WOLFSON COLLEGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

FINANCIAL STATEMENTS

Contents	**Page**

FINANCIAL REVIEW

Financial Review

This year's deficit of £263,000, after depreciation of £889,000, is an increase on the previous year's surplus of expenditure over income. While total income rose by nearly 2%, expenditure rose by nearly 3.5% on the previous year. However, as some of the increased expenditure is accounted for by non-recurring items, the result can be seen as a favourable outcome arising from steady income and, on the whole, stable costs. The proportion of income which arises from residential and catering facilities rose this year in relation to other sources of income and stands at 59% of total income.

The Statement of Recognised Gains and Losses shows an overall gain of £1,135,000 during the year attributable to Stock Market performance and a grant from the Colleges Fund. In the Balance Sheet, the loan which was put in place as part of the funding for the Chancellor's Centre, stands at £520,000 and continues to be repaid at £100,000 p.a. The rate of pension contributions to the defined benefit pension scheme increased this year, but the cost was offset by a more favourable actuarial valuation. This resulted in a reduced liability of £288,000, as shown in the Balance Sheet, an improvement of £137,000 over last year.

Benefactions and Donations

The College received just over £133,000 in donations during the year. Additionally a grant of £480,000 for corporate Capital was received from the Colleges' Fund.

Investments

Market valuation of the portfolio at 30 June 2007 was £8,911,000. This was an increase of £1,756,000 over the value at the end of the preceding year.

Buildings

Major refurbishments to Norton House and Plommer House were completed during the year. Preparatory work to replace the main boilers and control mechanisms during the summer of 2007 was also undertaken. Other projects included minor roofing repairs and the building of a smoking shelter. Expenditure on routine maintenance increased during the year, but expenditure on capital projects was kept to £164,000. The College properties are valued at £63.6m for insurance purposes.

Reserves

The College's unrestricted funds amount to £46 million and are represented in the balance sheet by the College's operational buildings and by part of the investment portfolio. The restricted funds amount to £3 million. Wolfson has the reserves to cover its pension liabilities.

RESPONSIBILITIES OF THE GOVERNING BODY

In accordance with the College's Statutes, the Governing Body is responsible for the administration of the College's affairs.

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

The Governing Body is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and to send an abstract of its accounts in the form prescribed by the University Statutes to the University.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent; and
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

Any system of internal financial control, however, can only provide reasonable, not absolute assurance against material misstatement or loss.

REPORT OF THE AUDITORS TO THE GOVERNING BODY OF WOLFSON COLLEGE

We have audited the financial statements of Wolfson College for the year ended 30 June 2007 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 20 September 2007. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditors' 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 College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and auditors

As described in the statement of responsibilities of the Governing Body, the Governing Body is responsible for preparing the financial statements in accordance with applicable United Kingdom generally accepted accounting practice, the provisions of the Statutes of the College and the University of Cambridge and the Statement of Recommended Practice for accounting in Further and Higher Education.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Auditing Standards (UK & Ireland).

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 United Kingdom Generally Accepted Accounting Practice, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. In addition, we report whether the University Contribution has been correctly calculated in accordance with the provisions of University Statute G, II.

We also report if, in our opinion, the Financial Review is not consistent with the financial statements, the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the accounts for the above year as described in the contents section and 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 International Auditing Standards (UK & Ireland) 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 in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which 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 College as at 30 June 2007 and of the College's income and expenditure for the year then ended and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice on Accounting for Further and Higher Education, the Statutes of the College and the University and the accounting policies set out therein.

In our opinion, the contribution due from the College to the University as set out in note 22 has been correctly calculated in accordance with the provisions of University Statute G, II.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge. In addition, the Accounts comply with the Statement of Recommended Accounting Practice for accounting in Further and Higher Education ('the SORP') with the exception of the Balance Sheet, which has been presented in the different format set out in the relevant section of the Statutes and Ordinances of the University of Cambridge (the RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the Balance Sheet, whereas the RCCA requires that part of this information be disclosed in the Notes to the Accounts.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and the depreciated replacement cost of freehold land and buildings.

