WOLFSON COLLEGE CAMBRIDGE

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
30 JUNE 2012

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INTRODUCTION

Wolfson College is one of the 31 colleges in the University of Cambridge. It was founded as University College in 1965, and was renamed Wolfson College in 1973, receiving its Royal Charter in 1977. The primary object of the College is to advance education, learning and research in the University of Cambridge.

The College admits both full-time and part-time postgraduate students studying for PhDs and Masters degrees; and full-time mature undergraduates aged 21 or above. The College also has a large Fellowship, which is particularly active in research within the University.

The College occupies a nine-acre site to the west of central Cambridge, consisting of new buildings built since 1972, older houses absorbed into the site and landscaped gardens. The residential buildings include 455 units of accommodation for students, Junior Research Fellows and academic visitors, accommodating over 500 in total. Other buildings house a library, a dining hall, seminar rooms, teaching rooms, common rooms, a gym and other shared spaces.

The College is a Registered Charity, regulated by the Charity Commission.

These accounts are presented in the format of the Recommended Cambridge College Accounts (RCCA), which comply with the Higher Education SORP (Statement of Recommended Practice: Accounting for Further and Higher Education).

SUMMARY FINANCIAL RESULTS

For the financial year from 1 July 2011 to 30 June 2012 the result is an operating surplus of £237k.

Total income was £6.0m and expenditure (including depreciation of £639k) was £5.7m. The main sources of income are academic fees (£2.0m) and accommodation/catering (£3.1m). The main area of expenditure is staff costs of £2.8m.

The value of the endowment was £11.7m at 30 June 2012, having generated income of £414k during the year. In addition, the College held invested reserves of £951k at the year end. Net assets were £27.4m.

PROFESSIONAL ADVISERS

Auditor
Deloitte LLP
City House
126-130 Hills Road
Cambridge CB2 1RY

Solicitors
Ashton KCJ
Chequers House
77-81 Newmarket Road
Cambridge CB5 8EU

Bankers
Lloyds TSB Bank plc
Black Horse House
Castle Park
Cambridge CB3 OAR

Wolfson College
Barton Road
Cambridge CB3 9BB

Website: www.wolfson.cam.ac.uk

Charity Registration number: 1138143

CHARITY TRUSTEES

The members of the College Council act as the Trustees of the charity. The College Council meets at least eight times in a year. In the financial year 2011-12 the following were members of the College Council:

Five College Officers *ex officio*

Professor Sir Richard Evans	(President; Chair of the Council)
Dr Donald MacDonald	(Vice-President, to 30 September 2011)
Professor John Naughton	(Vice-President, from 1 October 2011)
Mr Christopher Lawrence	(Bursar; Secretary of the Council)
Dr Jane McLarty	(Senior Tutor)
Ms Karen Stephenson	(Development Director)

Ten Fellows elected by the Governing Body

Mrs Susan Bowring	
Dr Ian Cross	
Dr Jennifer Davis	
Dr Kevin Greenbank (from 1 October 2011)	Dr Charles Jones (to 30 September 2011)
Mrs Margaret Greeves (from 12 October 2011)	Dr Simon Lacoste-Julien (to 31 August 2011)
Mrs Anna Jones	
Dr Marie Lovatt (from 1 October 2011)	Dr Lesley MacVinish (to 30 September 2011)
Dr Susan Oosthuizen	
Dr James Riley (from 1 October 2011)	Professor Tony Minson (to 30 September 2011)
Dr Roland Schwarz	

Three Students from the Wolfson College Student Association (WCSA)

President of WCSA:	
Ms Rasha Rezk (from 5 November 2011)	Mr Imoh Ilevbare (to 4 November 2011)
Vice-President of WCSA:	
Mr Nikolai Eurich (from 5 November 2011)	position vacant (1 July to 4 November 2011)
	Mr Alex Dixon (to 30 June 2011)
Treasurer of WCSA:	
Mr Aamir Mukadam	

The Governing Body, consisting of all Fellows of the College (other than Emeritus, Honorary and Visiting Fellows), is required by the College Statutes to be responsible for the approval of the annual audited accounts. The Governing Body meets at least four times in a year. The President is the Chair of the Governing Body and the Bursar is the Secretary.

