education. | • The University continues to engage with government directly and through the HE sector to influence policy in support of its education and research mission. The University also continues to diversify its income sources.<br>• The University performed strongly in the 2021 Research Excellence Framework (REF 2021) and will continue to ensure REF preparedness across the University to maximise future QR funding opportunities.<br>• The College dimension of education provision is distinctive and successful, but it is costly to deliver. The University continues to review ways of controlling costs, seeking value-for-money gains, and opportunities to develop the mix of students over time, while maintaining the highest quality of education and without compromising on admission standards.<br>• The University will continue to maintain and further develop its strategic relationships with research funders, including charities, Research Councils and industrial funders, and respond to new funding opportunities as they arise. |
| The Press & Assessment operates in **challenging international markets where global economic conditions and competitor activity may adversely impact its financial performance**, reducing the funds available for reinvestment in the University's core academic mission.<br><br>The University has a wide international footprint of activities. International tax laws are narrowing the distinction between supporting activities and permanent establishments, leading to the potential for more overseas activity to become taxable. | • The creation of the Press & Assessment addresses a growing desire from learners, teachers and researchers to engage with Cambridge in a joined up digital way, and reflects the demand for innovative products that combine expertise in learning and assessment. The integration has been given impetus by rapid changes in education and research, accelerated by the rapid uptake of digital education during the pandemic. Successfully competing in digital education is key to the Press & Assessment's future success.<br>• The Press & Assessment aims to diversify its product offerings, develop new revenue streams and deepen existing capabilities overseen by a Board with significant commercial expertise.<br>• The University continues to monitor the key risks associated with its combined international activities.<br>• The Strategic Partnership Office coordinates functional due diligence of proposed new international activities, sharing best practice.<br>• The University leverages specialist external taxation and legal advice in support of its core internal capabilities. |

# Principal risks and **uncertainties** (continued)

| Risk area | Responses and actions |
|---|---|
| Increasingly competitive landscape for all forms of **research funding**. | • The University continues to enhance the capabilities and capacity of its Research Office in support of the ongoing processes for grant application and lifecycle management, compliance and enhancement of financial analysis.<br>• The University continues to maintain active communications with key stakeholders (e.g. Research England, UKRI) and to diversify research income, including building on progress with philanthropy.<br>• The University has a growing focus on industrial research collaboration with international partners, focusing on finding solutions to the major global challenges. |
| **Post-Brexit outcomes** restrict access to movement and funding of EU students and staff. Reduced access to current levels of EU Research income. Wider economic downturn impacts future sources of revenue and availability of indirect labour and materials, disrupting the capital expenditure programme.<br><br>Areas of high-risk are: EU research funding, immigration costs, EU student recruitment, student funding and communications. | • The ongoing financial and labour market challenges due to the UK's exit from the EU remain of concern. The University and the HE sector continue to engage with Government on all post-Brexit issues.<br>• Decrease in European Research Council (ERC) funding could still impact the University's research income and its ability to engage leading researchers. HM Treasury has committed to guarantee existing ERC funding commitments. The University welcomes the recent announcement by the Government that the UK is to rejoin the EU Horizon scientific research funding scheme.<br>• Managing the expectation of research projects due to increased costs of goods and services from EU as well as shortages of skilled labour to deliver these projects. |
| **Inability to attract and retain the best academics and adequately resource professional staff** through a failure to compete with escalating levels of international reward levels, growth in the University's complexity and scale, and high costs of living and housing in the Cambridge area. | • The University continues to focus on pensions and pay as key components of a competitive employment proposition, seeking economy, efficiency and effectiveness in its operations to accommodate pay and pension inflation as necessary.<br>• The University has made an additional cost of living-related payment of 2% of salary to all staff, and implemented part of the 2023-24 sector-agreed pay award in February 2023, six months early. The University will continue to monitor, and where appropriate address, the UK cost of living crisis impacting its staff.<br>• The University is also focusing on the provision of transport, nursery schooling and housing, with the Eddington development designed to ease pressures.<br>• The University continues to work with the sector to ensure long-term and attractive pension schemes including the USS.<br>• The University is offering a flexible working environment. |

# Principal risks and **uncertainties** (continued)

| Risk area | Responses and actions |
|---|---|
| Significant **data breach**, failure to comply with GDPR, or major **information security event** (cyber security) leads to loss of confidential/commercially sensitive information or failure of IT infrastructure. | • The University has invested resources to understand its data assets and the security landscape across a devolved institution, and to enable assessment of the risks associated with loss of confidential and commercially sensitive information.<br>• The University has developed and is implementing an updated Cyber Strategy to deliver enhanced security controls across the University, noting that this is a challenge in more devolved areas of control and in an environment of increased and changing threats.<br>• The University has an ongoing programme of cyber risk awareness training and engagement for all staff. |
| Inadequate long-term **maintenance and development of the academic and non-academic estate** and supporting infrastructure.<br><br>Failure to develop and protect a fit-for-purpose IT infrastructure due to devolved organisation and associated fragmentation, customisation and local solution development. | • The University has an ambitious capital building programme and is actively sharpening the prioritisation and management of its strategic investments.<br>• The University seeks to optimise available funding through maximising associated capital grants and philanthropic resources and by increasing net operating cash flows.<br>• A comprehensive programme of work is continuing, aimed at tackling the maintenance backlog. Allocated funds for maintenance have been substantially enhanced to enable this work to build momentum.<br>• From a strategic perspective, the Reshaping our Estate programme aims to create a University of Cambridge estate that is more efficient, more effective, more environmentally sustainable and fit for purpose.<br>• The University continues to implement a Digital Workplace programme, with regular reports to the Audit Committee. This will include the adoption of a determined direction of travel to include: consistent and secure infrastructure agnostic of location; appropriate policies and standards for staff to work securely and effectively from any location; and a path to maximise the benefits offered by digital technologies.<br>• Establish appropriate investment levels and the prioritised allocation of resources between the University's digital vs. physical estate. |
| Failure to maintain adequate risk management of **Health & Safety related risks** and compliance with associated regulations across the distributed University estate and activities leads to personal injury/fatality or significant loss of facilities. | • The University has policies and procedures in place to support appropriate risk management and compliance across the organisation for Health and Safety related risks. However, the devolved nature of the University and diverse nature of associated direct and indirect activities represent a challenge in ensuring full assurance coverage. The University has strengthened its central oversight and governance of health and safety risks, one aim of which is to provide greater visibility of, and therefore assurance around, health and safety matters across the institution. |

# Principal risks and **uncertainties** (continued)



## Concluding remarks

The mission of the University of Cambridge is to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence. The purpose of the University's finances is to support that overarching academic mission.

Our objective therefore is to drive the maximum resources into those activities that matter most – research, teaching and learning excellence, innovation and the University's wider impact agenda – and ensure that Cambridge has enough resources to maintain its position as a world-leading university.

Cambridge continues to operate a high quality, high-cost approach to teaching, in parallel with a very significant amount of research activity. These loss-making core activities continue to be supported by distributions from our restricted endowment reserves and direct donations. Our ambition remains to achieve a modest, sustainable surplus for the Academic University cash flow in the long run, in order to maximise the funds available for reinvestment into the University's mission and provide greater resilience across funding sources.

Our funds for one-off investment come from distributions from unrestricted endowment reserves, built over time, distributions from Press & Assessment, Government grants and philanthropy. Over the longer term, these funds will be boosted by surpluses generated from our bond-funded property and investment portfolio, over and above that needed to service the debt.

Having weathered the financial impacts of the pandemic, we now face the extended impacts of a sustained period of exceptional cost inflation, notably in energy, outpacing revenue growth in the near term. Other significant risks include ongoing market turbulence in response to global events impacting the CUEF, and the Press & Assessment's continuing dependency on key products.

We are continuing to seek to diversify sources of income and surplus in Press & Assessment, while progressing our resilient, long-term strategy at CUEF and ensuring our bond-funded property and investment portfolio remains focused on commercial returns.

Within the Academic University, we are targeting a sustainable annual surplus over time, through raising revenues and utilising collective resources more efficiently, while enhancing the academic strengths of the University and investing in our people. We continue to focus on measures that install greater understanding of, and discipline over, the devolved University's collective finances, supporting the journey to a culture of enhanced financial awareness and responsibility that allows departments to generate additional revenues and save costs, to help fund their local academic activities, while helping the University prioritise its central investment funds. Key to achieving this, will be the continued modernisation of information flows, systems and processes. While these significant endeavours are now in progress, they will take time. Meanwhile, we have started the shift in financial behaviours and targeted academic investment today.

We want to ensure Cambridge has enough resources to maintain its position as a leading world university. This means investing in pay to attract and retain the world's most promising academics and allowing them to do their best work. It means being able to explore new research frontiers, with fit for purpose buildings and equipment. It means having a working and teaching environment that is fit for a leading university, supported by modern professional services.

This will need a balance of investment in people, IT systems and buildings as well as the commitment to decarbonise the University and galvanise increased philanthropy to boost our ability to deliver the University's mission. As current stewards of this University, we must navigate these opportunities to deliver to our ambitions while handing on an institution at least as financially strong as the one we inherited.

These are all significant challenges to address, particularly for an institution that is so highly devolved. Nonetheless, with a clear collective mandate there are huge opportunities that can be unlocked. Cambridge has the potential to achieve things that few other Universities in the world are capable of.

**Anthony Odgers**
CFO

# Corporate **governance**

1. The following statement is provided by the Council to enable readers of the financial statements to obtain a better understanding of the arrangements in the University for the management of its resources and for audit.

   This statement relates to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

2. The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The University complies with the Voluntary Higher Education Code of Governance as revised in September 2020 by the Committee of University Chairs.