Basis of consolidation

The College has three subsidiary companies, each of which is dormant. The financial statements of Lee Library Ltd., Wolfson College Cambridge Properties Ltd. and Wolfson College Developments Ltd. have not been consolidated in the financial statements of the College. The activities of student societies have not been consolidated.

Recognition of income

Unrestricted donations and benefactions are shown as income in the year in which they arise. Donations and benefactions to restricted funds are shown as income only when the associated expenditure is recognised.

Income earned on investments is recognised in the same way, according to the unrestricted or restricted nature of the fund to which it is apportioned.

Restricted donations, benefactions and investment earnings to be recognised as income in future periods are shown in the Statement of Total Recognised Gains and Losses, offset by receipts of earlier years which are recognised in the current year.

Pension schemes

The College participates in both the Cambridge Colleges Federated Pension Scheme, with its employees contracted in to the State Second Pension (S2P), formerly the State Earnings-Related Pension Scheme (SERPS), and the Universities Superannuation Scheme, which is contracted out of the State Second Pension (S2P), formerly the State Earnings-Related Pension Scheme (SERPS). Both are defined benefit schemes, the assets of which are held in separate trustee-administered funds.

In each scheme, the funds are valued every three years by a professionally qualified independent actuary using the projected unit method, and the rates of contribution payable are determined by the trustee on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services.

Tangible fixed assets

a. Land and buildings

Buildings held for operational purposes are stated at depreciated replacement cost as they are specialised assets. Freehold buildings (including the cost of renewals) are depreciated on a straight line basis over the expected useful economic life of 50 years. Freehold land is not capitalised.

Where buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital grant and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of buildings, are not capitalised as part of the cost of those assets.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June. They are not depreciated until they are brought into use.

b. Maintenance and Renewal of premises

The College has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also has a major renewal programme, the costs of which are treated as capital improvements which bear upon the depreciated replacement cost of buildings.

c. Furniture, fittings and equipment

Assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
General equipment	20% per annum
Computer equipment	25% per annum

Where equipment is acquired with the aid of specific bequests or donations it is capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

d. Silver, works of art and other assets not related to education

Silver, works of art and other assets not related to education, which are deemed to be inalienable, are not included in the balance sheet.

Investments

Investments are included in the balance sheet at market value. Securities are shown at their market value. For listed investments this is the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date.

Investment income is recognised as and when dividends and interest become receivable. Interest on bank deposits is included as earned.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

Contribution under Statute G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges' Fund. The College may from time to time be eligible for such grants.

DEFINITION OF TERMS

Capital and Reserves are classified under the following terms:

Restricted Funds – funds, the income of which may only be used for a particular purpose, i.e. subject to a legally binding restriction such as a trust deed or will, or an implied trust.

Unrestricted Funds - funds, the income of which may be used for any purpose.

Designated Funds – unrestricted funds, the income of which the Governing Body has decided to use for a particular purpose.

Undesignated Funds – unrestricted funds, the income of which may be used for any purpose.

Permanent Capital – capital which the Governing Body has no power to convert to income and apply as such.

Expendable Capital – capital which the Governing Body has the power to convert to income and apply as such.

General Capital – capital which can be used for revenue purposes.

Corporate Capital – capital which cannot be used for revenue purposes.

Trust Funds – funds, the use of which is governed by the terms of a trust deed or an implied trust.

Revaluation Reserve – a reserve comprised of the market value of investment assets less their historic cost.

Income and Expenditure Account

Year to 30 June

	Note	2007 £' 000	2006 £' 000
INCOME			
Academic	1	1,301	1,371
Residential and Catering	2	2,509	2,412
Endowment	3	221	203
Other	4	189	156
Total Income		**4,220**	**4,142**
EXPENDITURE			
Education	5	1,649	1,611
Residential and Catering	6	2,781	2,670
Other	7	53	56
Total Expenditure		**4,483**	**4,337**
Operating Deficit		**(263)**	**(195)**
Contribution to Colleges' Fund	8	-	-
NET Deficit		**(263)**	**(195)**

Income and expenditure are in respect of continuing activities.