A full list of the Governing Body Fellows can be found on the College website at:
www.wolfson.cam.ac.uk/fellows/governing-body

The College's corporate governance arrangements are set out on page 12.

OBJECTS

The objects of the College are set out in its Royal Charter, effective from 1 January 1977, as follows:

1. to advance education, learning and research in the University of Cambridge;
2. to provide, for men or women who shall be members of the University, a College wherein they may work for degrees in the University or may carry out postgraduate or other special studies at Cambridge provided that no members of the College or any candidate for membership thereof shall be subject to any test of religious, social, political or racial character;
3. to apply the moneys of the College to the purposes of the College with power to invest as prescribed in the Statutes of the College;
4. to administer any trust or scheme for purposes connected with the objects of the College; and
5. to do all such things as are incidental or conducive to the carrying out of the above objects.

PUBLIC BENEFIT

The College provides, in conjunction with the University of Cambridge, an education which is recognised internationally as being of the highest standard for some 1,000 undergraduate and graduate students. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision for undergraduates, as well as pastoral, administrative and academic support for all students through its tutorial and mentoring systems; and
- social, cultural, musical, recreational and sporting facilities which enable each of its students to realise their academic and personal potential to the full whilst studying at the College.

The College advances research through:

- providing Research Fellowships to outstanding young academics in the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting the research work of its other Fellows by promoting interaction across disciplines and providing facilities for seminars; and
- fostering academic networking by encouraging visits from outstanding academics as Visiting Fellows and Visiting Scholars.

The College maintains a Library which provides a valuable resource for students and Fellows of the College.

The resident members of the College, both students and Fellows, are the primary beneficiaries and are directly engaged in education, learning or research.

Beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and visiting alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities. The general public is also able to attend various educational activities in the College such as lectures, seminars and concerts.

The College admits students who have the highest potential for benefiting from the education provided by the College and the University, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the College’s objects and students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College’s objects, although the University of Cambridge’s Statutes and Ordinances restrict the College to admitting undergraduates who are aged 21 or above; and
- there are no religious restrictions in the College’s objects and members of the College have a wide variety of faith traditions or none.

PUBLIC BENEFIT (continued)

The focus of the College is strongly academic and students are required to satisfy high academic entry requirements.

The College charges the following fees:

(a) College fees at externally regulated rates to Home/EU undergraduates entitled to Student Support and to graduate students; and a College fee determined by the College annually to Overseas undergraduates and any Home/EU undergraduates not entitled to Student Support; and

(b) accommodation and meal charges at reasonable rates.

In order to assist undergraduates entitled to Student Support, the College provides – through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust – bursary support for those of limited financial means. For the academic year 2011-12, the number of awards made was 41, out of a Home/EU undergraduate population of 66; 16 were awarded the maximum mature student bursary of £5,650; 10 were awarded the maximum standard student bursary of £3,400; and a further 15 were awarded an average of £2,632. That scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement. The scheme is widely advertised on the University website, on College websites and in the Admissions Prospectus.

To support the costs of both undergraduate and graduate students, the College provides various scholarships and bursaries, to help fund fees and living costs. The total awarded in 2011-12 was £98.6k to 30 students.

The College also supports students through a grant scheme to assist with attendance at conferences and travel grants. The total awarded in 2011-12 was £24.0k to 88 students.

In addition to its other programmes, the College operates a hardship scheme for students in financial hardship. The total awarded in 2011-12 was £22.0k to 41 students.

The College also awards prizes to its students for academic distinction. The total awarded in prizes in 2011-12 was £6.4k to 22 students.

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to Wolfson, the College holds open days, and provides guidance and information for prospective applicants on the College website and through the admissions staff in its Tutorial Office.

