



UNIVERSITY *of* CAMBRIDGE
Local Examinations Syndicate

**The UCLES
Group**

**Annual Report
2004 - 2005**

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University of Cambridge Local Examinations Syndicate

Annual Report, 2004/2005

This is the one hundred and forty-eighth Annual Report of the Syndicate. It covers the events of the financial year 2004/2005.

The LOCAL EXAMINATIONS SYNDICATE begs leave to present the following Annual Report to the Council.

Introduction

This has been a year of great significance for the Group as it has changed its corporate brand to Cambridge Assessment. This has been done to give us a new platform in the UK and in our dealings with government, give us more influence over the development of policy and strategy in the whole field of education, and help grow the Group's market share both in the UK and overseas. The business streams will continue to operate as individual businesses with their existing separate brands. This will mean that both CIE and Cambridge ESOL will retain the explicit link to the University in their branding which is of great importance to their presence overseas, but they will also take appropriate enhancement from Cambridge Assessment as and when it is helpful to do so.

Significant progress was made in each of the four strands of modernisation programme: assessment production and delivery; electronic script management (ESM); on-line administration for centres and examiners; back office systems and infrastructure. This progress brings us close to the completion of the first phase of the programme where the majority of the component applications have been developed, tested and moved to production status. The next phase will concentrate on the enhancement of the applications to support other assessment models/products, the integration of the applications and the business change programme that will facilitate the high volume adoption of these systems.

Group History and Structure

The Syndicate was established in 1858 to administer examinations for persons who were not members of the University and to inspect schools, with the aim of raising standards in education. The Syndicate began examining overseas in 1863 and this aspect of its work grew quickly. In 1888, the Syndicate was empowered to hold examinations for commercial certificates. The Certificate of Proficiency in English, the Syndicate's first examination in the field of English as a foreign language, was introduced in 1913. Thus, the foundations for our work today were laid by 1914. From the mid 1980s, as successive UK Governments moved to exert greater control over the school curriculum and examinations at ages 16 and 18, the number of English examination boards was reduced by a process of consolidation. The Syndicate acquired the Oxford Delegacy of Local Examinations, the Oxford and Cambridge Schools Examination Board, the Midland Examining Group and the RSA Examinations Board, amongst others.

The UCLES Group is now organised into three externally-trading business streams - Oxford, Cambridge and RSA Examinations (OCR), University of Cambridge International Examinations (CIE) and Cambridge ESOL (English for Speakers of Other Languages) - each

of which has a distinct product range and group of customers. OCR is responsible for examinations and other assessment activity for both general and vocational qualifications in the UK; CIE is responsible for international school examinations and international vocational awards; and Cambridge ESOL is responsible for examinations in English for speakers of other languages and qualifications for language teachers throughout the world. The work of the three business streams is supported by the following corporate services: Finance, Human Resources, and Infrastructure Services (comprising Distribution, Information Management, and Premises and Services). In addition, the Assessment, Research and Development division brings together corporate research and innovation activities, as well as investigating and developing new business opportunities which may fall outside the remit of the business streams.

The UCLES Group and the University

The Local Examinations Syndicate is a constituent part of the University and therefore falls within the University's status as an exempt charity. OCR is a company limited by guarantee with the University as its sole member. It is also an exempt charity, under Schedule 2(w) of the Charities Act 1993, on the grounds that it is administered on behalf of the University. The Syndicate and OCR are the two principal operating entities of the UCLES Group.

The Group is an important part of the University's mission, under the heading of its relationship with society. Our aim is to be a world-leading assessment organisation. To accomplish this we offer a comprehensive range of qualifications – both academic and vocational. By ensuring that these are designed to encourage positive educational experiences and the development of relevant knowledge, skills and abilities, we enable the University, through our work, to deliver practical benefits to millions of people who would otherwise never come into contact with it. In this way we provide recognition of individual learners' achievements, thereby assisting them to achieve their own educational and career objectives, giving them access to further progress in education (including entry to universities) and in the workplace. The Group's activities contribute in a tangible way to the needs and development of countries across the world.

The Group values the involvement of the University in its work, through the participation of University staff as members of its committees or as examiners, and through participation in the outreach activities of departments, of which the Millennium Mathematics project is a leading example.

Regulation and standards

OCR's general qualifications are closely regulated by the Qualifications and Curriculum Authority in England, the Qualifications, Curriculum and Assessment Authority for Wales, and the Northern Ireland Council for the Curriculum Examination and Assessment. This regulation covers the subjects and the number of syllabuses that can be offered, syllabus content, schemes of assessment and many aspects of administration. Notwithstanding this regulatory framework, the maintenance of awarding standards remains the responsibility of OCR, through its Chief Executive and Director of Quality and Standards, the latter of whom is the Accountable Officer; this responsibility is subject to regular public scrutiny and audit. Regulation of OCR's vocational qualifications, although not yet so complete, is also exercised by QCA.

CIE is responsible for the definition and maintenance of standards for all of the Group's international qualifications, although where general qualifications are administered in partnership with a Ministry of Education, that Ministry is increasingly involved in standard setting and in the administrative aspects of regulation.

ESOL is fully responsible for the regulation of its work and for the setting and maintenance of standards. In this it must look to competition from the USA, unlike OCR and CIE, whose competition is essentially based on the British approach to education. ESOL has achieved formal accreditation for its examinations in the UK, which allows further education institutions to gain funding for courses leading to the exams.

Business Highlights

In this section we have included information on business highlights grouped under four main themes (e-assessment, research, 14-19 education, and innovation), which were of particular significance during the year. We have also included another category to cover other key developments.

E-assessment

In collaboration with Harcourt Education, we have produced a formative assessment product targeted at Key Stage 2 and 3 in English, Maths and Science. The product, called 'Achieve' is an interactive, on-line assessment for learning system that also provides diagnostic reporting, targeting and detailed teaching plans. 'Achieve' will be rolled out next year following an official launch at the BETT exhibition in January.

We continue to lead international efforts on Question and Test Interoperability (QTI). A major revision of the existing technical standard for the computer-based exchange of questions was published in February. The QTI standard was described as the most significant technical development in e-Assessment during the closing plenary of the Association of Test Publishers conference in March. A project to complete the work by updating the existing standard to include the exchange of tests is now underway. Funds granted to us by the Joint Information Systems Committee will allow the development of an open-source toolkit for developers of QTI-based systems.

CIE is progressing the development of computer simulations to be used as alternatives to practical work in both geography and biology. User trials in geography yielded much interesting information about candidate and school requirements. This development will be used as an option within the live examination in June 2006. The biology simulation has received much acclaim from schools and will undergo user trials in early 2006.

CIE has been finalising the build of a computer-based maths test and completing testing ahead of a pilot with international schools in early 2006. Research and consultation is being undertaken regarding links between test outcomes and diagnostic feedback, and the testing will be introduced into a live environment towards the end of 2006.

OCR is at the forefront of developing appropriate and beneficial enhancements to assessment through electronic testing. Over 600 centres used OCR e-tests during 2004/05, with 60,000 on screen tests being delivered for Key and Basic skills. OCR has formed a partnership with leading IT provider RM to develop an on-screen marking tool that is starting an extensive

pilot, and during the last year electronic portfolios have been used extensively across a wide range of OCR's qualifications.

The computer-based BULATS Business Language Testing Service is now well established and has grown substantially in the last year, particularly in eastern and central Europe and also in France and Brazil, while reaching new levels of demand in Asia, especially in Hong Kong. In China, BULATS is acknowledged as the leading examination for the workplace and is used by many companies as well as the civil service in Shanghai. Cambridge ESOL and the French Chambers of Commerce have reached an agreement which will make BULATS available through the Chambers' network of Language Study Centres - the biggest single supplier of language training in France, working with all the major French companies.

2005 saw the launch of computer-based versions of IELTS and the Preliminary English test. Both of these have been extensively tested and trialled with users throughout the world, and have attracted very positive feedback. The computer-based testing offers a higher frequency of test dates, faster turn-around time for results and, with online entries, shorter lead-in times for candidates. PET is the first ESOL examination to use the online delivery system. This will be offered in addition to paper and pencil testing from November 2005, with an international roll-out in 2006.

Cambridge ESOL is working with the rectors of Italy's universities and Cambridge University Press to produce a blended learning course to help Italian university students to achieve the B1 level (equivalent to PET) that they need in order to graduate. Cambridge English Online will comprise 75 hours of online self-access study complemented with 25 hours of face-to-face tuition.

