WOLFSON COLLEGE CAMBRIDGE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2010

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FINANCIAL REVIEW

Summary

This year's result is a surplus of £375k before depreciation of £1,145k and a deficit of £770k after depreciation. The balance sheet is stronger by £479k over the previous year, at £53.4m.

Income and Expenditure Account

Income, at £5,012k, is £146k higher than in the previous year. Donations which are deemed to be unrestricted are included in the Income & Expenditure account (£190k of the Other income total of £248k); 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 represents the investment income (dividends and interest) deriving from only the unrestricted funds in the endowment, together with interest earned on bank balances, and does not reflect any capital growth in the unrestricted funds.

Academic income rose by 9.9%, having risen by 9.0% the previous year, based once again on increased student numbers. Academic income represented 32% of income. Residential & Catering income rose by 6.7% to £3,085k, representing 62% of income.

Expenditure rose by 3.0% including depreciation, or 3.9% excluding depreciation. The proportion of total expenditure (excluding depreciation) spent on staff costs increased from 52% to 54%, at £2,506k.

Statement of Total Recognised Gains and Losses

The STRGL shows an overall gain of £479k. The biggest single gain is the £1,053k unrealised gain on investment assets, which contrasts with the £1,759 unrealised loss of the previous year, bearing out the statement in last year's accounts that such unrealised losses (and gains) need to be viewed in the context of the College's long-term investment horizon. Other gains include a capital grant of £460k from the Colleges' Fund and £164k from donations.

The biggest losses are the £770k deficit from the Income & Expenditure account and the £219k actuarial loss in the College's defined benefit pension scheme (CCFPS), of which about half of the current staff are members. The overall net pension liability in the College's CCFPS scheme was £721k 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 £52.9m to £53.5m is explained in the STRGL. A number of capital transactions relating to maintenance work appear only in the balance sheet and do not appear in either the Income & Expenditure account or in the STRGL. These include the refurbishment of Selwyn Gardens House, which involved turning two flats into four offices; reclaiming an attic room in Bredon House as an office; extending the gym; fitting acoustic panels in the ceiling of the dining room; removal of asbestos-containing materials in various buildings; replacing the lead roofing on parts of the central buildings; and the refurbishment of various residential rooms.

The College's unrestricted funds amount to £50.6m and are represented in the balance sheet by operational buildings and part of the investment portfolio; and the restricted funds amount to £2.75m. The College has sufficient reserves to cover its pension liabilities. The College properties are valued at £67.3m for insurance purposes.

The Endowment

A major change that happened in 2009-2010 relates to the College's endowment, and the investment of its funds. Until the end of the 2009-10 financial year, the College had always used London-based fund-managers, latterly Schroders, to manage and invest the College's endowment of c.£9m. In 2009-2010, the opportunity arose for the Cambridge colleges to invest in the University's £1bn Endowment Fund (CUEF), managed by the University's own Investment Office (CUIO). Wolfson was one of the first colleges to take that opportunity and endowment funds were transferred to the CUIO at the end of the financial year. The CUEF is effectively a unit trust, in which the college has purchased units, and from which it receives a monthly dividend. The amount invested was £8,493,142, including a grant from the Colleges' Fund of £459,800, which purchased 265,397

FINANCIAL REVIEW (continued)

units at £32.00 each. The distribution rate for the University's financial year to 31 July 2010 was £1.4055 per unit per annum; and the distribution for the year to 31 July 2011 is £1.4543 per unit per annum.

The fund's investment objective is to achieve or exceed a long run average annual rate of total return equal to the Retail Prices Index (RPI) for each calendar year plus 5.25%, net of investment management costs. The fund has adopted a total return policy, determined by a hybrid rule with a long-term rate of 4.25% of capital value. So the investment objective is therefore RPI+1% after distributions and costs. The asset allocation of the fund has been shifting since the CUIO took over the management of the fund in 2007, away from public equity and fixed interest, towards alternative asset classes. The asset allocation as at 31 July 2009 is shown below, but it must be remembered that this represents a transitional point towards a target asset allocation.

55%	Global equities
13%	Real assets (including property)
13%	Absolute return (including hedge funds)
11%	Corporate credit
7%	Fixed income (including cash)
1%	Private investments

The proportion of the College's endowment funds invested in the CUEF represents about 90% of the total endowment funds. The remaining 10% continues to be held with Schroders either in illiquid private equity or in cash to match outstanding liabilities on future private equity draw-downs, and will be invested in the CUEF in due course over the next two to three years as these investments are realised. Overall, the endowment will contribute c.£350k per annum to the College's income account based on its current size.

