WOLFSON COLLEGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

FINANCIAL STATEMENTS

FINANCIAL REVIEW

Summary

This year's result is a surplus of £404k before depreciation of £1,153k, and a deficit of £749k after depreciation. The figure for depreciation is £255k higher than the previous year's figure of £898k, as a result of an increase of £5.6m in the valuation of the College's freehold buildings. Overall the balance sheet is stronger by £3.4m over the previous year, at £52.9m.

Income and Expenditure Account

Income, at £4,866k, is £577k lower than in the previous year. However, the 2008 total included a bequest of £850k, and this year's total includes a further £122k from the same bequest; and excluding these figures, income rose 3.3% from £4,593k to £4,744k. Donations which are deemed to be unrestricted – such as the amounts from this bequest – are included in the Income & Expenditure account (£287k of the Other income total of £342k); whereas donations which are deemed to be restricted do not appear here and instead are included in the Statement of Total Recognised Gains and Losses (STRGL), thus adding to the balance sheet. The figure for Endowment income is not related to the College's draw-down policy for the endowment, but rather it is the total investment income (dividends and interest) deriving from the unrestricted funds in the endowment, together with interest earned on bank balances. Academic income rose by 9%, based on increased student numbers, especially undergraduates; and Residential & Catering income rose by 5% to £2,892k, representing 61% of recurring income.

Expenditure rose by 22.9% including depreciation, or 21.5% excluding depreciation. The proportion of total expenditure (excluding depreciation) spent on staff costs remained at just over half, at 52%, showing that the increased investment in the College this year was spread equally across staff and non-staff costs. Five new staff positions were created to meet the increased demands in several departments. The College set up an Alumni & Development Office, under the new post of Development Director, which required a significant one-off investment in specialist fundraising software and the bespoke development thereof to link to existing College systems. In addition to various items of capital expenditure as part of the annual maintenance programme, which is reflected in the balance sheet, expenditure on routine maintenance increased by nearly 30%. This investment in the upkeep of the College's properties helps to maintain or increase their value in the balance sheet, and such increase in value is recognised in the STRGL.

Statement of Total Recognised Gains and Losses

The STRGL shows an overall gain of £3,376k. The biggest single gain is the £5,617k increase on the valuation of the College's freehold buildings as a result of the revaluation which took place in September 2008. Buildings are valued every five years at their depreciated replacement cost. It is this increased valuation that has led to the big increase in depreciation this year. Other gains include a capital grant of £445k from the Colleges' Fund. The College's heritage assets (silverware, pictures and artefacts), valued at £365k, are included in the accounts for the first time (and therefore shown restated in the previous year's figures).

The biggest loss is the £1,759k unrealised loss on investment assets. This is directly related to the loss in stock market values across the world during the year, since about 60% of the College's investment portfolio is held in global equities. However, these are very much unrealised (ie paper) losses, and the College's investment horizon is in excess of 20 years, with no liquidity needs from its endowment, so the College is confident that this loss in value will be regained eventually. The market valuation of the investment portfolio which comprises part of the College's endowment assets was £7,181k at 30 June 2009. Other losses include the £749k deficit from the Income & Expenditure account and the £180k actuarial loss in the College's share of the defined benefit pension scheme (CCFPS), of which about half of the current staff are members. Much of this actuarial loss is due to the same factors that affected the College's investment portfolio, since a high proportion of the pension fund is invested in equities. The overall net pension liability in the College's share of the CCFPS scheme was £521k at 30 June 2009. Other members of staff are in the USS defined benefit pension scheme, the funding position of which is not reflected in these accounts.

Balance Sheet

The increase in the balance sheet from £49.5m to £52.9m is explained in the STRGL. A number of capital transactions appear only in the balance sheet and do not appear in either the Income & Expenditure account or in the STRGL, and it is worth highlighting some of these here.

Early in the financial year the College took out a £1.2m bank loan for a term of 40 years at a fixed rate of interest just over 4.8%, for use as follows: £660k to purchase the leasehold of the property at 2 Barton Close, the freehold of which the College already owned; £40k towards the transaction costs of the purchase and the improvement of the property; and £500k to repay an existing bank loan which had been taken out as part of the funding for the Chancellor’s Centre.