Research

Research officers in the ARD's Research Division conducted a study into the strategies and thought processes used by markers when marking GCSEs in Mathematics and Business Studies and have interpreted them within the context of recent psychological theories of decision-making. This work will inform the development of marking on-screen. Conference papers were presented at the Annual Conference of the British Educational Research Association Conference and at the Association for Educational Assessment – Europe Conference this year. An article has also been submitted to the *British Educational Research Journal*.

Research to support the modernisation programme is being carried out across the Research Division. This work will support the development of digital assessment across the Group and areas covered include strategies and methodologies for evaluation and validation in the e-environment as well as issues such as statistical methods of detecting malpractice.

A new research publication, *Research Matters*, has been launched. It is a bi-annual publication from Cambridge Assessment which shares assessment research in a range of fields with colleagues within Cambridge Assessment and in the wider assessment community and comments on prominent research issues. A special issue reports on research into *Variations in Aspects of Writing in 16+ English Examinations between 1980 and 2004*. The research focuses on vocabulary, spelling, punctuation, sentence structure and non-standard English. This major new study shows that standards of written English have improved since the same team published a similar study in 1996 which looked at samples from the 1994

GCSE. That study concluded that in many aspects of writing the samples fell below the quality seen in equivalent samples from a 1980 0 level English Language examination. The findings of this research have received widespread publicity.

CIE conducted a major research study to obtain university views on a number of dimensions of curriculum reform, particularly in respect of the post 16 academic curriculum in Singapore.

CIE and the Group have a wealth of experience of different qualification systems around the world and have run a number of studies comparing different qualifications. This led this year to the signing of a contract with the Hong Kong Examinations and Assessment Authority to compare HKEAA syllabuses with Cambridge IGCSE and A Level.

Much media attention was attracted by online research undertaken by OCR to assess students' perceptions of science and science teaching. This research contributed significantly to the development of new specifications which have met critical acclaim. Other research programmes included a review of customer needs in light of the imposed withdrawal of GNVQ; and a large project focusing on the professional development needs of staff within schools and colleges.

Over the year, substantial research and validation work has been carried out on three new Cambridge ESOL products, Teaching Knowledge Test (TKT), International Legal English Certificate (ILEC) and ESOL Skills for Life. In November 2004, a paper was delivered to the Centre for Research on Language & Education at Bristol University on our work to investigate the influence of one of our large, high-stakes tests (IELTS) on learners and the teaching/learning environment. We contributed to research studies to confirm the appropriateness of IELTS as a valid testing tool in the health professions, and were involved in delivering two papers in July 2005 at the Language Testing Research Colloquium Conference in Ottawa; "Setting minimum language proficiency standards for nursing professionals" and "Setting the standard: What English language abilities do overseas-trained doctors need?"

Significant contributions to the wider language testing communities over the year have been the research activities surrounding the Council of Europe's Common European Framework Reference for Modern Languages (CEFR), among other projects. Cambridge ESOL also contributes to the teaching of applied linguistics at post-graduate level, and was responsible for teaching a course on the Assessment of Language Proficiency as one of the options within the University of Cambridge's MPhil programme in English and Applied Linguistics. Findings from language testing research more broadly have also been made available in three new volumes of the Studies in Language Testing (SiLT) series, published in conjunction with Cambridge University Press this year.

14-19 Education

The demand for high quality, international education is strong in India. CIE saw its centre network there more than double in size in 2004/05 and has devoted in-country resources to support it fully. Entries are growing in all qualifications, with particularly strong take-up in Cambridge IGCSE, the Primary Programme and the Cambridge International Diploma for Teachers and Trainers. CIE is also working with Indian Universities to strengthen the recognition of its qualifications.

The Middle East is a very active region for CIE with many entries from school, government and commercial organisations. CIE is not the only international assessment provider in the region, but it is the largest and it has taken steps to ensure that participation in Cambridge examinations remains high, both at the independent school level and government contracts.

There has been continued involvement in the high profile Junior College Curriculum Review in Singapore. Syllabus and specimen paper production is complete as is a project to seek HE recognition for the new senior secondary qualification. Further work is being done on training and research. A new Junior College calendar is also being introduced which has meant the remodelling of all our administrative and professional processes to meet the request of the Ministry of Education for a shorter delivery schedule for O Levels. Collaboration on awarding procedures is being refined with the use of video conferencing.

This year has seen the launch of a campaign to promote and develop IGCSE sales in the UK. As part of this we celebrated 20 years of success with IGCSE at a birthday event in September 2005, which gained substantial UK and overseas press coverage. The event drew together principals who pioneered Cambridge IGCSE, UK schools who currently offer it and successful IGCSE students past and present. This was followed up by an IGCSE seminar in Cambridge for 150 heads of department from UK independent schools. 2004/05 saw a doubling of enquiries about IGCSE from UK independent schools looking for an alternative to UK GCSE.

This has been a very successful year for our admission tests with BMAT, (the BioMedical Admissions Test) attracting new university users which has increased candidature by 30%. The TSA (Thinking Skills Assessment) used by many Cambridge colleges is now taken on-line by around 75% of candidates.

In collaboration with ACER (Australian Council for Educational Research), we have developed a generic university admissions test for the UK. The test, called uniTEST was successfully trialled in September 2005 and we now plan a large scale validity study in May 2006.

OCR is uniquely structured to deliver excellent qualifications and support services that complement the 14-19 reform programme. This is already evident in new OCR Nationals which offer a practical alternative to GCSE and A Levels and attract UCAS points. Their popularity has considerably exceeded expectation. OCR was the first awarding body to launch 4-unit A Levels and is the only awarding body to offer a full A Level in Critical Thinking, which was introduced in September 2005. OCR's ability to provide a rich blend of vocational and general qualifications contributed to an increase in our share of the 14-19 market for the third consecutive year.

Cambridge ESOL worked closely with the Chilean Ministry of Education's English Opens Doors strategy on a test designed to diagnose school students' listening and reading comprehension. In October 2004, a sample of 12,000 students in the age groups 13-14 and 17-18 took the reading and listening test, under the strict supervision of Cambridge ESOL's local partner – the Instituto Chileno Británico de Cultura.

Cambridge ESOL is working with several of the ministries of the federal states in Germany. In the academic year 2004-5, the education ministry of Nordrhein-Westfalen introduced PET and FCE to students, with exams administered in schools and invigilated by teachers. The project is to be continued, with CAE offered to advanced pupils.

Innovation

CIE launched the Cambridge International Primary Programme in April 2005 with the intention of making it available to a small number of high quality providers. It provides a framework for schools to develop Mathematics, English and Science skills and knowledge in young children. It provides a Progression Test for the last four years of primary education; and an Achievement Test for children at the end of primary education. Recruitment of primary schools to the Primary Programme is already strong, particularly in India, Indonesia and Argentina. Schools see an opportunity to measure student performance against an international benchmark. The Primary Programme has its roots in the British National Curriculum, but has been developed specifically for international education.

Responding to UK developments in the area of 14-19 education, CIE developed plans for a new Cambridge pre-university qualification. We sent a consultation paper to international and independent schools worldwide in October 2005, inviting their views. A new pre-university qualification would make explicit that a student has followed a particular programme with clearly expressed goals in a framework of strong educational value. CIE's proposal is arguably the most significant new contribution at the pre-university stage since the UK government's White Paper on 14-19 education reform. We received widespread media coverage in the UK and a healthy response from schools, which will inform the next phase of consultation in early 2006. The new qualification is an alternative to International A and AS Level, not a replacement. The first phase of consultation is now complete and responses have been positive.

Offering schools flexibility and choice is a key part of CIE's provision. CIE is currently investigating the potential for a new suite of Cambridge IGCSE syllabuses to run in parallel with existing syllabuses. First examination of these new syllabuses will be in 2010, and they will be in line with the 14-19 review in the UK. The consultation process was started by gathering leading scientists and educators to review CIE's Science provision at the Royal Institute in London; and by presenting IGCSE 2010 to CIE's annual International Principals' Advisory Seminar, where leading school Principals welcomed the initiative and gave further ideas from the practitioner's perspective.