   Under the University's Statutes, the governing body of the University is the Regent House, which comprises some resident senior members of the University and the Colleges, together with the Chancellor, the High Steward, the Deputy High Steward, the Commissary and the external members of the Council. The approval of the Regent House is required for changes to the University's Statutes and Ordinances and for any other matter for which, in Statute or Ordinance, the University's approval must be obtained; the Council and the General Board may also decide to seek the Regent House's approval on questions of policy, which are considered likely to be controversial. The Council of the University is the principal executive and policy-making body of the University, with general responsibility for the administration of the University, for the planning of its work, and for the management of its resources. The Council has a majority of internal members and is chaired by the Vice-Chancellor. Its membership includes four external members, one of whom chairs the Audit Committee (see paragraphs 4 and 7 below). The Statutes provide for the appointment of a Deputy Chair of the Council, normally one of the external members, to take the chair as necessary or when it would be inappropriate for the Vice-Chancellor to do so, in particular in relation to the Vice-Chancellor's own accountability. The General Board of the Faculties is responsible for the academic and educational policy of the University. The annual reports of the Council and the General Board are published on the University's website and are submitted to the Regent House for comment and approval.

3. The University is an exempt charity and is subject to regulation by the Office for Students (OfS). The members of the University Council are the charity trustees and are responsible for ensuring compliance with charity law.

4. The Council is advised in carrying out its duties by a number of committees, including the Finance Committee, the Audit Committee, the Planning and Resources Committee, the Human Resources Committee, the Remuneration Committee, and the Committee on Benefactions and External and Legal Affairs. The Finance Committee advises the Council on the management of the University's assets, including real property, monies and securities. The Audit Committee, which has a majority of external members, governs the work of the internal and external auditors, reporting on these matters directly to the Council. In addition, the Audit Committee reviews the University's risk management processes to ensure that they are adequate and effective. The Planning and Resources Committee (PRC) and the Human Resources Committee (HRC) are joint Committees of the Council and the General Board. The PRC's responsibilities include the preparation of the University's budget. The HRC advises the Council on matters concerning equality and diversity and equal and gender pay, providing an annual equality monitoring report, and on the policy framework governing staff-related matters, including the University's policy on public disclosure (whistleblowing). The Remuneration Committee is chaired by an external member of the Council and approves market pay cases, incentive schemes and severance pay cases for senior staff as well as payments to external members of University bodies and committees. It provides advice to the Council on remuneration (including on compliance with the Higher Education Senior Staff Remuneration Code), succession planning and diversity, as appropriate, and it also reviews the University's public disclosures relating to remuneration. The Committee on Benefactions and External and Legal Affairs (CBELA) considers matters likely to have an impact on the reputation of the University, including advising the Vice-Chancellor on the acceptability of donations. The Property Board oversees the development, management and stewardship of the University's non-operational estate, including the West and North West Cambridge sites. It reports to the Council's Finance Committee. The Press and Assessment Board advises the Council on matters concerning the University Press & Assessment.

5. Under the terms of the OfS' Terms and Conditions of funding for higher education institutions and the Terms and Conditions of the Research England grant between the University and the OfS, the Vice-Chancellor is the Accountable Officer of the University.

# Corporate **governance** (continued)



6. Under the University's Statutes, it is the duty of the Council to exercise general supervision over the finances of all institutions in the University; to keep under review the University's financial position and to make a report thereon to the University at least once in each year; to recommend bankers for appointment by the Regent House; and to prepare and publish the annual accounts of the University in accordance with UK-applicable accounting standards such that the accounts give a true and fair view of the state of affairs of the University.
7. It is the duty of the Audit Committee to keep under review the University's risk management strategy and implementation; to keep under review the effectiveness of the University's internal systems of financial and other controls and governance; to advise the Council on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the internal auditors; to satisfy itself that satisfactory arrangements are adopted throughout the University for promoting Value for Money (economy, efficiency and effectiveness); to monitor the University's management and quality assurance of data submitted to the OfS and other bodies; to establish appropriate performance measures and to monitor the effectiveness of external and internal audit; to monitor incidences of fraud and other irregularities and their reporting to OfS as appropriate; to make an annual report to the Council and to receive reports from the OfS and other regulators. Membership of the Audit Committee includes, as a majority, 5 external members (including the Chair of the Committee), appointed by the Council with regard to their professional expertise and experience.
8. There are Registers of Interests of Members of the Council, the General Board, the Finance Committee, and the Audit Committee, and of the senior administrative officers. Declarations of interest are made via an annual declaration of interests process. In addition, interests that relate to particular agenda items are noted at the start of each meeting. All members of the Council were routinely asked to self-certify against the OfS indicators of a 'fit and proper person' at the beginning of their tenure as trustees. Council members and senior officers are encouraged to have particular regard to the seven principles of public life, supported by the University's management and governance arrangements.

# Members of the **Council**
during the year ended 31 July 2023

### The Chancellor:
Lord Sainsbury of Turville

### The Vice-Chancellor:
Professor Stephen J Toope (until 30 September 2022)
Dr Anthony Freeling*
(from 1 October 2022 until 30 June 2023)
Professor Deborah Prentice (from 1 July 2023)

### Heads of Colleges:
Professor Dame Madeleine Atkins
Dr Anthony Freeling* (until 9 August 2022)
Mrs Heather Hancock
Professor Pippa Rogerson
Sally Morgan, Baroness Morgan of Huyton
(from 10 August 2022)

### Professors and Readers:
Professor Richard Penty (until 31 December 2022)
Professor Jason Scott-Warren
Professor Anthony Davenport
Professor Maria Manuel Lisboa (until 2 March 2023)
Professor Richard Mortier (from 15 June 2023)
Professor Sharon Peacock (from 16 May 2023)
Professor Arif Ahmed
(from 1 January 2023 until 1 June 2023)

### Members of the Regent House:
Dr Ruth Charles (until 31 December 2022)
Dr Nicholas Holmes (until 31 December 2022)
Dr Philip Knox (until 31 December 2022)
Dr Andrew Sanchez (until 31 December 2022)
Dr Zoe Adams
Dr Ann Kaminski
Dr Mike Sewell
Dr Pieter van Houten
Ms Milly Bodfish (from 1 January 2023)
Mr John Dix (from 1 January 2023)
Dr Louise Joy (from 1 January 2023)
Mr Scott Mandelbrote (from 1 January 2023)

### Student members:
Ms Zaynab Ahmed (until 30 June 2023)
Mr Sam Carling
Ms Amelia Jabry (until 30 June 2023)
Mr Fergus Kirman (from 1 July 2023)
Mr Vareesh Pratap (from 1 July 2023)

### External members:
Ms Gaenor Bagley
Ms Sharon Flood
Professor Sir David Greenaway (until 29 August 2022)
Mr Mark Lewisohn (until 31 December 2022)
Professor Sir Alexander Halliday (from 1 July 2023)
Professor Andrew Wathey (from 1 March 2023)

The Chancellor, external members, student members, Professor Atkins, Mrs Hancock, Baroness Morgan, Dr Adams, Dr Sewell, Mr Dix, Dr Joy and Mr Mandelbrote were not employees of the University during the year. The other members of the Council are or were employees of the University. No member of the Council receives payment for serving as a member of the Council.

* Dr Anthony Freeling ceased to be a Member of the Council on 9 August 2022. He commenced his term as Acting Vice-Chancellor on 1 October 2022, and rejoined the Council at this date as an employee of the University.

# Statement of **internal control**

1. The Council is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims, and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the Statutes and Ordinances and the Office for Students' (OfS) Terms and Conditions of funding for higher education institutions and the Terms and Conditions of the Research England grant.
2. The system of internal control is designed to identify the principal risks to the achievement of policies, aims, and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically on an ongoing basis. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims, and objectives; it, therefore, provides reasonable, but not absolute, assurance of effectiveness.
3. A risk management framework continued to be in place for the year ended 31 July 2023 and up to the date of approval for the financial statements. The framework is in accordance with OfS guidance.
4. The Council is responsible for ensuring that a sound system of internal control is maintained. The following principles of internal control have been established and applied as described below:
    a. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management, together with the minutes of all meetings of the Audit Committee.
    b. The Audit Committee reviews the University's policy against bribery and corruption on an annual basis.
    c. The Audit Committee receives regular reports from the University's internal auditors, Deloitte LLP, which include the internal auditors' independent opinion on the adequacy and effectiveness of the University's system of internal control and risk management, together with recommendations for improvement.
    d. The Council has delegated to the Audit Committee the responsibility for reviewing the University's risk management processes to ensure that they are adequate and effective. Risk management is a standing item on the Audit Committee agenda and is the driving element in the design of the annual internal audit programme of work.
    e. The Audit Committee's annual report (which is submitted to the Council), sets out how risks are identified and evaluated, how risk management is embedded in ongoing operations and reviews the effectiveness of the risk management framework. The annual report also considers the University's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities.
    f. The University's senior leadership team is responsible for identifying and managing risks across the University's activities, within the context of the University's priorities and objectives. The review of risks encompasses business, operational, compliance, financial, and reputational risks.
    g. All identified risks are evaluated using a common framework for scoring that considers both the likelihood and impact of risks becoming a reality. The scoring guidance for evaluating risks prompts risk owners to consider the following categories of impact: finance, compliance, safety, service delivery (operational), reputation, and people.
    h. The risk management framework applies across the University's institutions, with further guidance and information provided to those who own or manage University, School, Faculty or Departmental risks (primarily through web-based resources and training). Risk assessment underpins the University's programme of internal audit work.
    i. The University's Risk Register identifies those risks that are considered to have a fundamental impact on the University's ability to deliver its mission or to operate effectively. The risk register is considered and formally approved by the Council at least annually, enabling it to receive direct updates on the evaluation and management of risks.
5. The Council is also responsible for reviewing the effectiveness of the system of internal control. The Council's review of the effectiveness of the system of internal control is informed by:
    a. the work of the University's internal auditors, Deloitte LLP, as reported to the Council through the Chair of the Audit Committee, the Audit Committee's annual report and the minutes of all meetings of the Audit Committee;
    b. the work of the senior officers and the risk owners within the University, who have responsibility for the development and maintenance of the internal control framework; and
    c. comments made by the external auditors in their management letter and other reports.
6. Deloitte LLP, as the University's internal auditors, provided reasonable assurance over the overall adequacy and effectiveness of the University's arrangements for risk management, governance, value for money and internal controls, except for certain ongoing focus areas where the University is taking steps to further enhance controls. No significant control weaknesses or failures which require disclosure were identified during the 2022–23 financial year, or up to the date of approval of the financial statements.