Charity registration

In September 2010 Wolfson College became a Registered Charity, regulated by the Charity Commission, with charity number 1138143.

Christopher Lawrence
Bursar

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 them 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 2010 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 29 September 2010. 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 2010 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
3 November 2010

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 five 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 three years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons. Buildings are depreciated over 50 years, commencing in the year ended 30 June 2004. 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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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 & EXPENDITURE ACCOUNT

Year to 30 June	Note	**2010** £' 000	**2009** £' 000
INCOME			
Academic	1	1,610	1,465
Residential and Catering	2	3,085	2,892
Endowment Income and Interest	3	69	167
Other	4	248	342
Total Income		**5,012**	**4,866**
EXPENDITURE			
Education	5	2,132	2,002
Residential and Catering	6	3,388	3,328
Development and Alumni Relations	7	190	220
Other	8	72	65
Total Expenditure		**5,782**	**5,615**
Operating Deficit		**(770)**	**(749)**
Contribution to Colleges' Fund		-	-
NET Deficit		**(770)**	**(749)**

Income and expenditure are in respect of continuing activities.

Expenditure includes depreciation of £1,145,000 (£1,153,000 in 2009). Depreciation is allocated as follows:

Education	£276,000	(£242,000 in 2009)
Residential and Catering	£854,000	(£911,000 in 2009)
Development and Alumni Relations	£15,000	(£nil in 2009)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year to 30 June	2010	2010		2010	2009
	Restricted Funds	Unrestricted Funds		Total	Total
		Designated	Undesignated		
	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July 2009	**2,567**	**975**	**49,337**	**52,879**	**49,503**
Unrealised gain / (loss) on investment assets	215	151	687	1,053	(1,759)
Net withdrawal from funds	(204)	-	-	(204)	(151)
(Deficit) / surplus for the year	-	34	(804)	(770)	(749)
Donations	149	-	15	164	153
Transfers	23	(51)	23	(5)	-
Gain on revaluation of tangible fixed assets	-	-	-	-	5,617
Capital grants from Colleges' Fund	-	-	460	460	445
Actuarial loss in pension scheme	-	-	(219)	(219)	(180)
Total recognised gains for the year	**183**	**134**	**162**	**479**	**3,376**
Balance at 30 June 2010	**2,750**	**1,109**	**49,499**	**53,358**	**52,879**

BALANCE SHEET

As at 30 June	Note	2010	2009
		£' 000	£' 000
FIXED ASSETS			
Tangible Assets	10	44,792	45,721
Investments	11	9,475	7,181
Total Fixed Assets		**54,267**	**52,902**
CURRENT ASSETS			
Stocks		74	74
Debtors	12	371	371
Cash		1,345	2,147
Total Current Assets		**1,790**	**2,592**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(778)	(894)
Net Current Assets		**1,012**	**1,698**
Total Assets less Current Liabilities		**55,279**	**54,600**
Creditors: amounts falling due after more than one year	14	(1,200)	(1,200)
NET ASSETS excluding pension liability		**54,079**	**53,400**
Defined benefit pension liability	23	(721)	(521)
NET ASSETS including pension liability		**53,358**	**52,879**
Restricted funds	15	2,750	2,567
Unrestricted funds	15	50,608	50,312
TOTAL FUNDS		**53,358**	**52,879**

Approved on behalf of the Governing Body

Christopher Lawrence
Bursar
3 November 2010

CASH FLOW STATEMENT

Year to 30 June	Note	2010 £' 000	2009 £' 000
Net cash inflow from operating activities	20a	20	421
Net cash outflow from returns on investments and servicing of finance	20b	(58)	(136)
Net cash outflow from capital transactions	20c	(764)	(611)
Net cash outflow before financing		**(802)**	**(326)**
Net cash inflow from financing	20d	-	780
(Decrease) / increase in cash in year		**(802)**	**454**

Reconciliation of Net Cash Flow to Movement in Net Funds

(Decrease) / increase in cash in year	21	(802)	454
Change in net debt	21	-	(780)
Cash flow relating to purchase and sale of investments	21	1,241	336
Non-cash movements in investments	21	1,053	(1,759)
Movement in net funds during the year		1,492	(1,749)
Opening net funds	21	8,128	9,877
Closing net funds	21	**9,620**	**8,128**