Statement of Total Recognised Gains and Losses

Year to 30 June	2007	2007		2007	2006
	Restricted Funds	Unrestricted Funds			
		Designated	Undesignated	Total	Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July 2006	**2,892**	**1,067**	**43,903**	**47,862**	**46,963**
Unrealised gain on investment assets	139	412	281	832	760
Net withdrawal from funds	(98)	-	-	(98)	(123)
(Deficit)/surplus for the year	-	(300)	37	(263)	(195)
Donations	80	-	22	102	65
Capital grants from Colleges' Fund	-	-	480	480	435
Actuarial gain/(loss) in pension scheme	-	-	82	82	(43)
Total recognised gains for the year	**121**	**112**	**902**	**1,135**	**899**
Balance at 30 June 2007	**3,013**	**1,179**	**44,805**	**48,997**	**47,862**

Balance Sheet

As at 30 June

	Note	2007 £' 000	2006 £' 000
FIXED ASSETS			
Tangible Assets	10	40,272	40,997
Investments	11	8,911	7,155
Total Fixed Assets		**49,183**	**48,152**
CURRENT ASSETS			
Stocks		83	87
Debtors	12	435	242
Cash		787	1,076
Total Current Assets		**1,305**	**1,405**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	683	650
Net Current Assets		**622**	**755**
Total Assets less Current Liabilities		**49,805**	**48,907**
Creditors: amounts falling due after more than one year	14	520	620
NET ASSETS excluding pension liability		**49,285**	**48,287**
Defined benefit pension liability	23	288	425
NET ASSETS including pension liability		**48,997**	**47,862**
CAPITAL and RESERVES			
Restricted funds	15	3,013	2,892
Unrestricted funds	15	45,984	44,970
TOTAL		**48,997**	**47,862**

Approved on behalf of the Council

Bursar
31 October 2007

Cash Flow Statement

Year to 30 June	Note	**2007** £' 000	**2006** £' 000
Net cash inflow from operating activities	20a	416	816
Net cash outflow from returns on investments and servicing of finance	20b	(191)	(192)
Net cash outflow from capital transactions	20c	(414)	(399)
Net cash (outflow)/inflow before financing		**(189)**	**225**
Net cash outflow from financing	20d	(100)	(100)
Net cash (outflow)/inflow after financing		**(289)**	**125**

Reconciliation of Net Cash Flow to Movement in Net Funds

(Decrease)/increase in cash in year	21	(289)	125
Change in net debt	21	100	100
Cash flow relating to purchase and sale of investments	21	925	544
Non-cash movements in investments	21	832	758
Movement in net funds during the year		1,568	1,527
Opening net funds	21	7,611	6,084
Closing net funds	21	**9,179**	**7,611**

Notes to the Accounts

Year to 30 June	2007 £' 000	2006 £' 000
1 ACADEMIC INCOME		
College Fees		
Fees from publicly-funded students		
(i) undergraduates (fee £3,699 less abatement of £342 = £3,357)	215	207
Fees from non-publicly funded Home/EC and Overseas students		
(i) undergraduates (fee £3,699)	174	198
(ii) graduates (fee £2,034)	710	680
Other	202	286
	1,301	**1,371**
2 RESIDENTIAL and CATERING INCOME		
Accommodation	2,041	1,911
Catering	468	501
	2,509	**2,412**
Income originates from College Members		
3 ENDOWMENT INCOME		
Income from unrestricted funds:		
Quoted securities - equities	128	120
Quoted securities - fixed interest	34	28
Unquoted securities - equities	18	13
Cash	41	42
	221	**203**
4 OTHER INCOME		
Donations to Unrestricted Funds	77	58
General Donations	34	20
Release of Deferred Capital Grants	56	56
Miscellaneous	22	22
	189	**156**

Notes to the Accounts

Year to 30 June		2007	2006
		£' 000	£' 000
5 EDUCATION EXPENDITURE			
Teaching		539	522
Tutorial		329	291
Admissions		252	223
Research		231	211
Scholarships and Awards		55	66
Other Educational Facilities		174	163
College Courses		69	135
		1,649	**1,611**
6 RESIDENTIAL and CATERING EXPENDITURE			
Accommodation		1,988	1,916
Catering		793	754
		2,781	**2,670**
Expenditure redounds to College Members			
7 OTHER EXPENDITURE			
Loan Interest, etc		38	42
Finance deficit on defined benefit pension		-	5
Amenities		15	9
		53	**56**
Expenditure includes auditors' remuneration of:			
External audit		21	22
Other services		5	3

Expenditure includes £22,252 (£9,682 in 2006) as the cost of fundraising.
This expenditure includes some of the the costs of alumni relations.