# Statement of the responsibilities **of the Council**

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

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

In preparing the financial statements, the Council is required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether applicable accounting standards have been followed;

d. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the University will continue to operate;

e. ensure that income has been applied in accordance with the University's Statutes and Ordinances, the Terms and Conditions of funding for higher education institutions, the Terms and Conditions of the Research England grant, and the funding agreement with the National College for Teaching and Leadership; and

f. safeguard the assets of the University and take reasonable steps to prevent and detect fraud and other irregularities.

# Independent auditors' report

to the Council of University of Cambridge ('the University')

## Report on the audit of the financial statements

### Opinion

In our opinion, The Chancellor, Masters, and Scholars of the University of Cambridge ("University of Cambridge") Group financial statements and the University financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2023 and of the Group's and of the University's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41).

We have audited the financial statements, included within the Reports and Financial Statements (the "Annual Report"), which comprise: the Consolidated and University statements of financial position as at 31 July 2023; the Consolidated and University statements of comprehensive income; the Consolidated and University statements of changes in reserves; the Consolidated statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

In September 2021, the Group acquired Cogbooks Limited and its subsidiaries ("Cogbooks"). Cogbooks is immaterial to the Group and did not therefore form part of our evidence in respect of the audit of the Group's consolidated financial statements.

At the time of the acquisition Cogbooks was not an audit client of PwC and PwC were providing permissible statutory accounts and tax return preparation services for the financial year to 31 July 2021. These services, which are not permissible for any controlled undertaking of the Group, were not terminated within three months of the acquisition and the continuation of these services amounted to breaches of paragraphs 1.27 and 5.40 of the FRC's Revised Ethical Standard 2019. The services were completed in April 2022.

We confirm that, based on our assessment of these breaches, including the nature and scope of the services, and the subsequent actions taken, the provision of the services did not affect our professional judgement in connection with our audit of the year ended 31 July 2022 and we remained objective and independent. Other than the matter referred to above, and to the best of our knowledge and belief, we declare that no other non-audit services prohibited by the FRC's Revised Ethical Standard 2019 were provided to the Group.

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Revised Ethical Standard 2019, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than those disclosed in note 15 to the financial statements, we have provided no non-audit services to the University or its controlled undertakings in the period under audit.

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')

## Our audit approach

### Overview

Audit scope

- The scope of our work covered the financially significant components, including the Academic University, Cambridge University Press and Assessment, and the Cambridge University Endowment Fund. We conducted a full scope of audit for each of these components.
- These audit procedures covered 95% of the Group's income and 94% of the Group's total assets.

Key audit matters

- Rights and obligations relating to research debtors and donations and endowment income (Group and University)
- Valuation of complex pooled investment vehicle assets (Group and University)
- Valuation of investment properties (Group and University)
- Valuation of pension schemes liabilities (Group and University)

Materiality

- Overall Group materiality: £23.3 million (2022: £21.8 million) based on 1% of total income.
- Overall University materiality: £20.0 million (2022: £19.0 million) based on 1% of total income capped by Group materiality allocation.
- Performance materiality: £17.5 million (2022: £16.4 million ) (Group) and £15.0 million (2022: £14.3 million) (University).

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Rights and obligations relating to research debtors and donations and endowment income (Group and University)**<br><br>Refer to notes 3(e) (Statement of significant accounting policies - Recognition of income), 4(a)(i) (Critical judgements in applying the Group's accounting policies - Revenue recognition), note 7 (Research grants and contracts), and note 9 (Donation and endowments).<br><br>The Group's total income includes research grants and contracts amounting to £569.5 million (2022: £551.8 million) and donations and endowments of £132.4 million (2022: £52.8 million).<br><br>Research grant income is typically recognised when the terms of the grant or contract are met, primarily as relevant expenditure is incurred. Often there will be timing differences between when cash is received and when recognition criteria are met, which requires income to be accrued or deferred, resulting in a risk of inappropriate revenue recognition at the year end and potential clawback. The risk of clawback after payment is low as the funder would have reviewed the invoice/claim made by the University (including any potential reporting requirements) and approved payment on this basis. Therefore the significant risk specifically lies in the rights and obligations of the unbilled and billed but unpaid portions of grant income recognised and the recoverability of the research debtor and accrued income at year end.<br><br>For donation and endowment income, the Group is entitled to recognise income when terms and conditions of the donation agreements and/or contracts are met. There is a degree of judgement involved in interpreting terms and conditions. Therefore the significant risk specifically lies in the rights and obligations of the donations and endowments, due to the potential incorrect interpretation of when contract terms determine the entitlement and right to the revenue. | We understood and evaluated the design and operating effectiveness of controls addressing research income and donation;<br><br>We have performed procedures over a sample of revenue items to test the rights and obligations to research income that is unpaid at year-end and tested the recoverability of these balances through our testing of both the billed and unbilled research income debtors (accrued income); and<br><br>We have performed testing over samples of billed and unbilled research debtors. Where available we have agreed balances to subsequent cash receipts. If balances remain unpaid after year end, we have tested and challenged whether the expenses claimed are allowable based on grant agreements, where appropriate we have analysed the nature of expenditure incurred in the year, assessed the ability of the funders to pay, reviewed audit reports for sponsors to identify any issues with the claim, and considered if debtors include claims for costs in excess of the amount agreed with funders.<br><br>We have no matters to report.<br><br>We have performed procedures over a sample of donations and endowments and agreed these to cash received and verified that they are recognised in accordance with the performance conditions in the underlying agreements, with a particular focus on larger individual donations.<br><br>We have no matters to report. |

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of complex Pooled Investment Vehicle (PIV) assets (Group and University)**<br>Refer to note 23 (Non-current investments – other investments), note 26 (current asset investments) and note 12 (Investment income) and note 36 (Pension schemes) where the pension assets are detailed.<br>**Cambridge University Endowment Fund ("CUEF")**<br>As explained in note 12, 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. The total CUEF fund value is £4,087.2 million (2022: £4,000.5 million), of which the University's share is £3,778.1 million (2022: £3,756.1 million), and is recorded as part of non-current asset investments - other investments and comprises 92% (2022: 94%) of the balance. The remainder of the CUEF's investments are recorded within current assets as CUEF units held on behalf of other entities.<br>The valuation of the CUEF units, used by the various components of the Group in determining their investment valuations, is key.<br>Within the CUEF, a large proportion, approximately £3.1 billion of pooled investment vehicles (PIVs) carry an increased risk of valuation error due to the lack of an observable market price, judgements required in the valuation of the underlying assets, and asset valuations being estimated using management assumptions as monthly pricing is not available for the accounts preparation process.<br>For the quarterly valued pooled investment vehicles making up approximately £1.2 billion, there is also a significant level of judgement within the roll-forward performed by management from 30 June valuations (for funds valued only quarterly) to 31 July. This exercise has been performed by management using movements in relevant indices, currency and cash flow movements, to estimate the monthly movement. Indices have been selected based on the nature of the fund, but are considered a proxy, given the complex nature of the funds. The overall movement in valuation from June 2023 to July 2023 was £116.7 million. Of this £85.2 million related to the roll forward exercise performed by management in which the selection of the indices is considered subjective.<br>**Pension scheme assets**<br>The pension asset for the Cambridge University Assistants' Contributory Pension Scheme ("CPS") totals £842.8 million (2022: £815.5 million), of which £167.4 million are complex assets. This equates to around 20% of the assets being more complex and represents the significant audit risk. These more complex assets are PIVs, which, per our assessment, have been classified as more complex in nature.<br>We focused on these investments given the significance of the balances, the range and diversity of sources of valuations, and recognition that investment valuations by their nature are subjective. | We understood and evaluated the design and operating effectiveness of controls addressing the valuation of pooled investment vehicles.For PIVs held within both the CPS pension scheme and CUEF, we have obtained independent confirmations from fund managers.<br>For those funds which are classified as more complex for both CUEF and pension scheme assets, additional procedures were undertaken to assess the reliability of the valuation. This included the following procedures where we assessed information which either corroborates or contradicts the confirmed value provided by the investment manager:<br>• Obtaining and reviewing control reports and bridging letters (where available);<br>• Obtaining copies of the most recently audited financial statements of the fund and comparing the unaudited valuation statement received from the fund as at the fund's year end to the audited financial statements to assess whether there are material changes to the valuation as a result of the fund's audit;<br>• Obtaining recent transaction listings where available to assess the transactional price when compared to the year end price; and<br>• Performing an internet search of the investments to identify contradictory information to the valuation.<br>We have no matters to report in respect of this exercise.<br>In relation to the CUEF roll forward for quarterly valued PIVs, indices were applied to estimate the values at 31 July 2023 and we performed additional procedures. These included:<br>• Assessing the completeness of PIVs by agreeing client working papers to the JPM Custodian report obtained directly by us;<br>• For a sample of funds testing the suitability of the indices selected by reference to the investment strategy and underlying assets of the respective funds;<br>• Agreeing a sample of known capital movements to the Custodian's records;<br>• Recalculating the application of the above elements on a sample basis; and<br>• Considered funds which had the largest differences between management estimate and actual valuation for those assets where statements were received and assessed if the underlying benchmark used remains appropriate.<br>Overall we have concluded that the roll forward approach applied to the less frequently priced PIVs and indices selected provides a reasonable estimate of the valuation at 31 July 2023 on a portfolio basis. We have no matters to report in respect of this area. |