NOTES TO THE ACCOUNTS

	Year to 30 June	2010	2009
		£' 000	£' 000
1	**ACADEMIC INCOME**		
	College Fees		
	Publicly-funded undergraduate rate (£3,744)	263	207
	Privately-funded undergraduate rate (£4,272)	190	200
	Graduate rate (£2,184)	921	854
	Other	236	204
		1,610	**1,465**
2	**RESIDENTIAL and CATERING INCOME**		
a	**Members**		
	Accommodation	2,384	2,285
	Catering	620	546
		3,004	**2,831**
b	**Non-members**		
	Accommodation	53	28
	Catering	28	33
		81	**61**
	Total Residential and Catering Income	**3,085**	**2,892**
3	**ENDOWMENT INCOME and INTEREST**		
	Income from unrestricted funds:		
	Quoted securities - equities	54	71
	Quoted securities - fixed interest	1	6
	Unquoted securities - equities	8	10
	Cash	6	80
		69	**167**
4	**OTHER INCOME**		
	Donations to Designated Funds	106	81
	Donations to Unrestricted, Undesignated Funds	84	206
	Release of Deferred Capital Grants	58	55
		248	**342**

NOTES TO THE ACCOUNTS

Year to 30 June		2010	2009
		£' 000	£' 000
5	**EDUCATION EXPENDITURE**		
	Teaching	760	669
	Tutorial	464	427
	Admissions	309	314
	Research	281	265
	Scholarships and Awards	94	101
	Other Educational Facilities	198	200
	College Courses	26	26
		2,132	**2,002**
6	**RESIDENTIAL and CATERING EXPENDITURE**		
	Accommodation	2,451	2,400
	Catering	937	928
		3,388	**3,328**
7	**DEVELOPMENT and ALUMNI RELATIONS EXPENDITURE**		
	Development and Alumni Relations	**190**	**220**
8	**OTHER EXPENDITURE**		
	Loan Interest, etc	58	52
	Amenities	14	13
		72	**65**

NOTES TO THE ACCOUNTS

Year to 30 June

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Note	Staff Costs Note 19 2010 £' 000	Other Expenses 2010 £' 000	Depreciation 2010 £' 000	Total 2010 £' 000
Education	5	683	1,173	276	2,132
Residential and Catering	6	1,735	799	854	3,388
Development and Alumni Relations	7	88	87	15	190
Other	8	-	72	-	72
		2,506	**2,131**	**1,145**	**5,782**

	Note	2009 £' 000	2009 £' 000	2009 £' 000	2009 £' 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**

10 TANGIBLE FIXED ASSETS

	2010 Freehold Buildings £' 000	2010 Furniture, Fittings, Equipment £' 000	2010 Silverware, Pictures, Artefacts £' 000	2010 Total £' 000	2009 Total £' 000
Cost or Depreciated Replacement Cost					
As at 1 July	50,423	1,784	365	52,572	45,917
Additions at Cost	157	59	-	216	1,038
Increase in Depreciated Replacement Cost of Freehold Buildings	-	-	-	-	5,617
Cost or Depreciated Replacement Cost as at 30 June	**50,580**	**1,843**	**365**	**52,788**	**52,572**
Depreciation					
As at 1 July	5,571	1,280	-	6,851	5,698
Charge for the Year	1,008	137	-	1,145	1,153
Depreciation as at 30 June	**6,579**	**1,417**	-	**7,996**	**6,851**
Net Book Value					
As at 30 June 2010	**44,001**	**426**	**365**	**44,792**	**45,721**
As at 30 June 2009	**44,852**	**504**	**365**	**45,721**	**40,219**

The insured value of freehold buildings as at 30 June 2010 was £67,297,742 (£67,297,742 in 2009).

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	**2010**	**2009**
	£' 000	£' 000
11 INVESTMENT ASSETS		
Market Value at 1 July	7,181	8,604
Income retained in Fund	71	138
Management charges	(13)	(2)
Net additional investments	1,183	200
Net gain / (loss) on revaluation at 30 June	1,053	(1,759)
Market Value at 30 June	**9,475**	**7,181**
Represented by:		
Quoted securities - equities	-	4,222
Unquoted securities - unit trust	8,493	-
Unquoted securities - equities	531	1,480
Cash held for reinvestment	451	1,479
Total	**9,475**	**7,181**

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.