In February 2004, UCLES signed a major five-year contract with the DfES to deliver the voluntary National Languages Recognition Scheme in 26 languages from Entry to Mastery Level. The scheme, which has now been branded as Asset Languages, entered its pilot phase in September 2004. Over the course of the year, 33 centres including representatives from the primary, secondary and further education sectors took part in piloting both external and

teacher assessment materials. Some limited trialling of computer based tests in reading and listening also took place. The evaluation meeting in June 2005 was overwhelmingly positive from all sectors and the scheme went live in September. Asset Languages will form a unique suite of qualifications, supporting the government's National Languages Strategy. Unlike most other languages qualifications, each of the four skills of listening, speaking, reading and writing are separately assessed, creating a highly flexible qualification. It is a proficiency scheme, based on the Languages Ladder, a series of descriptors of what students "can-do". These form a series of short term targets which can be highly motivational for all ages and abilities. In addition assessment is demand led - teachers can administer classroom tests at any time, and external assessment is available throughout the year. The development presents major challenges, both in creating the administrative systems needed to under-pin demand-led testing, in developing high quality materials to a very short time scale and creating a robust system that will support the assessment of languages as diverse as French, Chinese and Yoruba. The project draws upon the strengths of the OCR network of centres and its high-volume delivery capability, and ESOL's internationally renowned expertise in language assessment.

OCR works with industry leaders to develop appropriate and beneficial innovations. An excellent example of this is the unique iMedia qualification, developed in partnership with Macromedia and Adobe. This two-level qualification enables students to gain accreditation for their interactive media skills and knowledge which can enhance their career prospects. CLAiT was adopted by the major distance learning provider LearnDirect as its preferred IT qualification. OCR strengthened its position as the UK's leading provider of Basic Skills qualifications and saw strong growth with its new Administration and Business NVQ.

Skills for Life is the UK Government's national strategy for improving adult literacy, language and numeric skills. Cambridge ESOL has been providing external assessment for the ESOL Skills for Life and has attracted many thousands of entries. This has enabled teachers to focus on teaching and has helped centres to achieve cost savings in overheads and administration. OCR has become the UK leader in assessing basic skills of literacy and numeracy.

The new Cambridge ESOL certificate - International Legal English Certificate (ILEC) – will provide an ideal preparatory tool for students intending to study law courses containing a significant English language element or for recruitment into the legal profession. ILEC is already recognised by a variety of leading legal associations. Piloting and test finalisation took place in 2005, attracting a high level of interest. The first exam will be available from May 2006.

Teaching Knowledge Test (TKT) is a new test for teachers of English and focuses on the core teaching knowledge needed by teachers of primary, secondary or adult learners, anywhere in the world. TKT is suitable for experienced teachers and new entrants to the profession.

Other developments

The programme of work to support item commissioning, item banking, question paper production and computer based testing has progressed well this year. The computer based testing (CBT) system has been developed and deployed in trials across a number of assessments including PET, Asset Languages, and CIE Checkpoint. The CBT system is

integrated with item banking systems to facilitate the full automation of assessment production and delivery.

A number of successful ESM pilots have been undertaken this year with the volume of live marks collected on-line increasing throughout the year. The first release of the on-line marking tool (DOMS) software has been delivered and tested and feedback from examiners was positive.

Significant numbers of entries are now collected on-line and the majority of results are issued on-line to centres and, in some cases, they are made available directly to candidates. In addition support for other administrative areas such as results enquiries continues to be developed.

The first phase of the warehouse management system has been implemented along with major upgrades to our finance systems. In addition there has been a major programme of infrastructure work including a complete upgrade to our wide area network (WAN). The upgrade of our local area networks (LAN) is being implemented alongside building refurbishment programmes.

All of the Group's systems as well as the central printing facilities from Coventry and Hills Road have been successfully migrated to a newly established off-site Data Centre. This provides both a consistent and cost effective approach to systems hosting and business continuity benefits. The platform upgrade for EPS was also completed, increasing our processing capacity as well as providing 'same day' disaster recovery facilities for our main processing system.

Cambridge ESOL is working with the Italian Ministry of Education on a four-year language training project for primary school teachers, providing placement testing and final evaluation, as part of the Ministry's strategy to augment the number of teachers able to teach English in Primary school, following the introduction in 2004 of compulsory English from the very first year of Primary school

People

The Group is heavily reliant on the knowledge and experience of its staff and external examiners and great attention is paid to their further training and development. The Group also depends upon the services of a number of contractors and consultants. Syndics wish to record their appreciation of the work of all those who have contributed to the Group's activities over the past year.

Finance and Reserves

The attached financial statements show that the UCLES Group reported a deficit of £3.6 million for the financial year 2004-05. Each of the three business streams recorded an operating surplus.

Income from examination fees and other educational and assessment services increased from £151.2 million to £163.1 million due to increased demand across all three Business Streams.

Overall expenditure in providing examination services increased, partly because of extra volume, and partly because of higher staff, information system and other costs. Expenditure for the year also includes a transfer of £14.5m to the University compared with £8.0m for the previous year.

The format of the financial statements has been changed compared to the previous year. The financial statements for 2004-05 have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. The University of Cambridge (the ultimate parent undertaking) presents its financial statements using this statement of recommended practice and it was therefore agreed by the Syndics that it was appropriate for the UCLES Group to adopt the same presentation. UCLES financial statements were previously prepared using the Charities SORP and this has led to a change in layout of the financial statements. There has been no change to the net assets of UCLES.

Although continuing growth is forecast in the number of examination entries, fee rates are subject to external pressures particularly from customers who are billed in Euros, and from those which suffer from economic difficulties or where they find it difficult to raise foreign currency to pay in sterling.

As a result, the Group is committed to maintaining a strong balance sheet in order to ensure financial stability in a risky business environment and to provide a cushion against adverse circumstances. Reserves are also required to fund investment in the development of the Group's infrastructure and business, including research, and to ensure that no financial liability will ever fall on general University funds. Syndics consider that it would be imprudent for the Group to rely on loans to fund any of these requirements and that the University is unlikely to wish to divert general resources to support the Group's work. The Group must therefore maintain sufficient reserves to meet all its funding requirements, in bad as well as good times. The available reserves provide the necessary buffer to meet the Group's investment needs and cover for contingencies. Syndics have reviewed the level of reserves with the University and believe that the levels held are reasonable given the issues faced by the Group. It has been the Group's policy to invest the available reserves in the University's Amalgamated Fund. This policy has served the Group (and the University) well over the years, enabling substantial support to be given to a range of general University purposes and to scholarship schemes for students from the Commonwealth and other countries. However, the policy introduces its own risk when, from time to time, stock markets fall. By 30 September 2002 the accounts had shown an accumulated unrealised loss over two years of £21.6m. The accounts for the three following years have recorded unrealised gains which have just exceeded the losses for the two years to 2002.

During the year £14.5 million was transferred to the University, which included an additional £10.5 million agreed by Syndics above the amount of the usual transfer. In addition, the Group has given financial assistance on a small scale to a number of University activities that relate closely to the Group's mission such as the Millennium Mathematics Project, an outreach activity to schools run jointly by the Departments of Education and of Applied Mathematics and Theoretical Physics; and grants to some of the less well endowed colleges to support overseas students, in recognition of the importance of international work to the Group. These grants will be continued next year.

Since 1981 the Group has transferred £142 million from its reserves and investment income - £121 million to general University funds; £18 million to the Cambridge Commonwealth and Overseas Trusts; and £3 million to establish the Research Centre for English and Applied Linguistics.

During the year the Group refurbished its recently acquired premises at 9 Hills Road. Occupation of the refurbished building by OCR took place on 20 December 2004.

The Group has adopted FRS17 'Retirement Benefits' in these financial statements. As a result, the liability in respect of the RSAEB Retirement Benefits Scheme is included. The liability relating to the CPS Scheme is not recognised in the Group's accounts as the Group's share of assets and liabilities cannot be separately identified.

Business risks

The Syndics and the OCR Board confirm that the major risks to which UCLES and OCR are exposed, as identified by the Syndics and trustees, have been reviewed and systems have been established to mitigate those risks.