8 CONTRIBUTION UNDER STATUTE GII	Note	2007	2006
Endowment Income as per Income & Expenditure Account	3	221	203
Less: Items not Assessable to Contribution		(78)	(212)
Assessable Income	22	143	(9)
Less: Deductible Items	22	(356)	(314)
Net Assessable Income		-	-

Notes to the Accounts

Year to 30 June

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Note	Staff Costs Note 19	Other Expenses	Depreciation	Total
		2007	**2007**	**2007**	**2007**
	Note	£' 000	£' 000	£' 000	£' 000
Education	5	493	947	209	1,649
Residential and Catering	6	1,381	720	680	2,781
Other		-	53	-	53
		1,874	**1,720**	**889**	**4,483**
		2006	**2006**	**2006**	**2006**
		£' 000	£' 000	£' 000	£' 000
Education	5	449	946	216	1,611
Residential and Catering	6	1,290	701	679	2,670
Other		5	51	-	56
		1,744	**1,698**	**895**	**4,337**

10 TANGIBLE FIXED ASSETS

	2007	2007	2007	2006
	Freehold Buildings	**Furniture, Fittings and Equipment**	**Total**	**Total**
	£' 000	£' 000	£' 000	£' 000
Cost or Depreciated Replacement Cost				
As at 1 July 2006	43,376	1,532	44,908	44,539
Additions at Cost	139	25	164	438
Disposals at Cost	-	-	-	(69)
Cost or Depreciated Replacement Cost as at 30 June 2007	**43,515**	**1,557**	**45,072**	**44,908**
Depreciation				
As at 1 July 2006	3,035	876	3,911	3,073
Charge for the Year	764	125	889	895
Disposals	-	-	-	(57)
Depreciation as at 30 June 2007	**3,799**	**1,001**	**4,800**	**3,911**
Net Book Value				
As at 30 June 2007	**39,716**	**556**	**40,272**	**40,997**
As at 30 June 2006	**40,341**	**656**	**40,997**	**41,466**

The insured value of freehold buildings as at 30 June 2007 was £63,617,962 (£60,588,536 in 2006)

Buildings are shown at depreciated replacement cost. Historical cost records are not available.

Notes to the Accounts

Year to 30 June

		2007	2006
		£' 000	£' 000
11	**INVESTMENT ASSETS**		
	Market Value at 1 July 2006	7,155	5,853
	Income retained in Fund	271	191
	Management charges refunded	3	1
	Net investments at opening book value	650	350
	Net gain on revaluation at 30 June 2007	832	760
	Market Value at 30 June 2007	**8,911**	**7,155**
	Represented by:		
	Quoted securities - equities	6,044	5,347
	Quoted securities - fixed interest	445	468
	Unquoted securities - equities	1,464	1,045
	Cash held for reinvestment	958	295
	Total	**8,911**	**7,155**

The college owns 100% of the issued ordinary £1 shares of Lee Library Ltd., Wolfson College Cambridge Properties Ltd. and Wolfson College Development Ltd., all of which are companies incorporated in the United Kingdom. All three subsidiary companies are dormant.

		2007	2006
12	**DEBTORS**		
	Members of the College	179	126
	Subsidiary companies	1	1
	Other debtors	255	115
		435	**242**
13	**CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**		
	Social Security and Other Taxation	33	1
	Members of the College	106	141
	Other creditors	464	428
	Bank loan	80	80
		683	**650**
14	**CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**		
	Bank Loan - secured on the College's Investment portfolio		
	Repayable: - in more than one year but less than five	240	240
	- in more than five years	280	380
		520	**620**

The rate of interest payable on the loan is Base Rate plus 1%. The loan is repayable in 10 consecutive annual instalments commencing 31 October 2005, the last instalment being due on 31 October 2014.