The maintenance programme included the refurbishment of the four staircases of residential accommodation in East Court, the refurbishment of Morrison House, boiler upgrades, the building of a new covered bicycle shelter and further investment in the new VoIP telephone system.

The College’s unrestricted funds amount to £50.3m and are represented in the balance sheet by operational buildings and part of the investment portfolio; and the restricted funds amount to £2.6m. The College has sufficient reserves to cover its pension liabilities. The College properties are valued at £67.3m for insurance purposes.

Going Concern

The College continues to report an operating surplus before depreciation and is forecast to do so for the foreseeable future. The Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

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.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF WOLFSON COLLEGE

We have audited the financial statements of Wolfson College for the year ended 30 June 2009 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, the reconciliation of net cash flow to movement in net funds, 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 2 September 2009. 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 Governing Body 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 and the provisions of the Statutes of the College and the University of Cambridge.

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 2009 and of the College's income and expenditure for the year then ended and have been properly prepared in accordance with the Statutes of the College and the University and the accounting policies set out therein.

In our opinion, in all material respects, the contribution return due from the College to the University has been correctly completed in accordance with the provisions of Statute G, II of the University of Cambridge.

Deloitte 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 and applicable United Kingdom Accounting Standards.

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, because they are not within the control of the college.

Recognition of income

All income is credited to the Income and Expenditure Account on an accruals basis. Unrestricted donations and benefactions are shown as income in the year in which they arise. Donations and benefactions to restricted funds are accounted for as permanent or expendable endowments.

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. Any income earned in excess of that applied to the restricted purpose is transferred to accumulated income within the endowment fund.

Restricted donations and benefactions to be recognised as income in future periods are shown in the Statement of Total Recognised Gains and Losses.

Accounting for charitable donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

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. In accordance with FRS 15 ‘Tangible Fixed Assets’, individual freehold buildings are re-valued every 5 years. The most recent formal valuation was carried out as at 30 September 2008 by Gerald Eve, Chartered Surveyors. In accordance with FRS 15, interim valuations are not carried out within 3 years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons. 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.
In accordance with FRS 15, interim valuations are not carried out within 3 years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons.

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. Heritage Assets

Silver, works of art and other artefacts not related to education are included in the balance sheet at cost or valuation, where such cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

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	2009	2008
		£' 000	£' 000
INCOME			
Academic	1	1,465	1,344
Residential and Catering	2	2,892	2,761
Endowment Income and Interest	3	167	265
Other	4	342	1,073
Total Income		**4,866**	**5,443**
EXPENDITURE			
Education	5	2,002	1,678
Residential and Catering	6	3,328	2,791
Development and Alumni Relations	7	220	62
Other	8	65	39
Total Expenditure		**5,615**	**4,570**
Operating (Deficit) / Surplus		**(749)**	**873**
Contribution to Colleges' Fund		-	-
NET (Deficit) / Surplus		**(749)**	**873**

Income and expenditure are in respect of continuing activities.

Expenditure includes depreciation of £1,153,000 (£898,000 in 2008). Depreciation is allocated as follows: Education, £242,000 (£212,000 in 2008), Residential and Catering, £911,000 (£686,000 in 2008)

Statement of Total Recognised Gains and Losses

Year to 30 June	2009	2009		2009	2008 Restated
	Restricted Funds	Unrestricted Funds		Total	Total
		Designated	Undesignated		
	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July 2008	**2,818**	**1,133**	**45,552**	**49,503**	**48,997**
Unrealised loss on investment assets	(251)	(178)	(1,330)	(1,759)	(1,085)
Net withdrawal from funds	(151)	-	-	(151)	(129)
(Deficit) / surplus for the year	-	20	(769)	(749)	873
Donations	151	-	2	153	95
Gain on revaluation of Freehold Buildings	-	-	5,617	5,617	-
Recognition of Silverware, Pictures and Artefacts	-	-	-	-	365
Capital grants from Colleges' Fund	-	-	445	445	494
Actuarial loss in pension scheme	-	-	(180)	(180)	(107)
Total recognised gains / (losses) for the year	**(251)**	**(158)**	**3,785**	**3,376**	**506**
Balance at 30 June 2009	**2,567**	**975**	**49,337**	**52,879**	**49,503**