Signed:

Professor A J Badger (Chairman)

Professor J M Gray

Dr J J Guy

Ms D Hall

Professor J Hawkins

Miss P M Kelleher

Dr J A Leake


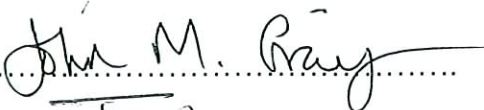
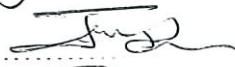
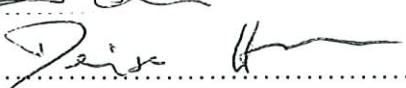

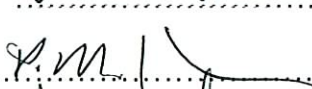
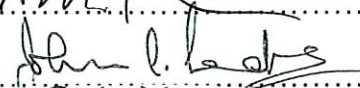
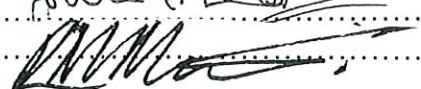
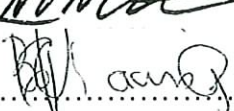
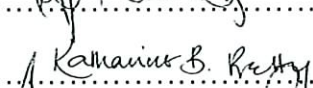
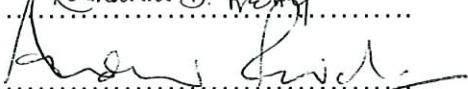
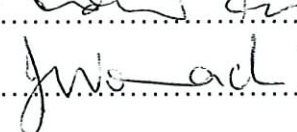
Mr R M Martineau

Mr B G Picking

Dr K B Pretty

Mr A Reid

Mrs J M Womack


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26 January 2006. Syndicate Buildings, 1 Hills Road, Cambridge, CB1 2EU

Auditors

KPMG LLP
37 Hills Road, Cambridge CB2 1XL

Bankers

Barclays Bank plc
15 Bene't Street, Cambridge, CB3 3PZ

Appendix A: The Local Examinations Syndicate

Professor Tony Badger (Chairman)	Master of Clare College	
Mrs Valerie Bragg	Chief Executive of 3E's Federation of Schools	
Professor John Gray	Professor of Education in the Faculty of Education, University of Cambridge	
Dr John Guy	Principal of Farnborough Sixth Form College	
Ms Denise Hall	Director of Marketing and Sales, SpecialSteps	
Professor John Hawkins	Director, Research Centre for English and Applied Linguistics, University of Cambridge	(From 21.07.05)
Miss Patricia Kelleher	Headmistress, the Perse School for Girls, Cambridge	(From 21.07.05)
Dr John Leake	President of St John's College	
Mr Richard Martineau	Former Chairman of RSA	
Dr Geoffrey Parks	Director of Admissions for the Cambridge Colleges, University Senior Lecturer in Nuclear Engineering and Director of Studies in Engineering of Jesus College	(Resigned 12.08.05)
Mr Bruce Picking	Chairman of Governors of Havering College of Further and Higher Education	
Dr Kate Pretty	Principal of Homerton College and Pro-Vice-Chancellor, University of Cambridge	
Mr Andrew Reid	Director of Finance, University of Cambridge (representing the Acting Treasurer)	
Mrs Joanna Womack	Bursar, Clare Hall	

Appendix B: The OCR Board

Mr Simon Lebus (Chairman)	UCLES Group Chief Executive	
Professor Tony Badger	Master of Clare College	
Ms Valerie Bragg	Chief Executive of 3E's Federation of Schools	
Professor John Gray	Professor of Education in the Faculty of Education, University of Cambridge	
Dr John Guy	Principal of Farnborough Sixth Form College	
Professor John Hawkins	Director, Research Centre for English and Applied Linguistics, University of Cambridge	(From 21.07.05)
Miss Patricia Kelleher	Headmistress, the Perse School for Girls, Cambridge	(From 21.07.05)
Ms Denise Hall	Director of Marketing and Sales, SpecialSteps	
Dr John Leake	President of St John's College	
Mr Richard Martineau	Former Chairman of RSA	
Dr Geoffrey Parks	Director of Admissions for the Cambridge Colleges, University Senior Lecturer in Nuclear Engineering and Director of Studies in Engineering of Jesus College	(Resigned 12.08.05)
Mr Bruce Picking	Chairman of Governors of Havering College of Further and Higher Education	
Dr Kate Pretty	Principal of Homerton College and Pro-Vice-Chancellor, University of Cambridge	
Mrs Joanna Womack	Bursar, Clare Hall	

Appendix C: UCLES Group Corporate Board

Mr Simon Lebus	Group Chief Executive
Mrs Sue Durham	Group HR Director
Mr Mark Lovell	Group Infrastructure Services Director
Dr Ron McLone	Director-General of Assessment
Dr Mike Milanovic	Chief Executive, ESOL
Mrs Ann Puntis	Chief Executive, CIE
Mrs Jackie Rippeth	Group Finance Director
Mr Gregor Watson	Chief Executive, OCR

Appendix D: List of Acronyms

ACER	Australian Council for Education Research
ARD	Assessment, Research and Development
BMAT	Biomedical Admissions Test
BULATS	Business Language Testing Service
CAE	Certificate of Advance English
CBT	Computer Based Testing
CEFR	Common European Framework Reference (for modern languages)
CIE	Cambridge International Examinations
CLAIT	Computer Literacy and Information Technology
CPS	Cambridge University Assistants' Contributory Pension Scheme
DfES	Department for Education and Skills
DOMS	Digital Object Marking Software
EPS	Examinations Processing System
ESM	Electronic Script Management
ESOL	English for Speakers of Other Languages
FCE	First Certificate in English
GCSE	General Certificate of Secondary Education
GNVQ	General National Vocational Qualification
HKEAA	Hong Kong Examinations and Assessment Authority
IELTS	International English Language testing System
IGCSE	International General Certificate of Secondary Education
ILEC	International Legal English Certificate
LAN	Local Area Network
NVQ	National Vocational Qualification
OCR	Oxford, Cambridge and RSA Examinations
PET	Preliminary English Test
QCA	Qualifications and Curriculum Authority
QTI	Question and Test Interoperability
RM	Research Machines Plc
RSA	Royal Society for the Encouragement of Arts Manufactures & Commerce
RSAEB	RSA Examinations Board
SAT	Scholastic Aptitude Test
SiLT	Studies in Language Testing
TKT	Teaching Knowledge Test
TSA	Thinking Skills Assessment
UCAS	Universities and Colleges Admissions Service
UCLES	University of Cambridge Local Examinations Syndicate
WAN	Wide Area Network

**UNIVERSITY OF CAMBRIDGE
LOCAL EXAMINATIONS SYNDICATE**

**CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT

The following corporate governance statement provides information about the Local Examinations Syndicate's governance and legal structure.

The Syndicate is a constituent part of the University of Cambridge established under the Ordinances of the University.

The members of the Syndicate (the Syndics) comprise six members of the Regent House and six external members, along with a Chairman appointed by the Vice-Chancellor and the Acting Treasurer (or duly appointed deputy). Members from the Regent House are appointed by the Council, while external members are appointed by the Council on the nomination of the Syndicate.

The Syndics are responsible for the oversight of the work of the University of Cambridge Local Examinations Syndicate and its subsidiary undertakings (the Group), for its system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve the Syndicate's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Syndics are of the view that there is an ongoing process for identifying, evaluating and managing the significant risks to which the Syndicate is exposed.

The Syndics meet about six times during the year, and are advised in carrying out their duties by a number of committees, including a Corporate Board, an Audit Committee, and a Remuneration Committee.

The Audit Committee is chaired by an external member of the Syndicate. It meets at least four times during the year with the Syndicate's senior officers and the external and internal auditors in attendance as required. Its principal role is to review the adequacy and effectiveness of the Group's systems of internal financial control, financial reporting and risk management in consultation with internal and external auditors. Its review of the system of internal control is informed by the work of the internal auditors, who also make a report to the University Audit Committee.

The Group Remuneration Committee meets three times during the year to review the remuneration of the Group's senior executives and to consider matters of general remuneration policy. The salary of the Group Chief Executive is determined by the full Syndicate.

The Syndicate has in place an agreed statement of the powers delegated to the Group Chief Executive. The day-to-day management of the Group is the responsibility of the Group Chief Executive and the Corporate Board, whose other members comprise the Chief Executives of the three business streams, the Director-General of Assessment, and the Group Directors of Finance, Infrastructure Services and Human Resources

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

RESPONSIBILITIES OF THE SYNDICS OF THE LOCAL EXAMINATIONS SYNDICATE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2005

Statute F II,4 of the University of Cambridge provides that the accounts of the Local Examinations Syndicate shall be audited annually by one or more qualified accountants appointed by the Council. In order to give a true and fair view of the state of affairs of the Local Examinations Syndicate and of the income and expenditure for that period, the Syndics have decided that the financial statements will be presented in accordance with the Statement of Recommended Practice “Accounting for Further and Higher Education”. In preparing those financial statements the Syndics are required to:

1. select suitable accounting policies and then apply them consistently
2. make judgements and estimates that are reasonable and prudent
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
4. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Local Examinations Syndicate will continue in business
5. ensure that the Local Examinations Syndicate has complied with the University’s Statutes and Ordinances.

