

Section A: Unaudited accounts in respect of academic activities

The scope and basis of preparation differ from the University's financial statements for 2007–08 in that these unaudited accounts exclude the income and expenditure, assets and liabilities of Cambridge Assessment (the Local Examinations Syndicate and its subsidiary undertakings) and of Cambridge University Press, and also exclude from consolidation five associated Trusts. The unaudited accounts have been prepared following the same accounting policies as the audited financial statements for the year ended 31 July 2008.

In order to distinguish these accounts from the University's financial statements they are referred to as unaudited accounts in respect of academic activities.

UNAUDITED CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT IN RESPECT OF ACADEMIC ACTIVITIES FOR THE YEAR ENDED 31 JULY 2008

	<i>Note</i>	Year ended 31 July 2008	Year ended 31 July 2007 <i>Restated</i>
		£m	£m
Income			
Funding Council grants	<i>i</i>	202.2	183.2
Academic fees and support grants	<i>ii</i>	77.3	67.8
Research grants and contracts	<i>iii</i>	243.1	211.5
Other income	<i>iv</i>	111.7	93.6
Endowment and investment income	<i>v</i>	41.6	38.3
Total income		675.9	594.4
Expenditure			
Staff costs	<i>vi, vii</i>	351.1	324.6
Other operating expenses	<i>vii</i>	262.1	234.6
Depreciation	<i>vii</i>	50.8	39.7
Total expenditure	<i>vii</i>	664.0	598.9
Surplus / (deficit) on continuing operations before donations of heritage assets		11.9	(4.5)
Donations of heritage assets		8.6	3.4
Surplus / (deficit) on continuing operations after donations of heritage assets	<i>viii</i>	20.5	(1.1)
Surplus transferred from endowment funds	<i>xvi</i>	4.5	5.9
Surplus for the year retained within general reserves		25.0	4.8

The income and expenditure account is in respect of continuing activities.

UNAUDITED NOTE OF HISTORICAL COST RESULT FOR THE YEAR ENDED 31 JULY 2008

Surplus / (deficit) on continuing operations		20.5	(1.1)
Realisation of gains on disposal of fixed asset investments	<i>xvii</i>	13.1	8.0
Depreciation on revaluation element of fixed tangible assets	<i>xvii</i>	6.0	6.0
Historical cost surplus for the year		39.6	12.9

**UNAUDITED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES IN RESPECT OF
ACADEMIC ACTIVITIES FOR THE YEAR ENDED 31 JULY 2008**

		Year ended 31 July 2008	Year ended 31 July 2007 <i>Restated</i>
	<i>Note</i>	£m	£m
Surplus / (deficit) on continuing operations		20.5	(1.1)
(Decrease) / increase in market value of investments			
Endowment assets	<i>xvi</i>	(79.6)	53.9
Fixed asset investments	<i>xvii</i>	(19.6)	18.4
New endowment capital	<i>xvi</i>	32.4	44.4
Transfer from endowments to deferred capital grants	<i>xvi</i>	(1.1)	–
Total recognised (losses) / gains relating to the year		(47.4)	115.6
Prior year adjustments:			
Endowments		25.8	23.2
Reserves		20.8	17.4
		46.6	40.6
Total (losses) / gains since the last annual report		(0.8)	156.2
Reconciliation			
Opening reserves and endowments as previously stated		1,397.0	1,287.4
Total (losses) / gains since the last annual report		(0.8)	156.2
Closing reserves and endowments		1,396.2	1,443.6