Balance Sheet

As at 30 June

	Note	2009 £' 000	2008 Restated £' 000
FIXED ASSETS			
Tangible Assets	10	45,721	40,219
Investments	11	7,181	8,604
Total Fixed Assets		**52,902**	**48,823**
CURRENT ASSETS			
Stocks		74	81
Debtors	12	371	375
Cash		2,147	1,693
Total Current Assets		**2,592**	**2,149**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	894	720
Net Current Assets		**1,698**	**1,429**
Total Assets less Current Liabilities		**54,600**	**50,252**
Creditors: amounts falling due after more than one year	14	1,200	420
NET ASSETS excluding pension liability		**53,400**	**49,832**
Defined benefit pension liability	23	521	329
NET ASSETS including pension liability		**52,879**	**49,503**
Restricted funds	15	2,567	2,818
Unrestricted funds	15	50,312	46,685
TOTAL FUNDS		**52,879**	**49,503**

Approved on behalf of the Governing Body

Christopher Lawrence
Bursar
4 November 2009

Cash Flow Statement

Year to 30 June	Note	2009 £' 000	2008 £' 000
Net cash inflow from operating activities	20a	601	1,808
Net cash outflow from returns on investments and servicing of finance	20b	(316)	(335)
Net cash outflow from capital transactions	20c	(611)	(467)
Net cash inflow/(outflow) before financing		**(326)**	**1,006**
Net cash inflow/(outflow) from financing	20d	780	(100)
Increase in cash in year		**454**	**906**

Reconciliation of Net Cash Flow to Movement in Net Funds

Increase in cash in year	21	454	906
Change in net debt	21	(780)	100
Cash flow relating to purchase and sale of investments	21	336	777
Non-cash movements in investments	21	(1,759)	(1,085)
Movement in net funds during the year		(1,749)	698
Opening net funds	21	9,877	9,179
Closing net funds	21	**8,128**	**9,877**

Notes to the Accounts

Year to 30 June		2009 £' 000	2008 £' 000
1	**ACADEMIC INCOME**		
	College Fees		
	Fees from publicly-funded students		
	(i) undergraduates (fee £3,612)	207	181
	Fees from non-publicly funded Home/EC and Overseas students		
	(i) undergraduates (fee £4,122)	200	155
	(ii) graduates (fee £2,127)	854	787
	Other	204	221
		1,465	**1,344**
2	**RESIDENTIAL and CATERING INCOME**		
a	**Members**		
	Accommodation	2,285	2,240
	Catering	546	491
		2,831	**2,731**
b	**Non-members**		
	Accommodation	28	-
	Catering	33	30
		61	**30**
	Total Residential and Catering Income	**2,892**	**2,761**
3	**ENDOWMENT INCOME and INTEREST**		
	Income from unrestricted funds:		
	Quoted securities - equities	71	135
	Quoted securities - fixed interest	6	38
	Unquoted securities - equities	10	27
	Cash	80	65
		167	**265**
4	**OTHER INCOME**		
	Donations to Unrestricted, Designated Funds	81	101
	General Donations	206	917
	Release of Deferred Capital Grants	55	55
		342	**1,073**

Notes to the Accounts

Year to 30 June		2009	2008
		£' 000	£' 000
5	**EDUCATION EXPENDITURE**		
	Teaching	669	557
	Tutorial	427	332
	Admissions	314	249
	Research	265	235
	Scholarships and Awards	101	65
	Other Educational Facilities	200	173
	College Courses	26	67
		2,002	**1,678**
6	**RESIDENTIAL and CATERING EXPENDITURE**		
	Accommodation	2,400	1,976
	Catering	928	815
		3,328	**2,791**
7	**DEVELOPMENT and ALUMNI RELATIONS EXPENDITURE**		
	Development and Alumni Relations	**220**	**62**
8	**OTHER EXPENDITURE**		
	Loan Interest, etc	52	36
	Amenities	13	3
		65	**39**