The Syndics are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position at any time of the Local Examinations Syndicate. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Local Examinations Syndicate and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE ('LOCAL EXAMINATIONS SYNDICATE')

We have audited the financial statements on pages 5 to 25.

This report is made solely to the Local Examinations Syndicate, as a body of Syndics, in accordance with the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the Local Examinations Syndicate those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Examinations Syndicate and the Syndics as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Syndics and the auditors

As described on page 3, the Syndics are responsible for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities as independent auditors are established in the United Kingdom by our engagement letter dated 26 June 2002, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements (including the Annual Report and the Corporate Governance Statement) and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Syndics in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Local Examinations Syndicate and of the Group as at 30 September 2005 and of the Group's surplus of income over expenditure, for the year then ended and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.



KPMG LLP
Chartered Accountants and Registered Auditor
37 Hills Road
Cambridge

Date 27 January 2006

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 £m	2004 £m Re-stated
Income			
Examination fees		147.7	138.6
Other educational & assessment services		15.4	12.6
Endowment and investment income	2	4.0	4.1
Total income		<u>167.1</u>	<u>155.3</u>
Expenditure			
Staff costs	3	50.0	45.9
Other operating expenses	4	107.1	95.7
Depreciation	4	3.2	5.7
Transfer to University	19	14.5	8.0
Total expenditure		<u>174.8</u>	<u>155.3</u>
(Deficit) after depreciation of tangible fixed assets at valuation		(7.7)	-
Surplus on disposal of tangible fixed assets		-	0.1
Surplus on disposal of fixed asset investments	8	1.7	-
(Deficit)/ surplus for the year after depreciation of tangible fixed assets at valuation and disposal of assets	5	<u>(6.0)</u>	<u>0.1</u>
Transfer from accumulated income within specific endowments	14	2.4	0.1
(Deficit)/ surplus for the year retained within general reserves		<u>(3.6)</u>	<u>0.2</u>

All income and expenditure relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2005

		2005 £m	2004 £m Re-stated
(Deficit)/ surplus for the year		(6.0)	0.1
Appreciation in investment assets		12.1	5.9
Actuarial (loss)/ gain on defined benefit pension scheme	17	(0.1)	0.3
		<u>6.0</u>	<u>6.3</u>
Reconciliation			
Opening reserves and endowments		134.1	127.8
Total recognised gains for the year		6.0	6.3
Closing reserves and endowments		<u>140.1</u>	<u>134.1</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

		2005 £m	2004 £m Re-stated
(Deficit)/ surplus for the year		(6.0)	0.1
Realisation of investment revaluation gains of previous years	15	5.0	-
Historical Cost (deficit)/ surplus for the year		<u>(1.0)</u>	<u>0.1</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

BALANCE SHEET AS AT 30 SEPTEMBER 2005

		Group		UCLES	
		2005	2004	2005	2004
	Note	£m	Re-stated £m	£m	Re-stated £m
Fixed assets					
Intangible fixed assets	6	1.4	2.0	-	-
Tangible fixed assets	7	40.1	35.5	31.1	26.8
Investments	8	70.6	73.3	83.3	86.4
		112.1	110.8	114.4	113.2
Endowment assets	9	17.2	14.7	17.2	14.7
Current assets					
Stock		0.9	1.2	0.6	0.8
Debtors	10	39.2	27.1	30.5	21.1
Short term deposits		10.9	19.4	2.2	9.4
Cash at bank and in hand		1.7	2.1	1.3	1.9
		52.7	49.8	34.6	33.2
Creditors: amounts falling due within one year	11	(39.3)	(38.0)	(31.7)	(29.5)
Net current assets		13.4	11.8	2.9	3.7
Total assets less current liabilities		142.7	137.3	134.5	131.6
Creditors: amounts falling due after one year	12	-	-	(10.6)	(10.6)
Provisions for liabilities and charges	13	(0.7)	(1.2)	(0.6)	(1.0)
Net assets excl. pension scheme liability		142.0	136.1	123.3	120.0
Pension scheme liability	17	(1.9)	(2.0)	-	-
Net assets including pension scheme liability		140.1	134.1	123.3	120.0
Specific Endowments	14	17.2	14.7	17.2	14.7
Reserves					
Revaluation reserve	15	25.9	20.7	25.6	20.8
Investment Property Revaluation Reserve	15	0.5	0.5	0.5	0.5
General Reserve	15	98.4	100.2	80.0	84.0
Total reserves excluding pension liability		124.8	121.4	106.1	105.3
Pension Reserve	15	(1.9)	(2.0)	-	-
Total reserves including pension liability		122.9	119.4	106.1	105.3
		140.1	134.1	123.3	120.0

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

BALANCE SHEET AS AT 30 SEPTEMBER 2005

The financial statements on pages 5 to 25 were approved by the Syndics on 26th January 2006 and were signed on their behalf by:

Dr K B Pretty



*Member of the Local
Examinations Syndicate*

Mr S Lebus



*Chief Executive of the Local
Examinations Syndicate*

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

		2005		2004	
	Note	£m	£m	£m	£m
Net cash (outflow)/ inflow from operating activities	16a		(4.6)		2.7
Returns on investments and servicing of finance					
Investment income		3.4		3.0	
Interest received		<u>0.7</u>		<u>1.0</u>	
			4.1		4.0
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(7.8)		(3.9)	
Receipts from sale of tangible fixed assets		-		0.1	
Payments to acquire fixed asset investments		<u>-</u>		<u>(10.0)</u>	
			(7.8)		(13.8)
Management of liquid resources					
Net movement on money market deposits	16c		7.9		8.1
(Decrease)/ Increase in cash in the period	16b		<u>(0.4)</u>		<u>1.0</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education issued in July 2003, and in accordance with applicable Accounting Standards in the United Kingdom. The University of Cambridge (the ultimate parent undertaking) presents its accounts using this statement of recommended practice and it was agreed by the Syndics that it was appropriate for the University of Cambridge Local Examinations Syndicate (UCLES) to adopt the same presentation. As UCLES accounts were previously presented using the Charities SORP this change of presentation required a prior year adjustment for the creation of a revaluation reserve for the appreciation in value of investment assets, see note 15. There has been no change to the net assets of UCLES.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Syndicate's financial statements except as noted below.

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

Basis of Consolidation

The Group accounts incorporate the results of UCLES and its subsidiary companies and Joint Ventures on a line by line basis.

Joint Venture companies have been accounted for in accordance with the gross equity method. The accounting periods of Joint Venture undertakings are not coterminous with that of the parent undertaking but the effect is not material.

In the individual accounts of UCLES, the investments in the subsidiary companies are stated at cost less any permanent diminution in value.

Recognition of Income and Deferral of Incoming Resources

All income is recognised on a receivable basis. Examination fees and other services receivable in respect of examination sessions or courses taking place in subsequent financial years are deferred to the year in question.

Pension Schemes

The Syndicate has fully adopted FRS 17 'Retirement benefits'. The Syndicate participates in three pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Syndicate.

For two of the schemes, CPS and USS, the Syndicate is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for these schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to each scheme in respect of the accounting period.

The RSAEB scheme has two employers, UCLES and OCR. As both are within the UCLES Group, the scheme is accounted for as a defined benefit scheme in accordance with FRS 17 in the Group accounts with the consequence that any surplus or deficit in the scheme is recognised as an asset or liability in

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1. ACCOUNTING POLICES (continued)

the balance sheet. In the individual accounts of UCLES and OCR, the scheme is accounted for as a defined contribution scheme in the same way as the USS and CPS schemes above.

Depreciation

Depreciation is charged to write off the cost of fixed assets over their estimated useful lives:

Buildings:-	2% - 5% per annum on a straight line basis;
Freehold	over the term of the lease
Leasehold	
Plant & Equipment, Furniture and Fittings	15 – 25% per annum on a straight line basis.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Investments

Investments in Cambridge University Endowment Fund (Amalgamated Fund) units are stated at estimated market value.

Investment properties are valued at market value.

Investments in subsidiaries are stated at cost.

Stocks

Stocks are of finished goods and are stated at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving and defective stocks.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the Income and Expenditure Account.