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of investment properties (Group and University)**<br>Refer to note 23 (b) (Non-current investments - Investment Property).<br><br>The Group's and University's investment property comprises the investment properties in the Academic University, made up of the North West Cambridge ('NWC') development of £276.1 million (2022: £346.4 million), and a range of other residential and non-residential properties of £232.9 million (2022: £215.8 million). The Group and University also holds investment properties within the CUEF, £33.6 million (2022: £80.8 million) and the Northdown and Wood Mews Limited Partnerships, £140.9 million (2022: £147.7 million).<br><br>The majority of the properties are valued by independent external valuers.<br><br>There are a considerable number of judgemental assumptions applied across the different property valuations including: discount rate, rental growth (which for key worker housing is linked to assumed salary growth, where appropriate), operating costs, yields, and expected sales prices for those units for sale.<br><br>A valuation of this nature has a material risk of fraud and error given that it, firstly, involves a number of subjective assumptions and, secondly, depends upon the inputs to the valuation being consistent with the facts, land usage and plans . Although the use of independent external valuers significantly mitigates the risk of inappropriate assumptions / methodology being used, the magnitude of the balance means that small changes in assumptions could lead to potentially material variances. | We understood and evaluated the design and operating effectiveness of controls addressing the valuation of investment properties;<br><br>We have tested a sample of the valuations performed by the University's external valuers including the more significant North West Cambridge ('NWC') properties owned directly by the University, the CUEF and its related property vehicle interests as well as those owned by Northdown. We have performed audit procedures over a sample of the inputs included within the valuations, as well as challenging the methodology and key assumptions used by the valuers where appropriate.<br><br>Although there are certain judgements that have been taken in relation to valuation approaches we have not noted any bias in the estimates / judgements.<br><br>Some key judgements are noted as being:<br><br>• Estimated future site wide infrastructure costs for development of Phase 2 and Phase 3 of NWC currently valued at £84.8 million higher than budgeted. This reduces the value of investment properties in the NWC portfolio. We consider the estimate reasonable based on the evidence obtained.<br>• The largest single contributor to the NWC development is the 'key worker housing' which equates to 38% of the total value. The valuer has adopted a discount rate of 6%, which is consistent with the prior year. Management, with the support of their valuation expert, supported the consistent discount rate as being reflective of their long term view given the duration of the cash flows. Management's experts further supported the discount rate applied by the strong underlying investment credentials of the product concerned, being high quality, well-let key-worker housing supplying the needs of one of the world's leading universities. We considered the valuation reasonable on this basis.<br>• For the properties in the NWC portfolio, we reviewed a sample of individual components of the development, agreeing estimates back to supporting evidence (including to sales contracts already in place, third party valuations, evidence in support of current rental income and the assumed salary growth, which we assessed for consistency with the assumptions made elsewhere in the financial statements and to detailed plans and related planning approvals). Our internal valuation experts assisted us with our assessment of the assumptions that feed into the valuation (including discount rates, expected rental yields and sales proceeds), as well as with a review of the valuation methods, and the appropriateness of the comparators and benchmarks used by management's external valuation experts.<br><br>In relation to the other investment properties we tested a sample of properties, in particular:<br><br>• We agreed the estimates back to supporting documentation (including lease agreements); and<br>• We used our internal valuation experts to assist us in assessing the valuation methods and the appropriateness of the assumptions used. We concluded that they all sit within external market ranges, where available, are consistent with underlying support and in line with our own expectations.<br><br>Based on the procedures performed, we found the methodologies used in preparing the valuations were appropriate and the key assumptions were supportable in light of available evidence and did not identify any contradictory evidence as part of our audit work performed. |

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of pension schemes liabilities (Group and University)**<br>Refer to note 30 (Pension liabilities) and note 36 (Pension schemes).<br><br>The Group has defined benefit pensions plans with net liabilities of £427.5 million (2022: £790.9 million) and the University has defined benefit pension plans with a net liability of £411.5 million (2022: £776.3 million). The asset side contributing to these net liabilities is referred to above as part of the key audit matter for Valuation of complex Pooled Investment Vehicle (PIV) assets.<br><br>There are four main schemes contributing to the liability:<br>• The Cambridge University Assistants' Contributory Pension Scheme (CPS) has a closing defined benefit obligation of £905.4 million (Group and University)<br>• The Cambridge University Press UK defined benefit schemes have a closing defined benefit obligation of £259.6 million (Group and University). This includes the Press Contributory Pension Fund (PCPF) and the Press Senior Staff Pension Scheme (PSSPS), together referred to as 'Press schemes'<br>• The University and Group also hold a liability in respect of the deficit reduction agreement for the multi-employer Universities Superannuation Scheme ("USS") of £348.9 million and £334.4 million respectively. This scheme is accounted for as a wholly defined contribution scheme as the University is unable to identify its share of the underlying assets and liabilities of the scheme. | In respect of the CPS and the Press Contributory Pension Fund and the Press Senior Staff Pension Scheme (together 'Press') defined benefit schemes, we obtained the pension valuation reports from the external actuaries. With the assistance of our internal actuarial experts we compared the inflation rates and discount rates used in the valuation of the pension liability by the external actuary to our internally developed benchmarks and considered the consistency of assumptions against the prior year.<br><br>We used our actuarial experts to challenge and assess the reasonableness of the key assumptions used by the University's and Press and Assessment's actuaries in the valuation reports such as discount rate, inflation, salary / pension increases, mortality and challenged them in relation to our own benchmarks to ensure they were within appropriate ranges.<br><br>We have also assessed the methodology to support the financial assumptions that have been updated in the year.<br><br>We performed testing over the census data on which the valuation is based. We obtained an understanding of the checks performed by the Actuary on the completeness of the data. We agreed a sample of member records between the administration records and the actuary's records to confirm consistency of data. For a sample of new joiners in the year we also agreed the start dates and salary data to HR records.<br><br>Based on the procedures performed above, we found the methodologies and assumptions used by management in the valuation of CPS and Press to be reasonable. |
| For the CPS and Press schemes, the present value of the defined benefit obligation is affected by actuarial assumptions, such as discount rates, inflation and life expectancy, depending upon the individual circumstances of the scheme. A change in these actuarial assumptions can have a significant financial impact on the year end pension liability.<br><br>In addition, the liability recognised in relation to USS reflects the net present value of contributions payable under the agreed USS deficit recovery plan. Key assumptions include discount rates and changes in staff costs (comprising both staff numbers and salary inflation) over the duration of the scheme. The deficit recovery plan was agreed following the results of the 2020 actuarial valuation. An updated valuation exercise has been undertaken at the valuation date of 31 March 2023, which had not been finalised at 31 July 2023. | In respect of the USS deficit recovery provision we have tested the contribution data and key assumptions and were satisfied that those used for the USS provision were reasonable. Our actuarial experts have confirmed the integrity of the underlying model used for the calculation of the closing liability.<br><br>Based on the procedures performed above, we found the methodologies and assumptions used by management in the valuation of USS to be reasonable. |

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the University, the accounting processes and controls, and the industry in which they operate.

In relation to scoping our work, the following were considered significant components - the Academic University, Cambridge University Press and Assessment, and the Cambridge University Endowment Fund.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and University's financial statements.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | **Financial statements - Group** | **Financial statements - University** |
|---|---|---|
| Overall materiality | £23.3 million (2022: £21.8 million). | £20.0 million (2022: £19.0 million). |
| How we determined it | 1% of total income | 1% of total income |
| Rationale for benchmark applied | A key performance indicator for the Group and this is a generally accepted measure applied when auditing organisations with social objectives, to calculate overall materiality. | A key performance indicator for the University and this is a generally accepted measure applied when auditing organisations with social objectives, to calculate overall materiality. |

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £20.0 million and £23.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £17.5 million (2022: £16.4 million) for the Group financial statements and £15.0 million (2022: £14.3 million ) for the University financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.2 million (Group audit) (2022: £1.0 million) and £1.0 million (University audit) (2022: £1.0 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the Council's assessment of the Group's and the University's ability to continue to adopt the going concern basis of accounting included:

- We reviewed management's analysis and models, and how these have been applied to a going concern assessment period to 31 July 2030. These included base forecast assumptions and a set of stress tests and considered whether these were reasonable and appropriate in light of our knowledge of the Group, University and sector and past performance.
- We have confirmed the mathematical accuracy of the model.
- We validated the liquidity position of the Group and in particular the extent of unrestricted and available cash and equivalent resources, and considered the extent of headroom these resources provided against the stress tests.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group and the University's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Council for the financial statements

As explained more fully in the Statement of the responsibilities of the Council set out on page 41, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')



In preparing the financial statements, the Council is responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Group and the University or to cease operations, or have no realistic alternative but to do so.

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Office for Students Regulatory Framework under the Charities Act 2011 including the terms and conditions of funding and employment legislations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Office for Students' Accounts Direction (OfS 2019.41) and tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate income, misappropriation of assets and the potential for management bias in significant accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussing with management, internal legal counsel and review of internal audit reports, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Inquiry of entity staff in tax and compliance functions to identify and instances of non-compliance with laws and regulations;
- Assessment of matters reported on the Group's whistleblowing process and the results of management's investigation of such matters;
- Reviewing correspondence between the University, the Office for Students and other regulators in relation to compliance with laws and regulations;
- Inspecting the Group and University's minutes to ensure we have identified any possible non-compliance reported internally;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the recoverability of research debtors, the valuation of investment properties, the valuation of complex PIV's, valuation of the CPI-linked listed bond and pension scheme liabilities valuation;
- Performing procedures to ensure the financial statements are appropriately prepared and disclosed in line with the Office for Students' Accounts Direction (OfS 2019.41);
- Identifying and testing journal entries, in particular focusing on unusual account combinations to revenue, entries related to cash disbursement outside the normal purchasing and payables cycle, and entries containing the names of related parties of the Group and the University;
- Incorporation of an element of unpredictability around the nature, timing or extent of our testing and performed testing over the approval process for changes to vendor details, and over approval of expenditure relating to North West Cambridge; and
- Performing department visits: attending selected departments on a rotational basis to make inquiries with finance staff and verify that controls relating to management override were consistent with Group and University policies.