Notes to the Accounts

Year to 30 June

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Note	Staff Costs Note 19	Other Expenses	Depreciation	Total
		2009	2009	2009	2009
		£' 000	£' 000	£' 000	£' 000
Education	5	623	1,137	242	2,002
Residential and Catering	6	1,624	793	911	3,328
Development and Alumni Relations	7	84	136	-	220
Other	8	-	65	-	65
		2,331	**2,131**	**1,153**	**5,615**
		2008	**2008**	**2008**	**2008**
		£' 000	£' 000	£' 000	£' 000
Education	5	500	966	212	1,678
Residential and Catering	6	1,427	678	686	2,791
Development and Alumni Relations	7	-	62	-	62
Other	8	-	39	-	39
		1,927	**1,745**	**898**	**4,570**

10 TANGIBLE FIXED ASSETS

	2009 Freehold Buildings	2009 Furniture, Fittings and Equipment	2009 Silverware, Pictures and Artefacts	2009 Total	2008 Restated Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Cost or Depreciated Replacement Cost					
As at 1 July	43,933	1,619	365	45,917	45,072
Additions at Cost	873	165	-	1,038	480
Increase in Depreciated Replacement Cost of Freehold Buildings	5,617	-	-	5,617	-
Recognition of Heritage Assets	-	-	-	-	365
Cost or Depreciated Replacement Cost as at 30 June	**50,423**	**1,784**	**365**	**52,572**	**45,917**
Depreciation					
As at 1 July	4,563	1,135	-	5,698	4,800
Charge for the Year	1,008	145	-	1,153	898
Depreciation as at 30 June	**5,571**	**1,280**	-	**6,851**	**5,698**
Net Book Value					
As at 30 June 2009	**44,852**	**504**	**365**	**45,721**	**40,219**
As at 30 June 2008	**39,370**	**484**	**365**	**40,219**	**40,272**

The insured value of freehold buildings as at 30 June 2009 was £67,297,742 (£66,735,241 in 2008).

Buildings are shown at depreciated replacement cost. The current valuation figure was obtained in 2008. Historical cost records are not available.

Properties were valued as at 30 September 2008 by Gerald Eve LLP, Chartered Surveyors, as External Valuers, on the basis of reinstatement cost, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards, sixth edition.

Notes to the Accounts

Year to 30 June		2009	2008
		£' 000	£' 000
11	**INVESTMENT ASSETS**		
	Market Value at 1 July	8,604	8,911
	Income retained in Fund	138	222
	Management charges (charged) / refunded	(2)	6
	Net additional investments	200	550
	Net loss on revaluation at 30 June	(1,759)	(1,085)
	Market Value at 30 June	**7,181**	**8,604**
	Represented by:		
	Quoted securities - equities	4,222	5,232
	Quoted securities - fixed interest	-	440
	Unquoted securities - equities	1,480	1,921
	Cash held for reinvestment	1,479	1,011
	Total	**7,181**	**8,604**

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.

		2009	2008
12	**DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**		
	Members of the College	214	199
	Subsidiary companies	1	1
	Other debtors	156	175
		371	**375**
13	**CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**		
	Social Security and Other Taxation	45	39
	Members of the College	101	75
	Other creditors	748	526
	Bank loan	-	80
		894	**720**
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
	- in more than five years	1,200	180
		1,200	**420**

The rate of interest payable on the loan is 4.808% fixed plus a marginal variable rate.
The marginal variable rate averaged 0.009% during 2008/09. The loan is repayable in September 2048.

Notes to the Accounts

Year to 30 June

15 RESERVES

	Note	Expendable Capital Funds £' 000	Permanent Capital Funds £' 000	Total 2009 £' 000	Total 2008 Restated £' 000
Restricted Funds					
Trust Funds	16a	584	539	1,123	1,319
Deferred Capital Grants	16b	1,444	-	1,444	1,499
Unrestricted Funds					
Designated Funds:					
Trust Funds	16d	801	174	975	1,133
Undesignated Funds:					
Revaluation Reserve	16c	-	-	-	296
Corporate Capital	16d	-	5,928	5,928	7,384
General Capital	16d	43,409	-	43,409	37,872
Total Funds - used for Collegiate purposes		**46,238**	**6,641**	**52,879**	**49,503**