UNAUDITED BALANCE SHEETS IN RESPECT OF ACADEMIC ACTIVITIES AS AT 31 JULY 2008

		Group 31 July 2008	Group 31 July 2007 <i>Restated</i>	University 31 July 2008	University 31 July 2007 <i>Restated</i>
	<i>Note</i>	£m	£m	£m	£m
Fixed assets					
Tangible assets	<i>ix</i>	929.5	878.5	935.3	884.6
Investments	<i>x</i>	176.9	191.2	171.0	185.1
		1,106.4	1,069.7	1,106.3	1,069.7
Endowment assets	<i>xi</i>	693.3	746.1	693.8	746.6
Current assets					
Stocks and work in progress		1.4	1.1	1.2	0.9
Debtors	<i>xii</i>	105.1	92.9	104.2	92.2
Investments					
University	<i>xiii</i>	154.6	173.5	153.4	171.8
Held on behalf of others	<i>xiii</i>	216.5	216.3	217.5	217.5
Cash at bank and in hand		11.0	4.6	3.0	–
		488.6	488.4	479.3	482.4
Creditors: amounts falling due within one year	<i>xiv</i>	(387.4)	(394.4)	(378.8)	(389.7)
Net current assets		101.2	94.0	100.5	92.7
Total assets less current liabilities		1,900.9	1,909.8	1,900.6	1,909.0
Total net assets		1,900.9	1,909.8	1,900.6	1,909.0
Represented by:					
Deferred capital grants	<i>xv</i>	504.7	466.2	504.7	466.2
Endowments					
Expendable endowments	<i>xvi</i>	140.5	148.1	140.6	148.2
Permanent endowments	<i>xvi</i>	552.8	598.0	553.2	598.4
	<i>xvi</i>	693.3	746.1	693.8	746.6
Reserves					
General reserves	<i>xvii</i>	515.7	471.6	523.0	478.5
Operational property revaluation reserve	<i>xvii</i>	151.3	157.3	151.3	157.3
Fixed asset investment revaluation reserve	<i>xvii</i>	35.9	68.6	27.8	60.4
	<i>xvii</i>	702.9	697.5	702.1	696.2
Total		1,900.9	1,909.8	1,900.6	1,909.0

NOTES TO THE UNAUDITED ACCOUNTS IN RESPECT OF ACADEMIC ACTIVITIES

i Funding Council grants	2008	2007
Higher Education Funding Council for England (HEFCE)	£m	£m
Recurrent grant	172.0	162.1
Specific grants	12.4	10.2
Deferred capital grant released in year (note xv)		
Equipment	5.9	4.4
Buildings	8.7	3.1
HEFCE total	199.0	179.8
Training and Development Agency for Schools		
Recurrent grant	3.2	3.4
	202.2	183.2
ii Academic fees and support grants		
Full-time home / EU students	34.8	27.5
Full-time overseas (non-EU) students	36.2	30.9
Part-time course fees	5.6	8.6
Research Training Support Grants	0.7	0.8
	77.3	67.8
iii Income: research grants and contracts		
Research councils	112.3	93.2
UK based charities	68.6	60.6
Other bodies	62.2	57.7
	243.1	211.5
iv Other income		
		<i>Restated</i>
Other services rendered	25.3	23.4
Health and hospital authorities	11.0	10.8
Residences, conferences and catering	7.6	8.2
AHRC museum grant	1.7	1.7
University companies	16.8	11.9
Released from deferred capital grants (note xv)	9.1	5.4
Transferred from Cambridge Assessment	11.0	9.3
General donations	10.4	8.6
Rental income	5.8	4.7
Sundry income	13.0	9.6
	111.7	93.6
v Endowment and investment income		
Income from expendable endowment assets	5.2	4.6
Income from permanent endowment assets	21.8	19.4
Income from fixed asset investments	6.2	5.1
Income from short-term investments	8.4	9.2
	41.6	38.3
vi Staff costs		
Wages and salaries	287.5	265.2
Social security costs	25.2	23.7
Pension costs (note xix)	38.4	35.7
	351.1	324.6
Emoluments of the Vice-Chancellor	£000	£000
Emoluments excluding employer's pension contributions	227	204
Employer's pension contributions	–	–
	227	204

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

Remuneration of higher paid staff, excluding employer's pension contributions:

	Clinical		Non-Clinical		Total number	
	2008	2007	2008	2007	2008	2007
£100,001 – £110,000	14	12	28	20	42	32
£110,001 – £120,000	6	6	15	4	21	10
£120,001 – £130,000	5	5	7	6	12	11
£130,001 – £140,000	8	9	3	2	11	11
£140,001 – £150,000	11	7	3	2	14	9
£150,001 – £160,000	11	9	3	1	14	10
£160,001 – £170,000	3	1	3	1	6	2
£170,001 – £180,000	3	4	2	1	5	5
£180,001 – £190,000	5	5	–	1	5	6
£190,001 – £200,000	4	1	1	–	5	1
£200,001 – £210,000	2	2	–	1	2	3
£210,001 – £220,000	–	1	–	–	–	1
£220,001 – £230,000	1	–	1	–	2	–

The above statistics include additional payments to employees of the University on behalf of NHS bodies.