# Independent auditors' report (continued)

to the Council of University of Cambridge ('the University')

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this report

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

## Other required reporting

## Opinions on other matters prescribed in the Office for Student's Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The University's grant and fee income, as disclosed in note 10 to the financial statements, has been materially misstated; or
- The University's expenditure on access and participation activities for the financial year, as disclosed in note 16 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 23 January 2009 to audit the financial statements for the year ended 31 July 2009 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ended 31 July 2009 to 31 July 2023.

**Andy Grimbly (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

27 November 2023

# Consolidated and University statements of comprehensive income

for the year ended 31 July 2023

| | Note | **Group Year ended 31 July 2023 £m** | Group Year ended 31 July 2022 £m (restated*) | **University Year ended 31 July 2023 £m** | University Year ended 31 July 2022 £m (restated*) |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Tuition fees and education contracts | 5 | **390.1** | 376.2 | **372.7** | 362.5 |
| Funding body grants | 6 | **207.6** | 197.3 | **207.6** | 197.3 |
| Research grants and contracts | 7 | **569.5** | 551.8 | **555.8** | 540.9 |
| Examination, assessment and publishing services | 8 | **991.0** | 860.1 | **814.4** | 703.2 |
| Donations and endowments | 9 | **132.4** | 52.8 | **127.7** | 43.9 |
| Other income | 11 | **178.0** | 160.7 | **196.8** | 138.9 |
| Investment income | 12 | **49.7** | 39.2 | **45.5** | 33.3 |
| **Total income** | 13 | **2,518.3** | 2,238.1 | **2,320.5** | 2,020.0 |
| **Expenditure** | | | | | |
| Staff costs | | | | | |
| – Excluding impact of change in USS deficit recovery contributions | | **1,095.8** | 1,044.4 | **976.7** | 944.2 |
| – Change in USS pension deficit recovery provision contributions | 14, 30 | **(75.2)** | 260.8 | **(76.6)** | 253.3 |
| | 14 | **1,020.6** | 1,305.2 | **900.1** | 1,197.5 |
| Other operating expenditure | 15 | **1,197.7** | 1,029.3 | **1,117.4** | 931.4 |
| Amortisation | 15, 20 | **37.2** | 29.7 | **30.4** | 26.0 |
| Depreciation | 15, 21 | **99.2** | 100.8 | **97.2** | 98.6 |
| Interest and other finance income | 15, 17 | **(36.8)** | (144.6) | **(37.0)** | (144.7) |
| **Total expenditure** | | **2,317.9** | 2,320.4 | **2,108.1** | 2,108.8 |
| **Surplus/(deficit) before other gains and losses and share of surplus in joint ventures and associates** | | **200.4** | (82.3) | **212.4** | (88.8) |
| Share of operating surplus in joint ventures and associates | | **0.2** | 0.4 | **–** | – |
| Gain on disposal of fixed assets | | **–** | 7.5 | **–** | 7.8 |
| Gain on other investments | 23a | **66.4** | 201.9 | **75.6** | 159.8 |
| Loss on investment property | 23b | **(62.5)** | (2.9) | **(62.5)** | (2.9) |
| **Surplus for the year before taxation** | | **204.5** | 124.6 | **225.5** | 75.9 |
| Taxation | 18 | **(5.6)** | (4.4) | **(2.0)** | (1.2) |
| **Surplus for the year** | | **198.9** | 120.2 | **223.5** | 74.7 |
| **Other comprehensive income/(expense):** | | | | | |
| Actuarial gain | 30, 31 | **286.4** | 596.0 | **287.0** | 595.9 |
| (Loss)/gain arising on foreign currency translation | | **(6.3)** | 1.2 | **(0.6)** | (0.6) |
| **Total comprehensive income for the year** | | **479.0** | 717.4 | **509.9** | 670.0 |
| **Represented by:** | | | | | |
| Endowment comprehensive (expense)/income for the year | | **(7.8)** | 98.7 | **(3.9)** | 92.2 |
| Restricted comprehensive income for the year | | **64.1** | 7.7 | **64.3** | 7.5 |
| Unrestricted comprehensive income for the year | | **422.7** | 611.0 | **449.5** | 570.3 |
| | | **479.0** | 717.4 | **509.9** | 670.0 |

Group total comprehensive income includes £4.5m (2022: £5.0m) attributable to non-controlling interests.

* Refer to Note 43 on page 115 for details of the restatement.

# Consolidated and University statements of financial position

as at 31 July 2023

| | Note | **Group 31 July 2023 £m** | Group 31 July 2022 £m | **University 31 July 2023 £m** | University 31 July 2022 £m |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Intangible assets and goodwill | 20 | **119.8** | 105.4 | **110.4** | 93.2 |
| Tangible assets | 21 | **2,763.4** | 2,749.3 | **2,759.8** | 2,748.0 |
| Heritage assets | 22 | **101.8** | 82.2 | **101.7** | 82.1 |
| Investments – other investments | 23a | **4,356.6** | 4,207.2 | **3,727.7** | 3,541.2 |
| Investments – investment property | 23b | **509.0** | 562.2 | **509.0** | 562.2 |
| Investments in joint ventures | 23a | **7.5** | 7.8 | **–** | – |
| | | **7,858.1** | 7,714.1 | **7,208.6** | 7,026.7 |
| **Current assets** | | | | | |
| Stock and work in progress | 24 | **53.5** | 52.4 | **46.8** | 45.8 |
| Trade and other receivables | 25 | **478.0** | 423.7 | **529.7** | 437.2 |
| Investments | 26 | **829.9** | 843.5 | **1,454.6** | 1,484.4 |
| Cash and cash equivalents | 27 | **399.3** | 553.3 | **287.5** | 450.5 |
| | | **1,760.7** | 1,872.9 | **2,318.6** | 2,417.9 |
| **Creditors: amounts falling due within one year** | 28 | **(1,098.9)** | (1,099.7) | **(1,748.5)** | (1,725.3) |
| **Net current assets** | | **661.8** | 773.2 | **570.1** | 692.6 |
| **Total assets less current liabilities** | | **8,519.9** | 8,487.3 | **7,778.7** | 7,719.3 |
| Creditors: amounts falling due after more than one year | 29 | **(909.8)** | (983.8) | **(884.1)** | (970.2) |
| Pension liabilities | 30 | **(427.5)** | (790.9) | **(411.5)** | (776.3) |
| Other retirement benefits liabilities | 31 | **(14.9)** | (19.7) | **(14.9)** | (19.7) |
| **Total net assets** | | **7,167.7** | 6,692.9 | **6,468.2** | 5,953.1 |
| **Restricted reserves** | | | | | |
| Income and expenditure reserve – endowment | 32 | **2,469.1** | 2,476.9 | **2,119.1** | 2,123.0 |
| Income and expenditure reserve – restricted | 33 | **254.2** | 190.1 | **253.8** | 189.5 |
| **Unrestricted reserves** | | | | | |
| Income and expenditure reserve – unrestricted | | **4,444.4** | 4,025.9 | **4,095.3** | 3,640.6 |
| **Total reserves** | | **7,167.7** | 6,692.9 | **6,468.2** | 5,953.1 |

Group unrestricted reserves includes £6.0m (2021–22: £6.8m) attributable to non-controlling interests.

The financial statements on pages 53 to 115 were approved by the Council on 27 November 2023 and signed on its behalf by:

**Professor Deborah Prentice**
Vice-Chancellor

**Gaenor Bagley**
External Member of Council

**Anthony Odgers**
Chief Financial Officer

# Consolidated and University statements of changes in reserves

for the year ended 31 July 2023

| | Note | Endowment £m | Restricted £m | Unrestricted £m | Total £m |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Balance at 1 August 2021 | | 2,378.2 | 182.4 | 3,418.9 | 5,979.5 |
| Surplus for the year ended 31 July 2022 | | 98.7 | 7.7 | 13.8 | 120.2 |
| Other comprehensive income | | – | – | 597.2 | 597.2 |
| Total comprehensive income for the year ended 31 July 2022 | | 98.7 | 7.7 | 611.0 | 717.4 |
| Dividend paid to non-controlling interest | | – | – | (3.7) | (3.7) |
| Other movements | | – | – | (0.3) | (0.3) |
| **Balance at 31 July 2022** | | 2,476.9 | 190.1 | 4,025.9 | 6,692.9 |
| Surplus for the year ended 31 July 2023 | | (7.8) | 64.1 | 142.6 | 198.9 |
| Other comprehensive income | | – | – | 280.1 | 280.1 |
| Total comprehensive income for the year ended 31 July 2023 | | (7.8) | 64.1 | 422.7 | 479.0 |
| Dividend paid to non-controlling interest | | – | – | (4.3) | (4.3) |
| Other movements | | – | – | 0.1 | 0.1 |
| **Balance at 31 July 2023** | | **2,469.1** | **254.2** | **4,444.4** | **7,167.7** |
| **University** | | | | | |
| Balance at 1 August 2021 | | 2,030.8 | 182.0 | 3,070.3 | 5,283.1 |
| Surplus for the year ended 31 July 2022 | | 92.2 | 7.5 | (25.0) | 74.7 |
| Other comprehensive income | | – | – | 595.3 | 595.3 |
| Total comprehensive income for the year ended 31 July 2022 | | 92.2 | 7.5 | 570.3 | 670.0 |
| **Balance at 31 July 2022** | | 2,123.0 | 189.5 | 3,640.6 | 5,953.1 |
| Surplus for the year ended 31 July 2023 | | (3.9) | 64.3 | 163.1 | 223.5 |
| Other comprehensive income | | – | – | 286.4 | 286.4 |
| Total comprehensive income for the year ended 31 July 2023 | | (3.9) | 64.3 | 449.5 | 509.9 |
| Other movements | 37 | – | – | 5.2 | 5.2 |
| **Balance at 31 July 2023** | | **2,119.1** | **253.8** | **4,095.3** | **6,468.2** |