Taxation

UCLES is a constituent part of the University of Cambridge, which is an exempt charity. UCLES therefore claims exemption from Corporation Tax under the provisions of section 505 of the Income and Corporation Taxes Act 1988. Subsidiary companies have policies to gift aid any profits to UCLES. Consequently in those companies there are no corporation tax charges.

UCLES receives no similar exemption in respect of Value Added Tax.

Recognition of Liabilities

Provisions are recognised under FRS 12 and are not discounted.

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1. ACCOUNTING POLICES (continued)

Goodwill

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 relating to investments made by the Group is amortised over 10 years on a straight line basis, being its estimated useful economic life.

Research and Development Expenditure

Expenditure on research and development is written off in the year in which it is incurred.

2. ENDOWMENT AND INVESTMENT INCOME

	2005 Group £m	2004 Group £m
Income from specific endowment asset investments	0.7	0.6
Other investment income	2.8	2.6
Other interest receivable	0.5	0.9
	<u>4.0</u>	<u>4.1</u>

3. STAFF COSTS

The average number of persons employed by the Group during the year, expressed as full-time equivalents, was:

	2005 Group Number	2004 Group Number
Examination services	1,277	1,199
Administration and central services	424	406
Premises	83	74
	<u>1,784</u>	<u>1,679</u>

Staff costs for the above persons comprise:

	2005 Group £m	2004 Group £m
Salaries and wages	41.4	37.1
Social Security costs	3.4	3.0
Other pension costs (note 17)	5.2	5.8
	<u>50.0</u>	<u>45.9</u>

	2005 Group £m	2004 Group £m
Examination services	34.2	31.3
Administration and central services	13.9	13.0
Premises	1.9	1.6
	<u>50.0</u>	<u>45.9</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

3. STAFF COSTS (continued)

Staff emoluments over £70,000:

	2005 Group No. staff	2004 Group No. staff
£70,001 - £80,000	9	2
£80,001 - £90,000	2	1
£90,001 - £100,000	1	3
£100,001 - £110,000	1	3
£110,001 - £120,000	4	-
£130,001 - £140,000	1	-
£170,001 - £180,000	-	1
£210,001 - £220,000	1	-

4. OTHER OPERATING EXPENSES

	2005 Group £m	2004 Group £m
Examination services	83.1	78.8
Administration and central services	18.5	12.4
Premises	5.5	4.5
	<u>107.1</u>	<u>95.7</u>

Other operating expenses include:

	2005 Group £m	2004 Group £m
Auditors' remuneration - Audit fee	0.1	0.1
Internal Audit Fee	0.1	0.1
Depreciation	3.2	5.7
Amortisation of goodwill	0.6	0.6
Operating leases - Land & buildings	1.1	0.8
- Plant, machinery & equipment	0.5	0.6
Foreign Exchange losses	-	0.2
	<u>-</u>	<u>0.2</u>

5. (DEFICIT)/ SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	2005 £m	2004 £m
UCLES (deficit) for the year	(11.4)	(2.0)
Group level adjustments re transfer to WMEB fund	3.0	-
Group level adjustments re defined benefit schemes	0.2	0.2
Surplus retained in subsidiary undertakings	2.2	1.9
	<u>(6.0)</u>	<u>0.1</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

6. INTANGIBLE FIXED ASSETS

GOODWILL	Group £m
COST	
At 1 October 2004	6.1
At 30 September 2005	<u>6.1</u>
AMORTISATION	
At 1 October 2004	4.1
Charge for year	0.6
At 30 September 2005	<u>4.7</u>
NET BOOK VALUE	
At 30 September 2005	<u>1.4</u>
At 30 September 2004	<u>2.0</u>

The Goodwill arose on acquisition of the RSA Examinations Board by OCR, being the difference between the purchase consideration and the fair value of the net assets acquired.

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2005**

7. TANGIBLE FIXED ASSETS

GROUP

	Freehold	Land Buildings Long Leasehold	Short Leasehold	Plant & Equip Furniture & Fittings	Assets under Construction	Total
	£m	£m	£m	£m	£m	£m
COST						
At 1 October 2004	33.6	6.3	0.6	19.1	1.1	60.7
Additions	1.1	0.4	0.6	3.5	2.2	7.8
Transfer	3.3	-	-	-	(3.3)	-
Disposals	-	-	-	(0.3)	-	(0.3)
At 30 September 2005	<u>38.0</u>	<u>6.7</u>	<u>1.2</u>	<u>22.3</u>	<u>-</u>	<u>68.2</u>
DEPRECIATION						
At 1 October 2004	7.8	1.4	0.2	15.8	-	25.2
Disposals	-	-	-	(0.3)	-	(0.3)
Charge for the year	0.8	0.1	0.2	2.1	-	3.2
At 30 September 2005	<u>8.6</u>	<u>1.5</u>	<u>0.4</u>	<u>17.6</u>	<u>-</u>	<u>28.1</u>
NET BOOK VALUE						
At 30 September 2005	<u>29.4</u>	<u>5.2</u>	<u>0.8</u>	<u>4.7</u>	<u>-</u>	<u>40.1</u>
At 30 September 2004	<u>25.8</u>	<u>4.9</u>	<u>0.4</u>	<u>3.3</u>	<u>1.1</u>	<u>35.5</u>

UCLES

	Freehold	Land Buildings Long Leasehold	Short Leasehold	Plant & Equip Furniture & Fittings	Assets Under Construction	Total
	£m	£m	£m	£m	£m	£m
COST						
At 1 October 2004	26.7	-	0.1	16.0	1.1	43.9
Additions	1.1	-	0.5	3.3	2.2	7.1
Transfer	3.3	-	-	-	(3.3)	-
Disposals	-	-	-	(0.3)	-	(0.3)
At 30 September 2005	<u>31.1</u>	<u>-</u>	<u>0.6</u>	<u>19.0</u>	<u>-</u>	<u>50.7</u>
DEPRECIATION						
At 1 October 2004	4.1	-	0.1	12.9	-	17.1
Disposals	-	-	-	(0.3)	-	(0.3)
Charge for the year	0.8	-	-	2.0	-	2.8
At 30 September 2005	<u>4.9</u>	<u>-</u>	<u>0.1</u>	<u>14.6</u>	<u>-</u>	<u>19.6</u>
NET BOOK VALUE						
At 30 September 2005	<u>26.2</u>	<u>-</u>	<u>0.5</u>	<u>4.4</u>	<u>-</u>	<u>31.1</u>
At 30 September 2004	<u>22.6</u>	<u>-</u>	<u>-</u>	<u>3.1</u>	<u>1.1</u>	<u>26.8</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

8. FIXED ASSET INVESTMENTS

	Group		UCLES	
	2005 £m	2004 £m	2005 £m	2004 £m
Balance at 1 October 2004	73.3	58.1	86.4	71.4
Additions	-	10.0	-	10.0
Disposals	(12.9)	-	(12.9)	-
Appreciation in investment assets	10.2	5.2	9.8	5.0
Balance at 30 September 2005	<u>70.6</u>	<u>73.3</u>	<u>83.3</u>	<u>86.4</u>
Represented by:				
University Endowment Fund units	68.8	71.5	66.5	69.6
Investment properties	1.7	1.7	1.7	1.7
Investment in Subsidiary Undertakings	-	-	0.1	0.1
Loans to Group Undertakings	-	-	15.0	15.0
Loan to Joint Venture	0.1	0.1	-	-
	<u>70.6</u>	<u>73.3</u>	<u>83.3</u>	<u>86.4</u>

Investments at market value comprise Cambridge University Endowment Fund (Amalgamated Fund) units. The market value at 30 September 2005 is based on the estimated valuation as at that date provided by the University Finance Division.

The loans to Group undertakings are unsecured and have no fixed repayment date. No interest has been charged in the year to 30 September 2005. Loans to Group Undertakings includes a £15.0m loan to OCR, the future interest rate on which has yet to be determined.