vii Analysis of expenditure by activity

	Staff costs £m	Other operating expenses £m	Depreciation £m	2008 Total £m	2007 Total £m
Academic departments	163.2	29.4	10.3	202.9	186.3
Academic services	19.7	9.1	0.6	29.4	27.5
Payments to colleges	–	36.0	–	36.0	34.7
Research grants and contracts	106.8	89.3	8.4	204.5	182.1
Other activities:					
Other services rendered	7.8	15.4	0.1	23.3	22.5
University companies	3.6	12.2	0.1	15.9	10.3
Residences, conferences and catering	3.0	7.3	0.1	10.4	10.6
Other activities total	14.4	34.9	0.3	49.6	43.4
Administration and central services:					
Administration	28.9	8.7	1.9	39.5	33.5
General educational	2.2	15.0	–	17.2	14.5
Staff and student facilities	3.0	0.5	–	3.5	3.3
Development office	2.3	3.5	–	5.8	4.8
Other	–	1.4	–	1.4	1.3
Administration and central services total	36.4	29.1	1.9	67.4	57.4
Premises	10.6	34.3	29.3	74.2	67.5
Total per income and expenditure account	351.1	262.1	50.8	664.0	598.9

The depreciation charge has been funded by:	Deferred capital grants (note xv)	32.0
	Revaluation reserve (note xvii)	6.0
	General income	12.8
		50.8

Auditors' remuneration

	2008 £000	2007 £000
Other operating expenses include:		
Audit fees payable to the University's external auditors	183	183
Other fees payable to the University's external auditors	7	6
Audit fees payable to other firms	2	–

These amounts include related irrecoverable VAT.

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

viii Surplus / (deficit) on continuing operations for the year	2008	2007
	£m	£m
		<i>Restated</i>
The surplus on continuing operations for the year is made up as follows:		
University's surplus / (deficit) for the year	19.4	(2.5)
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	1.7	1.6
	21.1	(0.9)
Surplus / (deficit) dealt with in the accounts of the University	(0.6)	(0.2)
Deficit retained in subsidiary undertakings		
	20.5	(1.1)

ix Tangible fixed assets	Land and buildings	Assets in construction	Equipment	Heritage assets	2008 Total	2007 Total
<i>Group</i>	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 August	904.5	44.5	144.0	21.4	1,114.4	1,064.2
Additions at cost	–	61.8	32.1	8.9	102.8	85.5
Transfers	53.7	(53.7)	–	–	–	–
Disposals	–	–	(11.4)	–	(11.4)	(35.3)
At 31 July	958.2	52.6	164.7	30.3	1,205.8	1,114.4
Depreciation						
At 1 August	138.2	–	97.7	–	235.9	229.0
Charge for the year	29.3	–	21.5	–	50.8	39.7
Elimination on disposals	–	–	(10.4)	–	(10.4)	(32.8)
At 31 July	167.5	–	108.8	–	276.3	235.9
Net book value						
At 31 July	790.7	52.6	55.9	30.3	929.5	878.5
At 1 August	766.3	44.5	46.3	21.4	878.5	835.2
<i>University</i>						
Cost or valuation						
At 1 August	910.6	44.5	143.8	21.4	1,120.3	1,070.2
Additions at cost	–	61.8	31.8	8.9	102.5	85.4
Transfers	53.7	(53.7)	–	–	–	–
Disposals	–	–	(11.4)	–	(11.4)	(35.3)
At 31 July	964.3	52.6	164.2	30.3	1,211.4	1,120.3
Depreciation						
At 1 August:	138.3	–	97.4	–	235.7	228.8
Charge for the year	29.3	–	21.5	–	50.8	39.7
Elimination on disposals	–	–	(10.4)	–	(10.4)	(32.8)
At 31 July	167.6	–	108.5	–	276.1	235.7
Net book value						
At 31 July	796.7	52.6	55.7	30.3	935.3	884.6
At 1 August	772.3	44.5	46.4	21.4	884.6	841.4

Land and buildings includes land totalling £69.6m (2007: £69.6m) which is not depreciated.

The cost to the group of buildings and assets in construction consists of the cost incurred by the University less the surplus recorded in the accounts of Lynxvale Limited, a subsidiary undertaking, and eliminated on consolidation.