# Consolidated statements of cash flows

for the year ended 31 July 2023

| | Note | Group Year ended 31 July 2023 £m | Group Year ended 31 July 2022 £m (*restated) |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Surplus for the year before taxation** | | **204.5** | 124.6 |
| **Adjustments for non-cash items:** | | | |
| Depreciation | 15, 21 | **99.2** | 100.8 |
| Amortisation of intangible assets | 15, 20 | **37.2** | 29.7 |
| Gain on investments | | **(3.9)** | (199.0) |
| Impairment of investments | | **8.9** | – |
| Increase in stock and work in progress | 24 | **(1.1)** | (5.7) |
| (Increase)/Decrease in trade and other receivables | | **(54.3)** | 11.3 |
| Increase in creditors | | **13.7** | 17.5 |
| Revision of USS deficit recovery provision recognised in the year | 14, 30 | **(75.2)** | 260.8 |
| Other pension costs less contributions payable | 30 | **(6.2)** | 20.9 |
| Other retirement benefit costs less contributions payable | 31 | **(0.1)** | (0.4) |
| Receipt of donated assets | 22 | **(19.1)** | (4.8) |
| Currency adjustments | | **6.5** | (0.9) |
| **Adjustments for investing or financing activities:** | | | |
| Investment income | 12 | **(49.7)** | (39.2) |
| Interest payable | 17 | **21.2** | 21.5 |
| Credit for revaluation of index linked bonds | 17 | **(85.4)** | (182.2) |
| New endowments | 9 | **(10.5)** | (4.7) |
| Capital grants and donations | | **(53.8)** | (45.1) |
| Share of joint venture and associates net surplus | | **(0.2)** | (0.4) |
| Gain on the sale of fixed assets | | **(0.1)** | (7.9) |
| **Net cash inflow from operating activities before taxation** | | **31.6** | 96.8 |
| Taxation | 18 | **(5.6)** | (4.4) |
| **Net cash inflow from operating activities after taxation** | | **26.0** | 92.4 |
| **Cash flows from investing activities** | | | |
| New endowments | 9 | **10.5** | 4.7 |
| Capital grants and donations | | **53.8** | 45.1 |
| Proceeds from sales of fixed assets | | **0.2** | 8.5 |
| Proceeds of sales: North West Cambridge | | **–** | 13.2 |
| Proceeds from sales of other non-current asset investments | | **13.3** | 29.6 |
| Net disposal of other current asset investments | | **34.8** | 97.6 |
| Investment income | 12 | **49.7** | 39.2 |
| Payments made to acquire intangible assets | 20 | **(52.0)** | (36.3) |
| Payments made on purchase of a business | | **–** | (4.7) |
| Payments made to acquire fixed assets | | **(112.0)** | (124.6) |
| Payments made to acquire heritage assets | | **(0.5)** | – |
| Acquisition of CUEF investment assets | | **(50.8)** | (179.8) |
| Payments made to acquire other non-current asset investments | | **(165.2)** | (273.6) |
| Payments made re North West Cambridge development costs | | **(8.6)** | (5.9) |
| **Net cash outflow from investing activities** | | **(226.8)** | (387.0) |
| **Cash flows from financing activities** | | | |
| Interest paid | | **(21.0)** | (21.0) |
| Dividend payment to non-controlling interest | 34 | **(4.3)** | (3.7) |
| Drawdown of secured CUEF borrowings | | **–** | 40.4 |
| Colleges and Associated bodies – CUEF subscriptions | | **28.8** | 60.8 |
| Colleges and Associated bodies – CUEF redemptions | | **(0.1)** | – |
| Colleges and Associated bodies – CUEF distributions | | **(12.2)** | (9.8) |
| **Net cash (outflow)/inflow from financing activities** | | **(8.8)** | 66.7 |
| **Reduction in cash and cash equivalents in the year** | | **(209.6)** | (227.9) |
| **Cash and cash equivalents at beginning of the year** | | **773.6** | 1,001.5 |
| **Cash and cash equivalents at end of the year** | | **564.0** | 773.6 |
| **Represented by:** | | | |
| Cash and cash equivalents | 27 | **399.3** | 553.3 |
| Cash and cash equivalents – CUEF | 23 | **164.7** | 220.3 |
| | | **564.0** | 773.6 |

* Refer to Note 43 on page 115 for details of the restatement.

# 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.

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 3. Statement of significant accounting policies continued

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.

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.

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

## 3. Statement of significant accounting policies continued

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.

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.

## 3. Statement of significant accounting policies continued

### 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.

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.

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

## 3. Statement of significant accounting policies continued

### 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.

## 3. Statement of significant accounting policies continued

### (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.

#### 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.

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

## 3. Statement of significant accounting policies continued

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.

### (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.

### (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 5, 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 5 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.

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

## 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.

## 4. Critical accounting judgements, 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 (continued)

for the year ended 31 July 2023

## 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 |
| | **390.1** | 376.2 | **372.7** | 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 |
| | **207.6** | 197.3 | **207.6** | 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 |
| | **569.5** | 551.8 | **555.8** | 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 |
| | **991.0** | 860.1 | **814.4** | 703.2 |

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

## 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 |
| | **132.4** | 52.8 | **127.7** | 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 |
| | **597.7** | 573.5 | **580.3** | 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 (continued)
for the year ended 31 July 2023

## 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 |
| | **178.0** | 160.7 | **196.8** | 138.9 |

* Refer to Note 43 on page 115 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 |
| **Net investment income reported in financial statements** | **49.7** | 39.2 | **45.5** | 33.3 |
| CUEF distributions credited to unit holders | **138.2** | 121.5 | **114.6** | 100.2 |
| Investment income on distribution basis | **187.9** | 160.7 | **160.1** | 133.5 |

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

## 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) |
|---|---|---|---|---|
| Group | | | | |
| 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 |
| **University** | | | | |
| 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 115 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 (continued)

for the year ended 31 July 2023

## 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 | – | – |
| | **1,552.7** | **506.9** | **458.7** | 1,379.4 | 500.7 | 358.0 |

* Refer to Note 43 on page 115 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 |
| **Total staff costs** | **1,020.6** | 1,305.2 | **900.1** | 1,197.5 |
| The average number of staff employed in the year, expressed as full–time equivalents, was: | **18,425** | 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 (continued)
for the year ended 31 July 2023

## 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 post holders 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 |
| **Total remuneration** | **86** | **234** | **179** | **499** | 526 |

* 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 (continued)

for the year ended 31 July 2023

## 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 (continued)
for the year ended 31 July 2023

## 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** | – |
| | **701** | 625 |

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 (continued)

for the year ended 31 July 2023

## 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 Registrary 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 |
| **Total per statement of comprehensive income** | **1,020.6** | **1,197.7** | **136.4** | **(36.8)** | **2,317.9** | 2,320.4 |

* Refer to Note 43 on page 115 for details of the restatement.

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

## 15. Analysis of consolidated expenditure by activity continued

**Other operating expenses include:**

| | Group 2023 £m | Group 2022 £m |
|---|---|---|
| **Operating lease charges:** | | |
| 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 |
|---|---|---|
| **Auditor's remuneration:** | | |
| 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 |
| **Payments to trustees** | | |
| 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 |
| | **9.2** | 8.7 |

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: 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 (continued)

for the year ended 31 July 2023

## 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 |
| | **(36.8)** | (144.6) | **(37.0)** | (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) |
| | **(64.3)** | (161.1) | **(64.3)** | (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 |
| | **5.6** | 4.4 | **2.0** | 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 (continued)
for the year ended 31 July 2023

## 19. Segment information

The Group's reportable segments are:

| | |
|---|---|
| **Academic University** | Teaching and research undertaken by the University. |
| **Cambridge University Press & Assessment** | Publishing, examination and assessment services, carried out by the Press & Assessment department of the University and its subsidiary undertakings. |
| **Cambridge University Endowment Fund (CUEF)** | The investment fund managed by the Group and holding the majority of the Group's investments together with some investments of Colleges and other associated bodies (see Note 12). |
| **Trusts and other** | 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 |
|---|---|---|---|---|---|---|
| **Year ended 31 July 2023** | | | | | | |
| 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) | – |
| **Total** | 1,588.5 | 1,014.9 | 20.6 | 171.8 | (277.5) | 2,518.3 |
| **Surplus/(deficit) for the year** | 142.1 | 143.2 | 86.1 | (49.4) | (123.1) | 198.9 |
| 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 |
| **Assets** | 7,490.5 | 1,318.4 | 4,129.4 | 698.0 | (4,017.5) | 9,618.8 |
| **Liabilities** | (1,827.2) | (357.2) | (42.2) | (142.2) | (82.3) | (2,451.1) |
| **Net assets** | 5,663.3 | 961.2 | 4,087.2 | 555.8 | (4,099.8) | 7,167.7 |

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 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) | – |
| Total | 1,424.3 | 872.8 | 22.0 | 177.0 | (258.0) | 2,238.1 |
| 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) |
| Net assets | 5,287.6 | 814.8 | 4,000.5 | 615.4 | (4,025.4) | 6,692.9 |

### 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) |
|---|---|---|
| **Total income** | | |
| Elimination of intersegment income | **(277.9)** | (255.7) |
| Other adjustments | **0.4** | (2.3) |
| **Total eliminations and adjustments** | **(277.5)** | (258.0) |
| **Surplus for the year** | | |
| 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) |
| **Total eliminations and adjustments** | **(123.1)** | (225.7) |

### 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) |
| **Total eliminations and adjustments** | **(4,017.5)** | (82.3) | **(4,099.8)** | (4,025.4) |

* Refer to Note 43 on page 115 for details of the restatement.