Notes to the Accounts

Year to 30 June

15 CAPITAL AND RESERVES

	Note	Expendable Capital Funds £' 000	Permanent Capital Funds £' 000	Total 2007 £' 000	Total 2006 £' 000
Restricted Funds					
Trust Funds	16a	1,459	-	1,459	1,282
Deferred Capital Grants	16b	1,554	-	1,554	1,610
Unrestricted Funds					
Designated Funds:					
Trust Funds	16d	1,179	-	1,179	1,067
Undesignated Funds:					
Revaluation Reserve	16c	1,366	-	1,366	1,028
Corporate Capital	16d	-	6,890	6,890	6,410
General Capital	16d	36,549	-	36,549	36,465
Total Funds - used for Collegiate purposes		**42,107**	**6,890**	**48,997**	**47,862**

16 MOVEMENTS IN CAPITAL AND RESERVES

	2007 £' 000	2006 £' 000
a Restricted Funds		
Balance at 1 July 2006	1,282	1,121
Donations received	80	64
Income from Investments	46	41
Expenditure from funds	(88)	(83)
Increase in market value of investment assets	139	139
Balance at 30 June 2007	**1,459**	**1,282**
b Deferred Capital Grants		
Balance at 1 July 2006	1,610	1,665
Donations received	-	1
Expenditure from funds	(56)	(56)
Balance at 30 June 2007	**1,554**	**1,610**
c Revaluation Reserve		
Balance at 1 July 2006	1,028	861
Increase in unrealised gain for the year	484	526
Transfer of realised losses	(146)	(359)
Balance at 30 June 2007	**1,366**	**1,028**

d General Reserves	Corporate Capital £' 000	Designated Reserves £' 000	General Capital £' 000	Total 2007 £' 000	Total 2006 £' 000
Balance at 1 July 2006	6,410	1,067	36,465	43,942	43,316
Grant from Colleges Fund	480	-	-	480	435
Deficit for the year	-	-	(263)	(263)	(195)
Transfers	-	(300)	347	47	322
Increase in market value of investments	-	412	-	412	64
Balance at 30 June 2007	**6,890**	**1,179**	**36,549**	**44,618**	**43,942**

Notes to the Accounts

Year to 30 June

16 MOVEMENTS IN CAPITAL AND RESERVES (contd.)

e Summary

	Balance at 01/07/2006	Movement in Year Reduction	Movement in Year Increase	Balance at 30/06/2007
	£' 000	£' 000	£' 000	£' 000
Restricted Funds				
Expendable Capital	2,892	56	177	3,013
Unrestricted Funds				
Designated Funds:				
Expendable capital	1,067	30	142	1,179
Undesignated Funds:				
Expendable capital	37,493	263	685	37,915
Permanent capital	6,410	-	480	6,890
	47,862	**349**	**1,484**	**48,997**

17 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Restricted Funds	Unrestricted Funds	Total 2007	Total 2006
	£' 000	£' 000	£' 000	£' 000
Fellowships Funds	304	105	409	390
Scholarships Funds	269	634	903	772
Library Funds	173	-	173	161
Support Funds	386	59	445	400
Travel Grants Funds	28	4	32	31
Prizes Funds	4	4	8	7
Building Grants	1,554	-	1,554	1,610
Revaluation Reserves	295	209	504	359
Other Funds	-	164	164	229
	3,013	**1,179**	**4,192**	**3,959**

18 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed Assets	Investment Assets	Total 2007	Total 2006
	£' 000	£' 000	£' 000	£' 000
Restricted Funds				
Expendable Capital	1,608	1,405	3,013	2,892
Unrestricted Funds				
Designated Funds:				
Expendable capital	183	996	1,179	1,067
Undesignated Funds:				
Expendable capital	35,136	2,779	37,915	37,493
Permanent capital	3,159	3,731	6,890	6,410
Total at 30 June 2007	**40,086**	**8,911**	**48,997**	
Total at 1 July 2006	40,707	7,155		47,862

Notes to the Accounts

Year to 30 June

19 STAFF

	Note	College Fellows £' 000	Non-Academic £' 000	Total 2007 £' 000	Total 2006 £' 000
Staff Costs:					
Emoluments		217	1,251	1,468	1,421
Social Security		25	99	124	111
Other Pensions	23	89	193	282	212
		331	**1,543**	**1,874**	**1,744**

	2007	2006
Average Staff numbers (full-time equivalents)		
Academic	8	8
Non-academic	70	68

There were no College officers or employees whose remuneration, excluding pension contributions, exceeded £70,000. There were 133 Fellows in the Governing Body, 15 of which are stipendiary, as declared above.