12 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Members of the College	205	214
Subsidiary companies	1	1
Other debtors	165	156
Total	**371**	**371**

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Social Security and Other Taxation	47	45
Members of the College	111	101
Other creditors	620	748
Total	**778**	**894**

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank Loan - secured on the College's Investment portfolio		
Repayable: - in more than five years	1,200	1,200
Total	**1,200**	**1,200**

The rate of interest payable on the loan is 4.808% fixed plus a marginal variable rate.

The marginal variable rate averaged 0.006% during 2009/10. 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 2010 £' 000	Total 2009 £' 000
Restricted Funds					
Sundry Funds	16a	650	634	1,284	1,123
Deferred Capital Grants	16b	1,466	-	1,466	1,444
Unrestricted Funds					
Designated Funds:					
Sundry Funds	16d	902	207	1,109	975
Undesignated Funds					
Corporate Capital	16d	-	7,250	7,250	5,928
General Capital	16d	42,249	-	42,249	43,409
Total Funds - used for Collegiate purposes		**45,267**	**8,091**	**53,358**	**52,879**

16 MOVEMENTS IN RESERVES

		2010 £' 000	2009 £' 000
a	**Restricted Trust Funds**		
	Balance at 1 July	1,123	1,319
	Donations received	134	151
	Transfers	(42)	-
	Income from Investments	5	16
	Expenditure from funds	(151)	(112)
	Increase / (decrease) in market value of investment assets	215	(251)
	Balance at 30 June	**1,284**	**1,123**
b	**Deferred Capital Grants**		
	Balance at 1 July	1,444	1,499
	Donations received	15	-
	Transfers	65	-
	Released in year	(58)	(55)
	Balance at 30 June	**1,466**	**1,444**
c	**Revaluation Reserve**		
	Balance at 1 July	-	296
	Decrease in unrealised gain for the year	-	(296)
	Balance at 30 June	-	-

d	**General Reserves**	Corporate Capital £' 000	Designated Reserves £' 000	General Reserves £' 000	Total 2010 £' 000	Total 2009 £' 000
	Balance at 1 July	5,928	975	43,409	50,312	46,389
	Grant from Colleges' Fund	460	-	-	460	445
	Donations	15	-	-	15	2
	Surplus / (deficit) for the year	-	34	(804)	(770)	(749)
	Gain on revaluation of fixed assets	-	-	-	-	5,617
	Actuarial loss on pension scheme	-	-	(219)	(219)	(180)
	Transfers	160	(51)	(137)	(28)	-
	Increase / (decrease) in market value of investments	687	151	-	838	(1,212)
	Balance at 30 June	**7,250**	**1,109**	**42,249**	**50,608**	**50,312**

NOTES TO THE ACCOUNTS

Year to 30 June

16 MOVEMENTS IN RESERVES (contd)

e Summary

	Balance at 01/07/2009	Movement in Year Reduction	Increase	Balance at 30/06/2010
	£' 000	£' 000	£' 000	£' 000
Restricted Funds				
Expendable capital	2,028	(287)	375	2,116
Permanent capital	539	(42)	137	634
Unrestricted Funds				
Designated Funds:				
Expendable capital	801	(122)	223	902
Permanent capital	174	(5)	38	207
Undesignated Funds:				
Expendable capital	43,409	(1,160)	-	42,249
Permanent capital	5,928	-	1,322	7,250
	52,879	**(1,616)**	**2,095**	**53,358**

17 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED

	Restricted Funds	Designated Unrestricted Funds	Total 2010	Total 2009
	£' 000	£' 000	£' 000	£' 000
Fellowships Funds	330	118	448	382
Scholarships Funds	309	799	1,108	899
Library Funds	196	1	197	155
Support Funds	419	36	455	422
Travel Grants Funds	27	-	27	25
Prizes Funds	3	5	8	8
Building Grants	1,466	-	1,466	1,444
Other Funds	-	150	150	207
	2,750	**1,109**	**3,859**	**3,542**

18 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Net Current Assets	Fixed Assets less >1 Yr Creditors	Investment Assets	Total 2010	Total 2009
	£' 000	£' 000	£' 000	£' 000	£' 000
Restricted Funds					
Expendable capital	15	1,466	635	2,116	2,028
Permanent capital	20	-	614	634	539
Unrestricted Funds					
Designated Funds:					
Expendable capital	131	-	771	902	801
Permanent capital	2	-	205	207	174
Undesignated Funds					
Expendable capital	844	41,405	-	42,249	43,409
Permanent capital		-	7,250	7,250	5,928
Total at 30 June 2010	**1,012**	**42,871**	**9,475**	**53,358**	
Total at 1 July 2009	1,698	44,000	7,181		52,879