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 20. Intangible assets and goodwill

| Group | Software £m | Goodwill £m | Others £m | 2023 Total £m | 2022 Total £m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 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 |
| **Accumulated amortisation** | | | | | |
| 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 |
| **Net book value** | | | | | |
| **At 31 July** | **105.8** | **5.4** | **8.6** | **119.8** | 105.4 |
| At 1 August | **87.4** | **10.8** | **7.2** | **105.4** | 93.0 |

| University | Software £m | Goodwill £m | Others £m | 2023 Total £m | 2022 Total £m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 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 |
| **Accumulated amortisation** | | | | | |
| 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 |
| **Net book value** | | | | | |
| **At 31 July** | **101.4** | **5.6** | **3.4** | **110.4** | 93.2 |
| At 1 August | **84.2** | **4.8** | **4.2** | **93.2** | 88.4 |

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 21. Tangible assets

| Group | Land £m | Non–leasehold buildings £m | Leasehold buildings £m | Assets in construction £m | Equipment £m | 2023 Total £m | 2022 Total £m |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| 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 |
| **Accumulated depreciation** | | | | | | | |
| 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 |
| **Net book value** | | | | | | | |
| **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 | Land £m | Non–leasehold buildings £m | Leasehold buildings £m | Assets in construction £m | Equipment £m | 2023 Total £m | 2022 Total £m |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| 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 |
| **Accumulated depreciation** | | | | | | | |
| 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 |
| **Net book value** | | | | | | | |
| **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).

## 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 |
| **Closing balance at 31 July** | **101.8** | 82.2 | **101.7** | 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 | – | – |
| **Total acquisitions capitalised** | **19.6** | 4.8 | 3.8 | 1.6 | 1.4 |

## 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 |
| **Closing balance at 31 July** | **4,364.1** | 4,215.0 | **3,727.7** | 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 |
| | **4,364.1** | 4,215.0 | **3,727.7** | 3,541.2 |

* Refer to Note 43 on page 115 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.

## 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) |
| **Gains on non-current investments** | **69.0** | 207.5 | **78.1** | 165.5 |
| Losses on current asset investments | **(2.6)** | (5.6) | **(2.5)** | (5.7) |
| **Gains on other investments** | **66.4** | 201.9 | **75.6** | 159.8 |

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% |
| **Total value of fund** | **4,087.2** | **100.0%** | 4,000.5 | 100.0% |

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 83, 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 (continued)
for the year ended 31 July 2023

## 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 | **3,778.1** | 3,756.1 | **3,153.4** | 3,115.2 |
| Investment assets | **3,613.4** | 3,535.8 | **2,988.7** | 2,894.9 |
| Cash and cash equivalents | **164.7** | 220.3 | **164.7** | 220.3 |
| Current asset investments (see Note 26) – balances held on behalf of: | **351.3** | 327.6 | **976.0** | 968.5 |
| Subsidiary undertakings | **–** | – | **624.7** | 640.9 |
| Colleges | **337.9** | 314.6 | **337.9** | 314.6 |
| Other associated bodies | **13.4** | 13.0 | **13.4** | 13.0 |
| Derivative financial instrument liabilities (Note 28) | **(1.8)** | (42.8) | **(1.8)** | (42.8) |
| Secured borrowings (Note 29) | **(40.4)** | (40.4) | **(40.4)** | (40.4) |
| **Total value of units** | **4,087.2** | 4,000.5 | **4,087.2** | 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 | **562.2** | 589.9 | **562.2** | 589.9 |
| Additions in the year | **11.5** | 7.7 | **11.5** | 7.7 |
| Disposals in the year | **(2.4)** | (32.5) | **(2.4)** | (32.5) |
| Transfers from other balance sheet accounts | **0.2** | – | **0.2** | – |
| Net loss from fair value adjustments | **(62.5)** | (2.9) | **(62.5)** | (2.9) |
| **Closing balance** | **509.0** | 562.2 | **509.0** | 562.2 |
| Represented by: | | | | |
| North West Cambridge development | **276.1** | 346.4 | **276.1** | 346.4 |
| Other investment property | **232.9** | 215.8 | **232.9** | 215.8 |
| | **509.0** | 562.2 | **509.0** | 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 (continued)
for the year ended 31 July 2023

## 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 |
| | **53.5** | 52.4 | **46.8** | 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 |
|---|---|---|---|---|
| **Amounts due within one year:** | | | | |
| 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 |
| | **478.0** | 423.7 | **529.7** | 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 |
| | **829.9** | 843.5 | **1,454.6** | 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 |
| | **399.3** | 553.3 | **287.5** | 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 (continued)

for the year ended 31 July 2023

## 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 |
| | **1,098.9** | 1,099.7 | **1,748.5** | 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 |
| | **909.8** | 983.8 | **884.1** | 970.2 |

## 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 (continued)

for the year ended 31 July 2023

## 30. Pension liabilities

| Group | CPS £m | The Press & Assessment (UK schemes) £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) |
| | **–** | **–** | **–** | **(103.0)** | **–** | **(103.0)** | 250.8 |
| Actuarial gain | **(233.0)** | **(49.2)** | **(282.2)** | **–** | **0.1** | **(282.1)** | (589.5) |
| **Closing balance at 31 July** | **62.6** | **16.8** | **79.4** | **348.9** | **(0.8)** | **427.5** | 790.9 |
| **University** | | | | | | | |
| 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) |
| | **–** | **–** | **–** | **(103.3)** | **–** | **(103.3)** | 243.4 |
| Actuarial gain | **(233.0)** | **(49.2)** | **(282.2)** | **–** | **(0.5)** | **(282.7)** | (589.4) |
| **Closing balance at 31 July** | **62.6** | **16.8** | **79.4** | **334.4** | **(2.3)** | **411.5** | 776.3 |

The net liabilities in respect of the Cambridge University Assistants' Contributory Pension Scheme (CPS) and the Press defined benefit schemes represent the present value of the schemes' obligations to provide future benefits in relation to past service, less the assets of the schemes. For additional information, please refer to Note 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 (continued)
for the year ended 31 July 2023

## 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) |
| **Closing balance at 31 July** | **14.9** | 19.7 |

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 |
| **Balance at 31 July** | **1,783.8** | **685.3** | **2,469.1** | 2,476.9 |
| Capital | **1,514.8** | **604.3** | **2,119.1** | 2,140.4 |
| Unspent income | **269.0** | **81.0** | **350.0** | 336.5 |
| **Balance at 31 July** | **1,783.8** | **685.3** | **2,469.1** | 2,476.9 |
| **Representing:** | | | | |
| 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 |
| **Group total** | **1,783.8** | **685.3** | **2,469.1** | 2,476.9 |
| **University** | | | | |
| 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 |
| **Balance at 31 July** | **1,770.0** | **349.1** | **2,119.1** | 2,123.0 |
| Capital | **1,501.1** | **268.0** | **1,769.1** | 1,786.6 |
| Unspent income | **268.9** | **81.1** | **350.0** | 336.4 |
| **Balance at 31 July** | **1,770.0** | **349.1** | **2,119.1** | 2,123.0 |

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 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 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| 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) |
| **Balance at 31 July** | **8.0** | **71.3** | **144.4** | **30.5** | **254.2** | 190.1 |
| **University** | | | | | | |
| 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) |
| **Balance at 31 July** | **7.9** | **71.0** | **144.0** | **30.9** | **253.8** | 189.5 |

## 34. Non-controlling interests

Non-controlling interests represent the interests of minority shareholders in the total comprehensive income and net assets of subsidary 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)** | – |
| **Closing balance at 31 July** | **6.0** | 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 (continued)
for the year ended 31 July 2023

## 35. Capital commitments

| Capital commitments | Group 2023 £m | Group 2022 £m |
|---|---|---|
| Commitments for capital expenditure: | | |
| Commitments contracted at 31 July | **37.0** | 102.6 |
| Authorised but not contracted at 31 July | **160.2** | 127.8 |
| | **197.2** | 230.4 |
| Commitments for capital calls on investments | **759.0** | 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 (continued)
for the year ended 31 July 2023



## 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:<br>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:<br>Pre-retirement: 2.75% p.a.<br>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% |

## 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 (continued)
for the year ended 31 July 2023

## 36. Pension schemes continued

The principal assumptions used by the actuary were:

| | **2023** | 2022 |
|---|---|---|
| Discount rate | **5.10%** | 3.40% |
| Rate of increase in salaries* | **3.30%** | 3.00% |
| Rate of increase in pensions in deferment | **2.90%–3.30%** | 3.00% |
| Rate of increase in pensions in payment: | | |
| To 31 December 2012 | **3.30%** | 3.00% |
| From 1 January 2013 (RPI max 5.0% p.a.) | **3.20%** | 2.95% |
| From 1 January 2013 (CPI max 5.0% p.a.) | **2.85%** | 2.50% |
| Mortality – equivalent life expectancy for members reaching the age of 65: | | |
| Males currently aged 65 | **87** | 87 |
| Males currently aged 45 | **88** | 89 |
| Females currently aged 65 | **90** | 90 |
| Females currently aged 45 | **91** | 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 | **(1,103.7)** | (1,622.7) | **815.5** | 815.0 | **(288.2)** | (807.7) |
| Current service cost | **(25.4)** | (44.9) | **–** | – | **(25.4)** | (44.9) |
| Administrative expenses paid | **–** | – | **(1.2)** | (1.2) | **(1.2)** | (1.2) |
| Employer contributions | **–** | – | **28.8** | 28.4 | **28.8** | 28.4 |
| Contributions by members | **(0.3)** | (0.3) | **0.3** | 0.3 | **–** | – |
| Benefits paid | **33.3** | 27.7 | **(33.3)** | (27.7) | **–** | – |
| Interest (expense)/income | **(37.3)** | (25.3) | **27.7** | 12.7 | **(9.6)** | (12.6) |
| Remeasurement gains/(losses): | | | | | | |
| Actuarial gains | **228.0** | 561.8 | **–** | – | **228.0** | 561.8 |
| Expected less actual plan expenses | **–** | – | **(0.8)** | (0.6) | **(0.8)** | (0.6) |
| Return on assets excluding interest | **–** | – | **5.8** | (11.4) | **5.8** | (11.4) |
| **Closing defined benefit obligation** | **(905.4)** | (1,103.7) | **842.8** | 815.5 | **(62.6)** | (288.2) |