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

	Group 2008	Group 2007	University 2008	University 2007
	£m	£m	£m	£m
x Fixed asset investments				
Opening balance as previously stated	196.4	175.3	190.3	176.2
Reclassification of investments following change of accounting policy on endowments	(5.2)	(4.6)	(5.2)	(4.6)
Restated opening balance	191.2	170.7	185.1	171.6
Additions / (disposals) in the year	5.3	2.5	5.3	3.5
Increase in market value of investments	(19.6)	18.0	(19.4)	10.0
Closing balance	176.9	191.2	171.0	185.1
Represented by:		<i>Restated</i>		<i>Restated</i>
Property	50.2	42.7	50.2	42.7
Securities	78.9	119.9	79.0	119.9
Money market investments	37.3	16.4	37.3	16.4
Investments in subsidiary undertakings	–	–	2.1	2.1
Investment in spin-out companies	10.3	10.4	2.2	2.2
Cash in hand and at investment managers	–	1.6	–	1.6
Other	0.2	0.2	0.2	0.2
	176.9	191.2	171.0	185.1
xi Endowment assets				
Long-term Investments		<i>Restated</i>		<i>Restated</i>
Property	69.4	90.4	69.4	90.4
Securities	406.4	551.2	406.2	551.2
Money market investments	214.2	91.6	214.7	92.2
Loan to subsidiary undertaking	–	–	2.5	2.6
Cash in hand and at investment managers	1.0	10.3	1.0	10.2
	691.0	743.5	693.8	746.6
Investment in spin-out companies	2.3	2.6	–	–
	693.3	746.1	693.8	746.6
xii Debtors				
Research grants recoverable	62.3	54.7	62.3	54.7
Amounts due from subsidiary undertakings	–	–	3.7	3.5
Other debtors	42.8	38.2	38.2	34.0
	105.1	92.9	104.2	92.2
xiii Current asset investments				
Property	16.0	19.6	16.0	19.6
Securities	90.2	112.9	90.2	113.0
Money market investments	247.7	251.3	247.5	250.7
Short-term deposits	17.2	6.0	17.2	6.0
	371.1	389.8	370.9	389.3
Representing:				
University	154.6	173.5	153.4	171.8
Held on behalf of subsidiary undertakings, related parties and other associated bodies (see note xiv)	216.5	216.3	217.5	217.5
	371.1	389.8	370.9	389.3

Current asset investments include investments held on behalf of subsidiary undertakings, related parties and other associated bodies. The book value of these investments is included in creditors due within one year.

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

xiv Creditors: amounts falling due within one year

	Group 2008 £m	Group 2007 £m	University 2008 £m	University 2007 £m
Bank overdraft	–	4.1	–	4.1
Research grants received in advance	84.7	79.1	84.7	79.1
Other creditors	86.2	94.9	73.1	86.8
Investments held on behalf of subsidiary undertakings, related parties and other associated bodies (see note xiii)	216.5	216.3	217.5	217.5
	387.4	394.4	378.8	389.7

xv Deferred capital grants

<i>Group and University</i>	Funding Council £m	Research Grants £m	Other Grants £m	2008 Total £m	2007 £m
Balance 1 August					
Buildings	142.9	–	293.5	436.4	406.2
Equipment	12.0	15.8	2.0	29.8	27.4
Heritage assets – as previously stated	–	–	20.8	20.8	17.4
Prior year adjustment re heritage assets	–	–	(20.8)	(20.8)	(17.4)
	154.9	15.8	295.5	466.2	433.6
Grants received					
Buildings	30.8	–	22.0	52.8	37.5
Equipment	7.9	9.8	0.6	18.3	19.0
	38.7	9.8	22.6	71.1	56.5
Released to income and expenditure					
Buildings – to match depreciation	(8.7)	–	(7.7)	(16.4)	(7.3)
Equipment – to match depreciation	(5.9)	(8.3)	(1.4)	(15.6)	(15.6)
Equipment – on disposals	(0.2)	(0.4)	–	(0.6)	(1.0)
	(14.8)	(8.7)	(9.1)	(32.6)	(23.9)
Balance 31 July					
Buildings	165.0	–	307.8	472.8	436.4
Equipment	13.8	16.9	1.2	31.9	29.8
	178.8	16.9	309.0	504.7	466.2