NOTES TO THE ACCOUNTS

Year to 30 June

19 STAFF

	Note	College Fellows £' 000	Non-Academic £' 000	Total 2010 £' 000	Total 2009 £' 000
Staff Costs:					
Salaries		291	1,783	2,074	1,898
Social security costs		23	124	147	135
Other pension costs		34	251	285	298
		348	**2,158**	**2,506**	**2,331**
Average Staff numbers (full-time equivalents)					
Academic				9	9
Non-academic				78	76

There were 162 Fellows in the Governing Body, as at 1 October 2009, 20 of whom were stipendiary, as declared above.

		Note	2010 £' 000	2009 £' 000
20	**CASH FLOW**			
a	**Operating Activities**			
	Operating Deficit		(770)	(749)
	Depreciation	10	1,145	1,153
	Decrease in stocks		-	7
	Decrease in debtors	12	-	4
	(Decrease) / increase in creditors	13	(116)	174
	Movement in pension deficit		(239)	(168)
	Net cash inflow from operating activities		**20**	**421**
b	**Returns on Investments and Servicing of Finance**			
	Retained Endowment income	11	(71)	(138)
	Investment management fees		13	2
	Net cash outflow from returns on investments and servicing of finance		**(58)**	**(136)**
	Contribution to Colleges Fund		-	-
c	**Capital Transactions**			
	Receipts re-invested		160	180
	Capital Grant received from Colleges Fund		460	445
	Donations to Permanent Capital		15	2
	Total capital receipts		**635**	**627**
	Payments to acquire tangible fixed assets	10	(216)	(1,038)
	Payments to acquire investment assets	11	(1,183)	(200)
	Total capital expenditure		**(1,399)**	**(1,238)**
	Net cash outflow from capital transactions		**(764)**	**(611)**
d	**Financing**			
	Long-term loans repaid		-	(420)
	Long-term loans received		-	1,200
	Net cash inflow from financing		**-**	**780**

NOTES TO THE ACCOUNTS

Year to 30 June

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2009	Cash Flows	Other Changes	At 30 June 2010
	£' 000	£' 000	£' 000	£' 000
Cash at Bank and in hand	2,147	(802)	-	1,345
Bank loan	(1,200)	-	-	(1,200)
Net liquid funds	**947**	**(802)**	-	**145**
Investments in securities	5,701	1,183	1,053	7,937
Short term investments	1,480	58	-	1,538
Net funds	**8,128**	**439**	**1,053**	**9,620**

22 ENDOWMENTS

a Corporate Capital	Capital	Accumulated Income	Total 2010	Total 2009
	£' 000	£' 000	£' 000	£' 000
Balance at 1 July	5,928	-	5,928	7,384
New Endowments	475	-	475	447
Investment Income	-	55	55	103
Expenditure	-	(55)	(55)	(103)
Increase / (decrease) in market value of investment assets	687	-	687	(995)
Transfers	160	-	160	(908)
Balance at 30 June	**7,250**	-	**7,250**	**5,928**

b Restricted Funds	Capital	Accumulated Income	Total 2010	Total 2009
	£' 000	£' 000	£' 000	£' 000
Balance at 1 July	1,046	77	1,123	1,319
New Endowments	134	-	134	151
Investment Income	-	5	5	16
Expenditure	(90)	(61)	(151)	(112)
Increase / (decrease) in market value of investment assets	215	-	215	(251)
Transfers	(42)	-	(42)	-
Balance at 30 June	**1,263**	**21**	**1,284**	**1,123**

c Designated Funds	Capital	Accumulated Income	Total 2010	Total 2009
	£' 000	£' 000	£' 000	£' 000
Balance at 1 July	916	59	975	1,133
New Endowments	106	-	106	81
Investment Income	-	7	7	14
Expenditure	(20)	(59)	(79)	(75)
Increase / (decrease) in market value of investment assets	151	-	151	(178)
Transfers	(51)	-	(51)	-
Balance at 30 June	**1,102**	**7**	**1,109**	**975**

NOTES TO THE ACCOUNTS

23 PENSION SCHEMES

23.1 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 2010.

The contribution made by the College in respect of the 12 months ended 30 June 2010 was £198,272 (£177,740 for 12 months ended 30 June 2009), 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 2010.