16 MOVEMENTS IN RESERVES

		2009 £' 000	2008 £' 000
a	**Restricted Trust Funds**		
	Balance at 1 July	1,319	1,459
	Donations received	151	95
	Income from Investments	16	30
	Expenditure from funds	(112)	(104)
	Decrease in market value of investment assets	(251)	(161)
	Balance at 30 June	**1,123**	**1,319**
b	**Deferred Capital Grants**		
	Balance at 1 July	1,499	1,554
	Released in year	(55)	(55)
	Balance at 30 June	**1,444**	**1,499**
c	**Revaluation Reserve**		
	Balance at 1 July	296	1,366
	Decrease in unrealised gain for the year	(296)	(1,478)
	Transfer of realised gains	-	408
	Balance at 30 June	**-**	**296**

d	**General Reserves**	Corporate Capital £' 000	Designated Reserves £' 000	General Reserves £' 000	Total 2009 £' 000	Total 2008 Restated £' 000
	Balance at 1 July	7,384	1,133	37,872	46,389	44,618
	Grant from Colleges Fund	445	-	-	445	494
	Donations	2	-	-	2	-
	(Deficit) / surplus for the year	-	20	(769)	(749)	873
	Gain on revaluation of fixed assets	-	-	5,617	5,617	625
	Actuarial loss on pension scheme	-	-	(180)	(180)	(107)
	Transfer to general reserves	(908)	-	908	-	-
	Decrease in market value of investments	(995)	(178)	(39)	(1,212)	(114)
	Balance at 30 June	**5,928**	**975**	**43,409**	**50,312**	**46,389**

Notes to the Accounts

Year to 30 June

16 MOVEMENTS IN RESERVES (contd.)

e Summary

	Balance at 01/07/2008	Movement in Year Reduction	Movement in Year Increase	Balance at 30/06/2009
	£' 000	£' 000	£' 000	£' 000
Restricted Funds				
Expendable capital	2,818	251	-	2,567
Unrestricted Funds				
Designated Funds:				
Expendable capital	1,133	252	94	975
Undesignated Funds:				
Expendable capital	38,168	1,285	6,526	43,409
Permanent capital	7,384	1,903	447	5,928
	49,503	**3,691**	**7,067**	**52,879**

17 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Restricted Funds	Designated Unrestricted Funds	Total 2009	Total 2008
	£' 000	£' 000	£' 000	£' 000
Fellowships Funds	284	98	382	447
Scholarships Funds	232	667	899	1,034
Library Funds	155	-	155	186
Support Funds	360	62	422	485
Travel Grants Funds	24	1	25	32
Prizes Funds	3	5	8	8
Building Grants	1,444	-	1,444	1,499
Revaluation Reserves	-	-	-	97
Other Funds	65	142	207	163
	2,567	**975**	**3,542**	**3,951**

18 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:

	Net Current Assets	Fixed Assets less >1 Yr Creditors	Investment Assets	Total 2009	Total 2008 Restated
	£' 000	£' 000	£' 000	£' 000	£' 000
Restricted Funds					
Expendable capital	84	1,444	500	2,028	2,150
Permanent capital	44	-	495	539	668
Unrestricted Funds					
Designated Funds:					
Expendable capital	266	-	535	801	919
Permanent capital	4	-	170	174	214
Undesignated Funds:					
Expendable capital	853	42,556		43,409	38,168
Permanent capital	447	-	5,481	5,928	7,384
Total at 30 June 2009	**1,698**	**44,000**	**7,181**	**52,879**	
Total at 1 July 2008	1,429	39,470	8,604		49,503

Notes to the Accounts

Year to 30 June

19 STAFF

	Note	College Fellows £' 000	Non-Academic £' 000	Total 2009 £' 000	Total 2008 £' 000
Staff Costs:					
Salaries		344	1,554	1,898	1,592
Social security costs		22	113	135	126
Other pension costs		26	272	298	209
		392	**1,939**	**2,331**	**1,927**
Average Staff numbers (full-time equivalents)					
Academic				9	8
Non-academic				76	72

There were 156 Fellows in the Governing Body, as at 1 October 2008, 18 of which are stipendiary, as declared above.