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

xvi Endowments

<i>Group</i>	Expendable £m	Permanent £m	2008 Total £m	2007 Total £m
Balance 1 August				
As previously stated	122.3	598.0	720.3	630.5
Prior year adjustment	25.8	–	25.8	23.2
Restated opening balance	148.1	598.0	746.1	653.7
Endowments received	16.4	16.0	32.4	44.4
Income receivable from endowment asset investments	5.1	21.9	27.0	24.1
Expenditure	(14.9)	(16.6)	(31.5)	(30.0)
Net transfer (to) / from income and expenditure account	(9.8)	5.3	(4.5)	(5.9)
Transfer to deferred capital grants	(1.1)	–	(1.1)	–
(Decrease) / increase in market value of investments	(13.1)	(66.5)	(79.6)	53.9
Balance 31 July	140.5	552.8	693.3	746.1
Capital	134.7	489.7	624.4	676.4
Unspent income	5.8	63.1	68.9	69.7
Balance 31 July	140.5	552.8	693.3	746.1
Representing:				
Trust and Special Funds:				
Professorships, Readerships and Lectureships	28.8	268.6	297.4	321.1
Scholarships and bursaries	4.1	69.9	74.0	80.4
Other	79.3	206.8	286.1	310.5
Specific donations	28.3	–	28.3	25.8
General endowments	–	7.5	7.5	8.3
Total	140.5	552.8	693.3	746.1

University

	Expendable £m	Permanent £m	2008 Total £m	2007 Total £m
Balance 1 August				
As previously stated	122.4	598.4	720.8	631.1
Prior year adjustment	25.8	–	25.8	23.2
Restated opening balance	148.2	598.4	746.6	654.3
Endowments received	16.4	16.0	32.4	44.4
Income receivable from endowment asset investments	5.1	21.8	26.9	24.0
Expenditure	(14.9)	(16.4)	(31.3)	(29.7)
Net transfer (to) / from income and expenditure account	(9.8)	5.4	(4.4)	(5.7)
Transfer to deferred capital grants	(1.1)	–	(1.1)	–
(Decrease) / increase in market value of investments	(13.1)	(66.6)	(79.7)	53.6
Balance 31 July	140.6	553.2	693.8	746.6
Capital	134.8	490.1	624.9	676.9
Unspent income	5.8	63.1	68.9	69.7
Balance 31 July	140.6	553.2	693.8	746.6

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

xvii Reserves <i>Group</i>	General	Operational	Fixed asset	2008	2007
	reserves	property	investment	Total	Total
	£m	revaluation	revaluation	£m	£m
		reserve	reserve		
		£m	£m		
Balance 1 August					
As previously stated	449.5	157.3	69.9	676.7	656.9
Prior year adjustment re donated heritage assets	20.8	–	–	20.8	17.4
Prior year adjustment re endowments	1.3	–	(1.3)	–	–
Restated opening balance	471.6	157.3	68.6	697.5	674.3
Surplus retained for the year	25.0	–	–	25.0	4.8
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	13.1	–	(13.1)	–	–
(Decrease) / increase in market value of investments	–	–	(19.6)	(19.6)	18.4
Balance 31 July	515.7	151.3	35.9	702.9	697.5

University

	General	Operational	Fixed asset	2008	2007
	reserves	property	investment	Total	Total
	£m	revaluation	revaluation	£m	£m
		reserve	reserve		
		£m	£m		
Balance 1 August					
As previously stated	456.4	157.3	61.7	675.4	663.6
Prior year adjustment re donated heritage assets	20.8	–	–	20.8	17.4
Prior year adjustment re endowments	1.3	–	(1.3)	–	–
Restated opening balance	478.5	157.3	60.4	696.2	681.0
Surplus retained for the year	25.4	–	–	25.4	4.8
Transfer in respect of depreciation on revalued operational properties	6.0	(6.0)	–	–	–
Transfer in respect of disposals of fixed asset investments	13.1	–	(13.1)	–	–
(Decrease) / increase in market value of investments	–	–	(19.5)	(19.5)	10.4
Balance 31 July	523.0	151.3	27.8	702.1	696.2

xviii Capital commitments

	2008	2007
	£m	£m
Commitments contracted at 31 July	137.5	63.7
Authorised but not contracted at 31 July	–	–

Of the capital expenditure committed at 31 July 2008, approximately 86% (2007: 63%) will be funded by specific grants and donations.

xix 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). Employees covered by the schemes are contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. The USS and the CPS are not closed, nor is the age profile of their active membership rising significantly. The schemes are defined benefit schemes which are 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. The University also has a smaller number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS)

	2008	2007
	£m	£m
The total pension cost for the year (see note vi) was:		
USS: contributions	26.0	24.2
CPS: contributions	10.5	9.9
NHSPS: contributions	1.6	1.5
Contributions to other pension schemes	0.3	0.1
	38.4	35.7