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 2010	30 June 2009	30 June 2008
Discount rate	5.30%	6.20%	6.70%
Expected long-term rate of return on scheme assets	6.30%	6.10%	6.60%
Inflation assumption	3.40%	3.50%	3.90%
Rate of increase in salaries	4.40%	4.50%	5.40%
Rate of increase in pensions in deferment	3.40%	3.50%	3.90%
Rate of increase in pensions in payment for members	3.40%	3.50%	3.90%
Rate of increase in pensions in payment for members joining from 1 April 2004	3.20%	3.30%	3.70%

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

	2010	2009
Equities & Hedge Funds	59%	48%
Bonds & Cash	32%	43%
Property	9%	9%
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 2010	Value £'000	Long term rate of return expected at 30 June 2009	Value £'000	Long term rate of return expected at 30 June 2008	Value £'000
Equities & Hedge Funds	7.1%	1,404	7.1%	959	7.5%	1,078
Bonds & Cash	4.7%	761	5.0%	859	5.4%	775
Property	6.1%	214	6.1%	180	6.5%	237
Total		**2,379**		**1,998**		**2,090**

NOTES TO THE ACCOUNTS

23 PENSION SCHEMES (continued)

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

	30 June 2010 £'000	**30 June 2009 £'000**	**30 June 2008 £'000**
Total value of assets	2,379	1,999	2,090
Present value of defined benefit obligation - liabilities	(3,100)	(2,520)	(2,419)
Deficit in Scheme	(721)	(521)	(329)
Net pension liability	**(721)**	**(521)**	**(329)**

Amounts recognised in the Profit & Loss

	30 June 2010 £'000	**30 June 2009 £'000**
Current service cost	146	166
Interest Cost	157	163
Expected Return on Asset	(123)	(139)
Total operating charge	**180**	**190**
Actual Return on Assets	**(268)**	**(165)**

Changes in the present value of the defined benefit obligation

	30 June 2010 £'000	**30 June 2009 £'000**
Opening defined benefit obligation	**2,520**	**2,419**
Service Cost (including employee's contribution)	183	204
Interest Cost	157	163
Actuarial losses/ (gains)	364	(124)
Benefits (& Expenses) paid	(124)	(142)
Closing defined benefits obligation	**3,100**	**2,520**

Changes in the fair value of scheme assets

	30 June 2010 £'000	**30 June 2009 £'000**
Opening fair value of scheme assets	**1,999**	**2,090**
Expected Return	123	139
Actuarial gains/(losses)	145	(304)
Contributions by employer	198	178
Additional contributions by members (including AVCs)	38	38
Benefits (& Expenses) paid	(124)	(142)
Closing fair value of scheme assets	**2,379**	**1,999**

NOTES TO THE ACCOUNTS

23 PENSION SCHEMES (continued)

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

	30 June 2010 £'000	30 June 2009 £'000
Actual return less expected return on Scheme assets	145	(304)
Experience gains and losses arising on Scheme liabilities	3	(22)
Changes in assumptions underlying the present value of Scheme liabilities	(367)	146
Actuarial loss recognised in STRGL	**(219)**	**(180)**

Amounts for the current and previous four periods

	30 June 2010 £'000	30 June 2009 £'000	30 June 2008 £'000	30 June 2007 £'000	30 June 2006 £'000
Defined benefit obligation	(3,100)	(2,520)	(2,419)	(2,277)	(2,181)
Scheme Assets	2,379	1,999	2,090	1,989	1,756
Deficit	**(721)**	**(521)**	**(329)**	**(288)**	**(425)**
Experience adjustments on Scheme assets	145	(304)	(242)	7	135
Experience adjustments on Scheme liabilities	3	(23)	61	(42)	18
Change in assumptions underlying Present value of Scheme liabilities	(367)	146	77	117	(200)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £701,807 at 30 June 2010, (£483,065 at 30 June 2009).

23.2 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.

NOTES TO THE ACCOUNTS

23 PENSION SCHEMES (continued)

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 fluctuate and at 31 March 2010 the actuary has estimated that the funding level had fallen from 103% to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market condition. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2010 was 80% and on a buy-out basis was approximately 57%.

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

NOTES TO THE ACCOUNTS

23 PENSION SCHEMES (continued)

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 2010, USS had over 135,000 active members and the institution had 38 active members participating in the scheme.

The total pension cost for the College was £125,507 (£92,363 in 2009). The contribution rate payable by the College was 16% 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.