Subsidiary Undertakings:

Name of Subsidiary Undertaking	Country of Registration And Operation	Class of Share	Proportion Held	Nature of Business	Note
OCR	England	Member	100%	Examination & assessment services	1
RSA Examinations Board	England	Member	100%	Assessment services	1
The West Midlands Examinations Board	England	Member	100%	Examination services	2
Sandonian Properties Ltd	England	Ordinary	100%	Property Holding	4
Mill Wharf Ltd	England	Ordinary	100%	Not Trading	4
OCR Nationals	England	Member	100%	Dormant	3
Progress House Printers Ltd	England	Ordinary	100%	Dormant	4
CUAPTS Limited	Hong Kong	Ordinary	100%	Dormant	4

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

8. FIXED ASSET INVESTMENTS (continued)

Name of Subsidiary Undertaking	Country of Registration And Operation	Class of Share	Proportion Held	Nature of Business	Note
World Class Tests Ltd	England	Ordinary	100%	Dormant	4
OCIAS Limited	England	Ordinary	100%	Assessment services	4
Cambridge Examinations Inc	US	Member	100%	Examination services	5
Quick Placement Tests Ltd	England	Ordinary	100%	Dormant	4
Cambridge Assessment	England	Member	100%	Dormant	3

All of the subsidiary undertakings have been included in the consolidation.

Joint Ventures:

IELTS Inc	US	Member	33%	Examination services	5
QualDat	England	Member	33%	General Education	2

IELTS Inc is a joint venture between OCIAS Limited, the British Council and IDP Australia to promote the IELTS examination in the US.

Note

- 1 Companies Limited by Guarantee and Exempt Charities.
- 2 Company Limited by Guarantee and a Registered Charity.
- 3 Company Limited by Guarantee.
- 4 Companies having Share Capital.
- 5 US Non stock Non profit Corporation.

9. ENDOWMENT ASSETS

	Group		UCLES	
	2005	2004	2005	2004
	£m	Re-stated £m	£m	Re-stated £m
Balance at 1 October 2004	14.7	14.0	14.7	14.0
Appreciation in value of University Endowment Fund units	1.9	0.8	1.9	0.8
Increase/(Decrease) in Short term deposit balances	0.6	(0.1)	0.6	(0.1)
Balance at 30 September 2005	<u>17.2</u>	<u>14.7</u>	<u>17.2</u>	<u>14.7</u>
Represented by:				
University Endowment Fund units	13.0	11.1	13.0	11.1
Short term deposits	4.2	3.6	4.2	3.6
	<u>17.2</u>	<u>14.7</u>	<u>17.2</u>	<u>14.7</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

10. DEBTORS

	Group		UCLES	
	2005 £m	2004 £m	2005 £m	2004 £m
Fee debtors	29.3	19.0	24.2	15.1
Amounts owed by Group undertakings	-	-	0.3	0.2
Other debtors	2.3	1.1	0.7	1.0
Prepayments and accrued income	7.6	7.0	5.3	4.8
	<u>39.2</u>	<u>27.1</u>	<u>30.5</u>	<u>21.1</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		UCLES	
	2005 £m	2004 £m	2005 £m	2004 £m
Trade creditors	3.5	3.8	2.9	3.1
Amounts due to Group undertakings	-	-	1.1	0.4
Other taxes and social security	5.6	5.1	1.6	1.5
Other Creditors	1.4	1.8	1.1	1.5
Accruals and deferred income	28.8	27.3	25.0	23.0
	<u>39.3</u>	<u>38.0</u>	<u>31.7</u>	<u>29.5</u>

Deferred income (see page 10) is analysed as:

At 1 October 2004	21.1	19.5	19.7	18.1
Deferred in current year	21.8	21.1	20.5	19.7
Released from previous year	(21.1)	(19.5)	(19.7)	(18.1)
At 30 September 2005	<u>21.8</u>	<u>21.1</u>	<u>20.5</u>	<u>19.7</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		UCLES	
	2005 £m	2004 £m	2005 £m	2004 £m
Loan from RSAEB	-	-	10.5	10.5
Loan from CUAPTS	-	-	0.1	0.1
	<u>-</u>	<u>-</u>	<u>10.6</u>	<u>10.6</u>

The loans are unsecured and have no fixed repayment date. No interest was charged in the year to 30 September 2005 (2004: nil)

13. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP

	Staffing £m	Rebates or Discounts £m	Other £m	Total £m
At 1 October 2004	0.2	0.1	0.9	1.2
Charges in the year	0.2	-	0.6	0.8
Utilised in the year	(0.1)	-	(1.1)	(1.2)
Released during the year	(0.1)	-	-	(0.1)
At 30 September 2005	<u>0.2</u>	<u>0.1</u>	<u>0.4</u>	<u>0.7</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

13. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

UCLES

	Staffing	Rebates or Discounts	Other	Total
	£m	£m	£m	£m
At 1 October 2004	-	0.1	0.9	1.0
Charges in the year	0.1	-	0.6	0.7
Utilised in the year	-	-	(1.1)	(1.1)
At 30 September 2005	<u>0.1</u>	<u>0.1</u>	<u>0.4</u>	<u>0.6</u>

Provisions were made in respect of property related claims and legal fees, payments regarding employment matters, contractual disputes and rebates and discounts.

14. SPECIFIC ENDOWMENTS

GROUP and UCLES

2005

£m

Balance at 1 October 2004	14.7
Income from endowment asset investments	0.7
Expenditure	<u>(3.1)</u>
	(2.4)
Transfer from TWMEB reserves	3.0
Appreciation in investment assets	1.9
Balance at 30 September 2005	<u><u>17.2</u></u>
Representing	
EMREB Fund	4.9
WMEB Fund	12.2
Scholarship Funds	0.1
	<u><u>17.2</u></u>

The EMREB Fund is a trust fund created from assets transferred from the East Midlands Regional Examinations Board ("EMREB"). The WMEB Fund is a trust fund created from assets transferred from The West Midlands Examination Board ("TWMEB"). Scholarship funds are amounts of money left to the Syndicate to give to students for prizes or awards.

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

15. RESERVES

GROUP	General Reserves £m	Revaluation Reserve £m	Investment Property Revaluation £m	Total Excl. Pension £m	Pension Reserve £m	Total £m
Balance at 1 October 2004:						
As previously stated	120.9	-	0.5	121.4	(2.0)	119.4
Prior Year Adjustment	(20.7)	20.7	-	-	-	-
As Restated	100.2	20.7	0.5	121.4	(2.0)	119.4
(Deficit)/ surplus	(3.8)	-	-	(3.8)	0.2	(3.6)
Transfer to WMEB fund	(3.0)	-	-	(3.0)	-	(3.0)
Appreciation in Investments	-	10.2	-	10.2	-	10.2
Realisation of gains	5.0	(5.0)	-	-	-	-
Actuarial loss	-	-	-	-	(0.1)	(0.1)
At 30 September 2005	98.4	25.9	0.5	124.8	(1.9)	122.9

UCLES

	General Reserves £m	Revaluation Reserve £m	Investment Property Revaluation £m	Total £m
Balance at 1 October 2004:				
As previously stated	104.8	-	0.5	105.3
Prior Year Adjustment	(20.8)	20.8	-	-
As Restated	84.0	20.8	0.5	105.3
(Deficit)	(9.0)	-	-	(9.0)
Appreciation in Investments	-	9.8	-	9.8
Realisation of gains	5.0	(5.0)	-	-
At 30 September 2005	80.0	25.6	0.5	106.1

Under the Accounting for Further and Higher Education SORP, appreciation in investment assets is taken to a revaluation reserve. The prior year adjustment represents the transfer of accumulated appreciation to the revaluation reserve.

16. NOTES TO CONSOLIDATED CASHFLOW STATEMENT

a. Reconciliation of operating (deficit)/ surplus to net cash inflow/(outflow) from operating activities

	2005 £m	2004 £m
(Deficit)/ surplus on continuing operations	(6.0)	0.1
Investment income	(4.0)	(4.1)
Depreciation of tangible fixed assets	3.2	3.0
Impairment loss on property	-	2.8
Amortisation of goodwill	0.6	0.6
(Surplus) on disposal of investments/ tangible fixed assets	(1.7)	(0.1)
Movements in provisions	(0.5)	0.4
Increase in creditors	1.3	4.4
(Increase) in debtors	(12.1)	(4.1)
Decrease/ (Increase) in stock	0.3	(0.2)
Transfer to University (non cash)	14.5	-
Pension costs (FRS17)	(0.2)	(0.1)
Net cash (outflow)/ inflow from operating activities	(4.6)	2.7

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

16. NOTES TO CONSOLIDATED CASHFLOW STATEMENT (continued)

b. Reconciliation of net cash flow to movement in net funds

	2005 £m	2004 £m
(Decrease)/ Increase in cash in the year	(0.4)	1.0
Cashflow from (decrease) in money market deposits	(7.9)	(8.1)
Change in net funds resulting from cashflows	(8.3)	(7.1)
Net funds at 1 October 2004	25.1	32.2
Net funds at 30 September 2005	16.8	25.1

c. Analysis of change in net funds

	At 1 Oct 2004 £m	Cash Flows £m	At 30 Sept 2005 £m
Cash at bank and in hand	2.1	(0.4)	1.7
Money market deposits	23.0	(7.9)	15.1
Total	25.1	(8.3)	16.8

17. PENSION COSTS

The Group participates in three defined benefit pension schemes. Each scheme is valued every three years by professionally qualified independent actuaries who are not employees or officers of the Group. The pension costs are assessed using the projected unit method. The information in respect of the USS revaluation as at March 2005 is not yet available.