In order to fulfil its charitable purposes of advancing education, learning and research, the College employs as Fellows College Lecturers, Supervisors, Directors of Studies, Tutors and senior administrative officers. Several of these serve as charity trustees through being members of the College Council. The employment of the President and Fellows is undertaken with the intention of furthering the College's aims and their employment directly contributes to the fulfilment of those aims. The private benefit accruing to the President and Fellows through salaries, stipends and employment-related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the employment of Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

OPERATING AND FINANCIAL REVIEW

1 Student Numbers

The College admits full-time and part-time postgraduate students studying for PhDs and Masters courses; and full-time mature undergraduate students aged 21 and over. There had been a large increase in student numbers at Wolfson in 2010-11, and this affected in particular those new full-time postgraduate students seeking College accommodation for whom there were no rooms available. However, this situation was addressed in part in 2011-12 by admitting fewer new full-time postgraduates (251 as opposed to 301 in the previous year) and slightly fewer new undergraduates (57 as opposed to 63 in the previous year).

The following figures as reported by the University of Cambridge Student Statistical Office illustrate this:

All Students	**at 1.12.11**	**at 1.12.10**	**at 1.12.09**
Undergraduates	156	141	124
Full-time postgraduates	396	439	381
sub-total (full-time students)	**552**	**580**	**505**
Postgraduates writing up/under exam	153	150	166
Part-time postgraduates	275	245	203
Total (all students)	**980**	**975**	**874**

Full-time Students only	**at 1.12.11**	**at 1.12.10**	**at 1.12.09**
New undergraduates	57	63	59
New full-time postgraduates	251	301	226
sub-total (new full-time students)	**308**	**364**	**285**
Continuing undergraduates	99	78	65
Continuing full-time postgraduates	145	138	155
sub-total (continuing full-time students)	**244**	**216**	**220**
Total (full-time students)	**552**	**580**	**505**

The number of full-time students remains high compared with 2009-10, but lower than the peak of 2010-11. The College has 412 units of student accommodation, mainly for single occupation but some for couples, accommodating up to 432 in total. In addition there are five family flats. The remaining 38 units of accommodation are for visiting academics, part-time students and other short-stay visitors. Not all students want to live in College, but the College aims to offer accommodation to all undergraduates for the duration of their course; to all one-year Masters students; and to PhD students for three years.

In the previous year's accounts, concern was expressed about the effect on undergraduate numbers of the introduction of £9,000 fees for undergraduates. In 2012-13 the College will be admitting 50 new undergraduates, which suggests that in the short-term at least the population of mature undergraduates at Wolfson College is broadly sustainable.

OPERATING AND FINANCIAL REVIEW (continued)

In the academic year 2011-12 the following numbers of students graduated:

- 67 with a PhD
- 207 with an MPhil or other full-time one year postgraduate course
- 83 with an MSt or other part-time Masters course
- 30 with a BA or MB

2 Income and Expenditure Account

The Income and Expenditure (I&E) account shows an operating surplus of £237k before a net transfer of endowment funds to the I&E, leading to a surplus retained in general reserves of £248k.

Total income was £6.0m. Academic income, at £2.0m, was higher than in the previous year (£1.85m), but it should be noted that £160k of this is the contribution from the Isaac Newton Trust for Cambridge Bursaries, which is included for the first time. A corresponding figure of £163k appears under Education expenditure.

As well as student fees, academic income includes research fellowship support of £134k, mainly made up of: £96k from Rolls-Royce to support an Engineering Fellowship; £19k from the Herchel Smith benefaction to the University for early-career research fellows; and £18k via the History of Art Department to support the Speelman Fellowship in Dutch art.

Residential and catering income was the same as the previous year (£3.1m).

The income account shows a further increase in endowment and investment income (from £414k to £461k), as a result of investments in the Cambridge University Endowment Fund. Donation income as shown in the I&E (and excluding the release of deferred capital grants) was up £131k on the previous year, at £240k. A detailed explanation of donation income is given in section 6 below.

An adjustment has been made this year to write up old credit balances. This is disclosed as other income of £148k.

Total expenditure was £5.7m, including depreciation of £639k (representing 11% of expenditure). The proportion of total expenditure (excluding depreciation) spent on staff costs was 54% (£2.8m). £319k was spent on pension contributions, representing 11.5% of staff costs.