20 CASH FLOW

		Note	2007 £' 000	2006 £' 000
a	**Operating Activities**			
	Operating Deficit		(263)	(195)
	Depreciation	10	889	895
	Decrease / (Increase) in stocks		5	(2)
	(Increase) / decrease in debtors	12	(193)	36
	Increase in creditors	13	33	70
	Pension Scheme		(55)	12
	Net cash inflow from operating activities		**416**	**816**
b	**Returns on Investments and Servicing of Finance**			
	Retained Endowment income	11	(270)	(191)
	Investment management fees		(3)	(1)
	Gain in Pension scheme		82	-
	Net cash outflow from returns on investments and servicing of finance		**(191)**	**(192)**
	Contribution to Colleges Fund	8	**-**	**-**
c	**Capital Transactions**			
	Receipts from sales of investment assets	11	150	150
	Receipts re-invested		(80)	(58)
	Capital Grant received from Colleges Fund		480	435
	Total capital receipts		**550**	**527**
	Payments to acquire tangible fixed assets		(164)	(426)
	Payments to acquire investment assets	11	(800)	(500)
	Total capital expenditure		**(964)**	**(926)**
	Net cash outflow from capital transactions		**(414)**	**(399)**
d	**Financing**			
	Long-term loans repaid		(100)	(100)
	Net cash outflow from financing		**(100)**	**(100)**

Notes to the Accounts

Year to 30 June

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2006 £' 000	Cash Flows £' 000	Other Changes £' 000	At 30 June 2007 £' 000
Cash at Bank and in hand	1,076	(289)	-	787
Bank loan	(620)	100	-	(520)
Net liquid funds	**456**	**(189)**	-	**267**
Investments in securities	6,860	261	832	7,953
Short term investments	295	664	-	959
Net funds	**7,611**	**736**	**832**	**9,179**

22 CONTRIBUTION ASSESSMENT

		2007 £' 000	2007 £' 000	2006 £' 000	2006 £' 000
a	**Assessable Income**				
	External Revenue				
	Dividends and Interest gross		182		172
	Less:				
	Insurance of College Buildings	29		30	
	Agency and Management Charges	49		52	
	Sinking Fund payments under Statute GII,4(iv)	-		130	
			(78)		(212)
	Trust and Other Funds subject to Contribution		39		31
			143		**(9)**
b	**Deductible Items**				
	Half sums paid to Research Students	13		11	
	Prizes	1		1	
	Net expenditure on College Library	8		7	
	College Teaching Officers	31		29	
	College Research Fellows	88		77	
	College Building Fund under Statute GII,4(vii)	203		177	
	Donations for University purposes under Statute GII,4(xxiii)	12		12	
			(356)		**(314)**
	Net Assessable Income		**Nil**		**Nil**
c	**Building Fund under Statute GII,4(vii)**				
	Balance at 1 July 2006		-		-
	Transfer for 2006/2007 approved under Statute GII,4(vii)		203		177
	Deduct: Transfer to General Capital		203		177
	Balance at 30 June 2007		-		-

Notes to the Accounts

23 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme:

The College's share of the underlying assets and liabilities of the scheme is separately identifiable and is shown below, as at 31 March 2007.

The contribution made by the College in respect of the accounting period ended 30 June 2007 was £148,640 (£135,348 in 2006), excluding PHI contributions. The College's contribution rate required for future service benefits alone was 25.7% of salaries.

The College has obtained a valuation of the assets as at 31 March 2007. In the opinion of the independent actuary providing this valuation, there have been no material changes relating to the college's FRS17 position between 1 April and 30 June 2007, the end of the current accounting year.