The CPS and USS schemes are not closed. The RSAEB scheme is a closed scheme which has 20 (2004: 21) active members. The rates of contribution payable are determined by the trustees on the advice of the actuaries.

The Group's contributions to the CPS and USS schemes are affected by a surplus or deficit in these schemes. It is not possible to identify the Group's share of underlying assets and liabilities of the schemes and therefore contributions are accounted for as if they were defined contribution schemes in accordance with FRS 17. The assumptions and other data that have the most significant effect on the determination of contribution levels are as follows:

	USS	CPS
Latest actuarial valuations	Mar 2002	Jul 2004
Investment returns per annum	5.0%	7.0%
Salary scale increases per annum	3.7%	4.5%
Pension increases per annum	2.7%	3.5%
Market value of assets at date of last Valuation	£19,938m	£216m
Funding level	101%	92%
Employer's contribution rate	14%	16.5%

The employer's contribution rate for the CPS scheme was increased to 19.7% from 1 August 2005.

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

17. PENSION COSTS (continued)

RSAEB Pension Scheme

A full actuarial valuation of the scheme was carried out at 1 October 2003, in accordance with the requirements under FRS 17 and updated to 30 September 2005 by a qualified independent actuary. It has been agreed that an employer contribution rate of 24.6% of pensionable pay will apply in future years.

The major assumptions used by the actuary were:

	At 30 Sept 2005	At 30 Sept 2004	At 30 Sept 2003
Discount rate	5.0%	5.5%	5.3%
Retail price inflation	2.7%	2.8%	2.5%
Salary increase rate	4.7%	4.8%	4.5%
Pensions increases (at Limited Price Indexation)	3.2%	3.2%	3.2%
Deferred pension revaluation	2.7%	2.8%	2.5%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme Assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

Assets	Assets at 30 Sept 2005 (£m)	Assets at 30 Sept 2004 (£m)	Assets at 30 Sept 2003 (£m)
Equities	3.1	3.1	2.7
Bonds	2.3	0.4	0.4
Cash/Other	0.1	0.9	0.6
Total assets	5.5	4.4	3.7
Scheme Liabilities	(7.4)	(6.4)	(6.2)
Net pension deficit	(1.9)	(2.0)	(2.5)

	Expected Return from 30 Sept 2005	Expected Return from 30 Sept 2004	Expected Return from 30 Sept 2003
Equities	7.3%	7.9%	8.2%
Bonds	4.4%	5.0%	4.8%
Cash/Other	4.5%	5.0%	4.8%

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2005**

17. PENSION COSTS (continued)

Movement in Deficit during the year

	Year to 30 Sept 2005 (£m)	Year to 30 Sept 2004 (£m)
Deficit at beginning of the year	(2.0)	(2.5)
Movement in year:		
Current service cost	(0.2)	(0.2)
Contributions	0.4	0.4
Actuarial (loss)/gain	(0.1)	0.3
Deficit at end of the year	<u>(1.9)</u>	<u>(2.0)</u>

Analysis of amount recognised in Statement of Total Recognised Gains and Losses:

	Year to 30 Sept 2005 (£m)	Year to 30 Sept 2004 (£m)
Actual return less expected return on pension scheme assets	0.6	0.1
Experience (losses)/ gains on the liabilities	(0.1)	0.4
Change in assumptions underlying the present value of the scheme liabilities	(0.6)	(0.2)
Actuarial (loss)/ gain	<u>(0.1)</u>	<u>0.3</u>

Analysis of the amount charged to Income and Expenditure Account:

	Year to 30 Sept 2005 (£m)	Year to 30 Sept 2004 (£m)
Staff Costs:		
Current service cost	<u>0.2</u>	<u>0.2</u>
Pension Finance Costs:		
Expected return on pension scheme assets	0.3	0.3
Interest on pension scheme liabilities	<u>(0.3)</u>	<u>(0.3)</u>
	<u>-</u>	<u>-</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

17. PENSION COSTS (continued)

History of experience gains and losses

	Year to 30 Sept 2005 (£m)	Year to 30 Sept 2004 (£m)	Year to 30 Sept 2003 (£m)
Difference between the actual and expected return on scheme assets	0.6	0.1	0.2
- as % of scheme assets	10%	2%	6%
Experience gains/losses on scheme liabilities	(0.1)	0.4	-
- as % of present value of scheme liabilities	(1%)	7%	0%
Total amount recognised in Statement of Total Recognised gains and losses	(0.1)	0.3	0.1
- as % of present value of scheme liabilities	(2%)	4%	1%

Total Group Pension Cost for the Year

	2005 £m	2004 £m
USS	2.7	2.4
CPS	2.3	3.2
RSAEB	0.2	0.2
	<u>5.2</u>	<u>5.8</u>

Included in 2004 was £2.7m for an additional payment to the CPS scheme for one year's employer's and employee costs.

18. OPERATING LEASES

At 30 September 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	Group		UCLES	
Amounts payable under operating leases Which fall due in the next financial year:	2005 £m	2004 £m	2005 £m	2004 £m
Land and Buildings, commitments expiring:				
In 1 year	-	0.1	-	0.1
Between 2 & 5 years	1.2	0.7	1.3	0.4
After 5 years	0.2	0.1	0.2	0.1
Plant, machinery and equipment, Commitments expiring:				
In 1 year	0.1	0.1	-	0.1
Between 2 & 5 years	<u>0.2</u>	<u>0.3</u>	<u>0.1</u>	<u>0.1</u>
	<u>1.7</u>	<u>1.3</u>	<u>1.6</u>	<u>0.8</u>

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

19. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

During the year, the Group entered into the following transactions with related parties:

Transactions with Cambridge University Press ("CUP"), another Syndicate of the University of Cambridge were as follows:- purchase of printing services £8.28m (2004: £9.24m), purchase of other services £0.35m (2004: £0.03m), receipt of royalties £0.25m (2004: £0.29m), sale of services to CUP £0.23m (2004: £0.16m). At 30 September 2005 a balance of £0.61m (2004: £1.03m) was due to CUP.

The group transferred £14.61m (2004: £8.02m) to the University of Cambridge, including £0.15m in respect of 2005/6 (2004: nil advance payment). In addition the group paid £0.28m (2004: £0.36m) to the University in respect of rentals, computer software and other services. Examination fees of £0.02m (2004: £0.01m) were charged to the University. At 30 September 2005 a balance of £0.09m (2004: nil) was due from the University.

A total of £0.36m (2004: £0.10m) was paid to Colleges of the University in respect of venue hire and scholarships. Property rental of £0.05m (2004: £0.05m) was receivable from Downing College. At 30 September 2005 £0.01m (2004: £0.01m) was due from Colleges.

£0.08m (2004: £0.09m) was paid to the Cambridge Overseas Trust in respect of scholarships.

No remuneration was paid to Syndics or to any connected persons (2004: nil). Total travel expenses of £2,041 (2004: £3,472) were reimbursed during the year to 5 (2004: 7) Syndics.

A loan was made to IELTS Inc of US \$30,000 (2004: US \$60,000).

20. FORWARD CURRENCY CONTRACTS

As at 30 September 2005 the Syndicate had forward exchange contracts for the sale of €8.0m (2004: €16.5m) and US\$3.6m (2004: US \$1.5m).

21. CAPITAL COMMITMENTS

There were £1.22m (2004: £nil) capital commitments as at 30 September 2005 in respect of building work.

22. CONTINGENT LIABILITIES

There were no (2004: £nil) contingent liabilities as at 30 September 2005.

23. ULTIMATE PARENT UNDERTAKING

UCLES is a Syndicate of the University of Cambridge. It is governed by the Statutes and Ordinances of the University. The results of UCLES are consolidated into the accounts of the University of Cambridge, which may be obtained from the Cambridge University Reporter, Cambridge University Press Bookshop, 1 Trinity Street, Cambridge, CB2 1SZ.