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

## 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 |
| | **36.2** | 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% |
| | **100.0%** | 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) |
| | **33.5** | 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 (continued)
for the year ended 31 July 2023

## 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 | **(317.1)** | (379.1) | **250.3** | 271.0 | **(66.8)** | (108.1) |
| Current service cost | **(0.7)** | (1.3) | **–** | – | **(0.7)** | (1.3) |
| Employer contributions | **–** | – | **3.7** | 4.2 | **3.7** | 4.2 |
| Contributions by members | **–** | (0.1) | **–** | 0.1 | **–** | – |
| Benefits paid | **14.6** | 13.1 | **(14.6)** | (13.1) | **–** | – |
| Interest (expense)/income | **(10.5)** | (5.8) | **8.3** | 4.1 | **(2.2)** | (1.7) |
| Remeasurement gains/(losses): | | | | | | |
| Actuarial gains/(losses) | **54.1** | 56.1 | **(4.9)** | (16.0) | **49.2** | 40.1 |
| **Closing defined benefit obligation** | **(259.6)** | (317.1) | **242.8** | 250.3 | **(16.8)** | (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 | **0.7** | 1.3 |
| Interest cost | **2.2** | 1.7 |
| | **2.9** | 3.0 |

| | **2023** | 2022 |
|---|---|---|
| The fair values of the major categories of scheme assets expressed as a percentage of the total were: | | |
| Equities | **42.5%** | 42.5% |
| Property | **2.3%** | 3.0% |
| Cash and annuities | **1.0%** | 6.2% |
| Diversified growth fund | **–** | 20.1% |
| Diversified credit fund | **17.5%** | 23.7% |
| Buy and maintain bond portfolio | **18.7%** | – |
| Corporate Bonds | **–** | 4.5% |
| Index-linked gilts | **18.0%** | – |
| | **100.0%** | 100.0% |
| The return on the scheme's assets was: | | |
| Interest income (£m) | **8.3** | 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.

## 36. Pension schemes continued

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

| | **Employer contributions 2023 £m** | **Provisions (Note 30) 2023 £m** | **Total 2023 £m** | Employer contributions 2022 £m | Provisions (Note 30) 2022 £m | Total 2022 £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 |
| | **186.3** | **(107.9)** | **78.4** | 174.5 | 265.8 | 440.3 |

### 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** |
|---|---|
| **USS deficit provision** | |
| 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 |
| **CPS scheme valuation** | |
| 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 (continued)
for the year ended 31 July 2023

## 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 |

# Notes to the financial statements (continued)

for the year ended 31 July 2023

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

| Name | Notes | Principal activity |
|---|---|---|
| University of Cambridge Research Services Europe Limited | ai | Research and development |
| Northdown Real Estate Limited Partnership<br>Northdown (General Partner) Limited<br>Northdown Real Estate (Nominee) Limited | aq | Property development and investment |
| Wood Mews Partners LLP | aq | Property development and investment |
| **Associated Trusts** | | |
| 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 |
| **Cambridge University Press & Assessment subsidiary undertakings** | w | |
| 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 Sirketi | 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 |

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

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

| Name | Notes | Principal activity |
|---|---|---|
| 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 |
| 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 Assessmment LLC (USA) is 65% owned by Cambridge Assessment Inc and is incorporated in the United States.

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

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

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.

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.

# Notes to the financial statements (continued)

for the year ended 31 July 2023

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

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.

### 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.

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 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:

### 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 Registrary 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).

# Notes to the financial statements (continued)

for the year ended 31 July 2023

## 38. Related party transactions continued

### 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.

### 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.

## 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) |
| **Balance at 31 July (included in creditors)** | **–** | – |

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 (continued)
for the year ended 31 July 2023

## 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 |
| **Total financial assets exposed to credit risk** | **1,355.9** | 1,492.9 |

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) |
| | **281.6** | 290.9 |

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 |
| | **321.0** | 322.2 |

## 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) |
| **Closing balance at 31 July** | **11.6** | 10.6 | **27.8** | 20.6 | **39.4** | 31.2 |



### 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 polices 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 |
| | | **877.9** | 1,069.2 |

## 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.

## 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 |
|---|---|---|---|---|---|
| **As at 31 July 2023** | | | | | |
| 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** |
| **Totals at 31 July 2023** | **286.9** | **453.0** | **129.3** | **2,155.7** | **3,024.9** |
| As at 31 July 2022 | | | | | |
| 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 |
| Totals at 31 July 2022 | 262.4 | 495.6 | 105.2 | 2,176.8 | 3,040.0 |

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.

## 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)** |
| **Net exposure** | **1,959.7** | **43.5** | **1,523.1** | **37.4** | **251.7** | **1,812.2** |

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) |
| **Net exposure** | 1,719.4 | 145.0 | 1,412.9 | 121.1 | 203.1 | 1,737.1 |

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 |

## 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.

## 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 (continued)
for the year ended 31 July 2023

## 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** |
| Total CUEF assets | **1,982.9** | **878.7** | **1,267.8** | **4,129.4** |
| Secured borrowings | **(40.4)** | **–** | **–** | **(40.4)** |
| Derivative financial liabilities | **–** | **(1.8)** | **–** | **(1.8)** |
| Net CUEF assets/liabilities | **1,942.5** | **876.9** | **1,267.8** | **4,087.2** |
| 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** |
| **Total investment assets at fair value at 31 July 2023** | **2,832.5** | **1,401.9** | **1,426.4** | **5,660.8** |

| Investment assets at fair value at 31 July 2022 | Level 1 £m (restated*) | Level 2 £m | Level 3 £m | Total £m (restated*) |
|---|---|---|---|---|
| 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 |
| Total CUEF net assets | 1,453.3 | 1,283.9 | 1,346.5 | 4,083.7 |
| Secured borrowings | (40.4) | – | – | (40.4) |
| Derivative financial liabilities | – | (42.8) | – | (42.8) |
| Net CUEF assets | 1,412.9 | 1,241.1 | 1,346.5 | 4,000.5 |
| 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 |
| Total investment assets at fair value at 31 July 2022 | 2,184.4 | 1,814.6 | 1,538.5 | 5,537.5 |

* Refer to Note 43 on page 115 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 |
| **Fair value at 31 July** | **1,426.4** | 1,538.5 |

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.

## 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) | – | **399.3** |
| Money market investments and other liquid current asset investments (see Note 26) | 515.9 | (34.7) | (2.6) | **478.6** |
| Debt due within one year (see Note 28): | | | | |
| – 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) | (343.1) | – | (0.1) | **(343.2)** |
| – Bond liabilities - unsecured 2078 (fixed interest) | (297.8) | – | (0.1) | **(297.9)** |
| – Bond liabilities - unsecured 2068 (index-linked, amortising from 2028) | (281.8) | 0.1 | 85.4 | **(196.3)** |
| **Net cash/(debt)** | **105.0** | **(188.6)** | **82.6** | **(1.0)** |

| | 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) |
| **Net cash/(debt)** | **150.3** | **(221.7)** | **176.4** | **105.0** |

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.

## 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 |
|---|---|---|---|---|---|
| **Total income** | **2,518.3** | 2,238.1 | 2,176.9 | 2,074.9 | 2,192.0 |
| **Total expenditure** | **(2,317.9)** | (2,320.4) | (2,073.2) | (1,969.8) | (2,307.5) |
| **Surplus/(deficit) before other gains and losses** | **200.4** | **(82.3)** | **103.7** | **105.1** | **(115.5)** |
| 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 |
| **Surplus for the year before taxation** | **204.5** | **124.6** | **885.6** | **86.7** | **121.1** |
| **Surplus for the year** | **198.9** | **120.2** | **883.5** | **84.7** | **117.3** |
| 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) | – |
| **Total comprehensive income/(expense) for the year** | **479.0** | **717.4** | **910.7** | **(74.9)** | **(90.9)** |
| **Represented by:** | | | | | |
| 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) |
| | **479.0** | **717.4** | **910.7** | **(74.9)** | **(90.9)** |
| **Adjusted consolidated statement of comprehensive income** | | | | | |
| **Surplus for the year** | **198.9** | 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 |
| **Adjusted operating (deficit)/surplus for the year** | **(9.5)** | **25.4** | **19.8** | **(42.3)** | **50.8** |

# Appendix 1 (continued)

## 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 |
| **Total assets** | **9,618.8** | **9,587.0** | **9,223.1** | **8,276.4** | **8,298.5** |
| 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) |
| **Net assets** | **7,167.7** | **6,692.9** | **5,979.5** | **5,069.0** | **5,144.8** |
| 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 |
| **Total reserves** | **7,167.7** | **6,692.9** | **5,979.5** | **5,069.0** | **5,144.8** |
| **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)** |
| **Adjusted net (debt)/cash** | **(136.1)** | **65.0** | **302.0** | **109.1** | **(40.5)** |

| (c) Summary consolidated statement of cash flows (£m) | 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 |
| **(Reduction)/increase in cash and cash equivalents in the year** | **(209.6)** | **(227.9)** | **447.2** | **(178.2)** | **(122.8)** |
| **Cash and cash equivalents at end of the year** | **564.0** | **773.6** | **1,001.5** | **554.3** | **732.5** |

* 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.

# Stakeholder Notes

UNIVERSITY OF CAMBRIDGE

## For further information contact:


**University of Cambridge**
**Office of External Affairs and Communications**

Tel: +44 (0)1223 332300
Email: communications@admin.cam.ac.uk
www.cam.ac.uk/communications

Cambridge in America
Tel: +1 212 984 0960
Email: mail@cantab.org
www.cantab.org


**Find us on:**
Facebook
X
Instagram
Flickr
YouTube

This information is available in other accessible formats upon request
Email: communicationsresources@admin.cam.ac.uk