20 CASH FLOW

		Note	2009 £' 000	2008 £' 000
a	**Operating Activities**			
	Operating (Deficit) / surplus		(749)	873
	Depreciation	10	1,153	898
	Decrease in stocks		7	3
	Decrease in debtors	12	4	60
	Increase in creditors	13	174	37
	Pension Scheme		12	(63)
	Net cash inflow from operating activities		**601**	**1,808**
b	**Returns on Investments and Servicing of Finance**			
	Retained Endowment income	11	(138)	(222)
	Investment management fees		2	(6)
	Loss in Pension scheme		(180)	(107)
	Net cash outflow from returns on investments and servicing of finance		**(316)**	**(335)**
	Contribution to Colleges Fund		**-**	**-**
c	**Capital Transactions**			
	Receipts from sales of investment assets	11	-	100
	Receipts re-invested		180	69
	Capital Grant received from Colleges Fund		445	494
	Donations to Permanent Capital		2	-
	Total capital receipts		**627**	**663**
	Payments to acquire tangible fixed assets		(1,038)	(480)
	Payments to acquire investment assets	11	(200)	(650)
	Total capital expenditure		**(1,238)**	**(1,130)**
	Net cash outflow from capital transactions		**(611)**	**(467)**
d	**Financing**			
	Long-term loans repaid		(420)	(100)
	Long-term loans received		1,200	-
	Net cash inflow / (outflow) from financing		**780**	**(100)**

Notes to the Accounts

Year to 30 June

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2008 £' 000	Cash Flows £' 000	Other Changes £' 000	At 30 June 2009 £' 000
Cash at Bank and in hand	1,693	454		2,147
Bank loan	(420)	(780)	-	(1,200)
Net liquid funds	**1,273**	**(326)**		**947**
Investments in securities	7,592	(132)	(1,759)	5,701
Short term investments	1,012	468	-	1,480
Net funds	**9,877**	**10**	**(1,759)**	**8,128**

22 ENDOWMENTS

a Corporate Capital

	Capital £' 000	Accumulated Income £' 000	Total 2009 £' 000	Total 2008 £' 000
Balance at 1 July	7,384	-	7,384	6,921
New Endowments	447	-	447	494
Investment Income	-	103	103	174
Expenditure	-	(103)	(103)	(174)
Decrease in market value of investment assets	(995)	-	(995)	(31)
Transfer to general reserves	(908)	-	(908)	-
Balance at 30 June	**5,928**	**-**	**5,928**	**7,384**

b Restricted Trust Funds

	Capital £' 000	Accumulated Income £' 000	Total 2009 £' 000	Total 2008 £' 000
Balance at 1 July	1,233	86	1,319	1,459
New Endowments	65	86	151	95
Investment Income	-	16	16	30
Expenditure	-	(112)	(112)	(104)
Decrease in market value of investment assets	(251)	-	(251)	(161)
Balance at 30 June	**1,047**	**76**	**1,123**	**1,319**

c Designated Trust Funds

	Capital £' 000	Accumulated Income £' 000	Total 2009 £' 000	Total 2008 £' 000
Balance at 1 July	1,019	114	1,133	1,178
New Endowments	81	-	81	85
Investment Income	-	14	14	25
Expenditure	-	(75)	(75)	(41)
Decrease in market value of investment assets	(178)	-	(178)	(114)
Balance at 30 June	**922**	**53**	**975**	**1,133**

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 30 June 2009.

The contribution made by the College in respect of the 12 months ended 30 June 2009 was £177,740 (£242,129 for 15 months ended 30 June 2008), excluding PHI contributions. The College's agreed contribution rate required for future service benefits is 20.05% of salaries plus £35,853 p.a. from 1 July 2009, subject to review at future actuarial valuations.

The College has obtained a valuation of the assets as at 30 June 2009.

FRS 17 Disclosures

The most recent full actuarial valuation of the scheme was as at 31 March 2008. 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 2009	**30 June 2008**	**30 June 2007**
Discount rate	6.20%	6.70%	5.40%
Expected long-term rate of return on scheme assets	6.10%	6.60%	5.30%
Inflation assumption	3.50%	3.90%	3.30%
Rate of increase in salaries	4.50%	5.40%	3.90%
Rate of increase in pensions in deferment	3.50%	3.90%	3.30%
Rate of increase in pensions in payment for members	3.50%	3.90%	3.30%
Rate of increase in pensions in payment for members joining from 1 April 2004	3.30%	3.70%	3.00%

The major categories of Scheme assets as a percentage of total Scheme assets are as follows:

	2009	**2008**
Equities & Hedge Funds	48%	52%
Bonds & Cash	43%	37%
Property	9%	11%
Total	**100%**	**100%**

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the table above and an expected rate of return on those asset categories shown in the table below.