FRS 17 Disclosures

The most recent full actuarial valuation of the scheme was as at 31 March 2005. These FRS 17 valuation results use the same valuation data obtained by an independent actuary who is not an employee or officer of the College and/or its subsidiaries. The valuation was carried out using the projected unit method.

The major assumptions used by the actuary were:

	30 June 2007	**30 June 2006**	**30 June 2005**
Discount rate	5.40%	4.90%	5.40%
Inflation assumption	3.30%	3.00%	3.00%
Rate of increase in salaries	3.90%	3.75%	3.75%
Rate of increase in pensions in deferment	3.30%	3.00%	3.00%
Rate of increase in pensions in payment for members	3.30%	3.00%	3.00%
Rate of increase in pensions in payment for members joining from 1 April 2004	3.00%	2.50%	2.50%

The assets in the scheme and the expected rates of return are:

	Long term rate of return expected at 30 June 2007	**Value £'000**	**Long term rate of return expected at 30 June 2006**	**Value £'000**	**Long term rate of return expected at 30 June 2005**	**Value £'000**
Equities	7.5%	1,042	7.5%	1,133	7.5%	823
Bonds (including cash)	4.3%	698	4.3%	575	4.7%	481
Property	6.5%	249	6.5%	48	6.5%	35
		1,989		1,756		1,339

The following results were measured in accordance with the requirements of FRS17:

	30 June 2007 £'000	**30 June 2006 £'000**	**30 June 2005 £'000**
Total market value of assets	1,989	1,756	1,339
Present value of scheme liabilities	(2,277)	(2,181)	(1,709)
Net pension liability	(288)	(425)	(370)

Analysis of the amount charged to operating profit

	30 June 2007 £'000	**30 June 2006 £'000**
Current service cost	126	117
Life assurance premium	13	12
Total operating charge	139	129

Analysis of the amount credited to other finance income

	30 June 2007 £'000	**30 June 2006 £'000**
Expected return on pension scheme assets	114	92
Interest on pension scheme liabilities	(108)	(97)
Net return	6	(5)

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	30 June 2007 £'000	**30 June 2006 £'000**	**30 June 2005 £'000**	**30 June 2004 £'000**
Actual return less expected return on pension scheme assets	7	135	22	50
Experience gains and losses arising on the scheme liabilities	(42)	18	(99)	(25)
Changes in assumptions underlying the present value of the scheme liabilities	117	(196)	(107)	(78)
Actuarial gain/(loss) recognised in STRGL	82	(43)	(184)	(53)

Movement in deficit during the year

	30 June 2007 £'000	**30 June 2006 £'000**	**30 June 2005 £'000**	**30 June 2004 £'000**
Deficit in scheme at beginning of the year	(425)	(370)	(185)	(148)
Movement in year:				
Current service cost including Life Assurance premium	(139)	(129)	(120)	(95)
Contributions	188	122	112	106
Past service costs	-	-	-	-
Other finance income	6	(5)	7	5
Actuarial loss	82	(43)	(184)	(53)
Deficit in scheme at end of the year	(288)	(425)	(370)	(185)

History of experience gains and losses

	30 June 2007 £'000	**30 June 2006 £'000**	**30 June 2005 £'000**	**30 June 2004 £'000**
Difference between expected and actual return on scheme assets	7 0%	135 8%	22 2%	50 4%
Experience gains and losses arising on the scheme liabilities	(42) -2%	18 1%	(99) -6%	(25) -2%
Total amount recognised in statement of total recognised gains and losses	82 4%	(43) -2%	(184) -11%	(53) -4%

Universities Superannuation Scheme:

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if the scheme were a defined contribution scheme. The cost recognised within the deficit for the year in the Income and Expenditure account is equal to the contributions payable to the scheme for the year.

The most recent full actuarial valuation of the scheme was as at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salaries and pensions and the assumed rates of mortality. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c=2020) for all retired and non-retired members

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males	19.8 years
Females	22.8 years

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past service liabilities and provision for expenses was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pension Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS were a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109% and on a buy-out basis was approximately 84%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may affect the College's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	*Change in assumption*	*Impact on scheme liabilities*
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption (Mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the College was £113,093 (£46,748 in 2006). The contribution rate payable by the College was 14% of pensionable salaries.

24 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.