	Long term rate of return expected at 30 June 2009	**Value £'000**	**Long term rate of return expected at 30 June 2008**	**Value £'000**	**Long term rate of return expected at 30 June 2007**	**Value £'000**
Equities & Hedge Funds	7.1%	959	7.5%	1,078	7.5%	1,042
Bonds & Cash	5.0%	859	5.4%	775	4.9%	698
Property	6.1%	180	6.5%	237	6.5%	249
Total		**1,998**		**2,090**		**1,989**

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

	30 June 2009 £'000	30 June 2008 £'000	30 June 2007 £'000
Total value of assets	1,999	2,090	1,989
Present value of defined benefit obligation - liabilities	(2,520)	(2,419)	(2,277)
Deficit in Scheme	(521)	(329)	(288)
Net pension liability	**(521)**	**(329)**	**(288)**

Amounts recognised in the Profit & Loss

	30 June 2009 £'000	30 June 2008 £'000
Current service cost	166	187
Interest Cost	163	157
Expected Return on Asset	(139)	(165)
Total operating charge	**190**	**179**
Actual Return on Assets	**(165)**	**(78)**

Changes in the present value of the defined benefit obligation

	30 June 2009 £'000	30 June 2008 £'000
Opening defined benefit obligation	**2,419**	**2,277**
Service Cost (including employee's contribution)	204	236
Interest Cost	163	157
Actuarial gains	(124)	(138)
Benefits (& Expenses) paid	(142)	(113)
Closing defined benefits obligation	**2,520**	**2,419**

Changes in the fair value of scheme assets

	30 June 2009 £'000	30 June 2008 £'000
Opening fair value of scheme assets	**2,090**	**1,989**
Expected Return	139	164
Actuarial losses	(304)	(242)
Contributions by employer	178	242
Additional contributions by members (including AVCs)	38	50
Benefits (& Expenses) paid	(142)	(113)
Closing fair value of scheme assets	**1,999**	**2,090**

Amount recognisable in statement of total recognised gains and losses (STRGL)

	30 June 2009 £'000	30 June 2008 £'000
Actual return less expected return on Scheme assets	(304)	(242)
Experience gains and losses arising on Scheme liabilities	(22)	61
Changes in assumptions underlying the present value of Scheme liabilities	146	77
Actuarial loss recognised in STRGL	**(180)**	**(104)**

Amounts for the current and previous four periods

	30 June 2009 £'000	30 June 2008 £'000	30 June 2007 £'000	30 June 2006 £'000	30 June 2005 £'000
Defined benefit obligation	(2,520)	(2,419)	(2,277)	(2,181)	(1,709)
Scheme Assets	1,999	2,090	1,989	1,756	1,339
Deficit	**(521)**	**(329)**	**(288)**	**(425)**	**(370)**
Experience adjustments on Scheme assets	(304)	(242)	7	135	22
Experience adjustments on Scheme liabilities	(23)	61	(42)	18	(99)
Change in assumptions underlying Present value of Scheme liabilities	146	77	117	(200)	(107)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £483,065 at 30 June 2009, (£302,801 at 30 June 2008).

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 2008. 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. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 3% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - No age rating

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 (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the market value of the assets of the scheme was £28,842.6 million and the value of the past service liabilities and provision for expenses was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% 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. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pension Act 2004 it was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% 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 104%.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market condition. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2009 was 86% and on a buy-out basis was approximately 46%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, decided to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Surpluses or deficits which arise at future valuations may affect the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used similarly to reduce contribution requirements. 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 £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 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 2011. The contribution rate will be reviewed as part of each valuation.

At 31 March 2009, USS had over 130,000 active members and the institution had 33 active members participating in the scheme.

The total pension cost for the College was £92,363 (£50,062 in 2008). 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.