3 Statement of Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses (STRGL) shows the movements that affect the balance sheet (other than in respect of new deferred capital grants). Gains included: £237k surplus from the I&E; £79k donations (new endowments); and a capital grant of £547k from the Colleges' Fund. Losses included two unrealised losses: an actuarial loss of £635k in respect of the CCFPS pension scheme; and a loss of £277k in the market value of investments.

4 Balance Sheet

Net assets excluding pensions increased from £27.6m to £28.2m, while net assets including pensions remained constant at £27.4m. The endowment was valued at £11.7m.

A number of capital transactions relating to refurbishment and acquisitions, costing £404k, appear only in the balance sheet and the cash flow statement, and do not appear in the Income and Expenditure account or the STRGL. The totals are shown in note 11, and the details are as follows:

Additions to buildings	**£k**
2 Barton Close	106
sub-total	**106**

Additions to furniture, fittings, equipment	**£k**
Fire safety	120
IT equipment	104
Other	74
sub-total	**298**
Total Additions	**404**

OPERATING AND FINANCIAL REVIEW (continued)

The College's unrestricted funds amount to £23.6m and are represented in the balance sheet by operational buildings and part of the investment portfolio; and the restricted funds amount to £3.8m.

The College properties are valued at £45.0m for insurance purposes. This is the declared value, and the insurance policy allows for a further 25% cover, up to a total of £56.2m.

5 Investments

Since 1 July 2010 the major part of the College's endowment has been invested in the Cambridge University Endowment Fund (CUEF).

The CUEF'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 for its distribution with a long-term rate of 4.25% of capital value. So the investment objective is therefore RPI+1% after distributions and costs.

On 30 June 2012 the College invested a further £683k of endowment funds and £264k of reserves in the CUEF.

The College's investments in the CUEF are as follows:

Wolfson College investments in the CUEF	**30 June 2012**	**30 June 2011**
Unit value	£34.52	£35.63
Number of units (endowment)	299,858	280,072
Number of units (reserves)	27,562	19,914
Total number of units	**327,420**	**299,986**
Value of units (endowment)	£10.35m	£9.98m
Value of units (reserves)	£0.95m	£0.71m
Total value of units	**£11.30m**	**£10.69m**

The distribution per unit in 2011-12 was 148.53p, giving a distribution yield of 4.17% on opening capital value. The College received distributions totalling £444k (£414k from the endowment units and £30k from reserves units).

The total return for the CUEF for the year to 30 June 2012 was 1.2% against a background of difficult market conditions. The MSCI All Country World index was down 4.3% (in sterling) for the same period. The CUEF had a total fund value of £1.61 billion at 30 June 2012.

The asset allocation of the CUEF was as follows:

CUEF asset classes	**30 June 2012**	**30 June 2011**
	%	%
Public equity	60	61
Private investment	7	3
Absolute return incl. hedge funds	15	17
Credit	5	3
Real assets incl. property	11	13
Fixed interest/cash	2	3

In addition to its investment in the CUEF, the College still holds over £1m in endowment funds with Schroders. These are either illiquid assets (private equity and hedge funds) or cash to match outstanding liabilities on future private equity draw-downs, as follows:

OPERATING AND FINANCIAL REVIEW (continued)

Assets with Schroders	**30 June 2012**	**30 June 2011**
	£k	£k
Hedge Funds (sterling)	23	29
Private Equity (euros)	1,012	869
Cash (sterling)	23	14
Cash (euros)	181	272
Total	**1,239**	**1,184**

6 Fundraising and Alumni Relations

The College established an Alumni & Development Office (ADO) at the start of the 2008-09 financial year. Fundraising is a major part of the role of the ADO, and the fundraising is geared either towards the annual fund, for spending in the current year, or towards the endowment. As set out above, the endowment creates a stream of income also for spending in the current year. Donations to the annual fund are shown in the Income and Expenditure (I&E) account, while donations to the endowment ('new endowments') are shown in the Statement of Total Recognised Gains and Losses (STRGL).

Donations in the last two financial years are as follows:

	2011-12	**2010-11**
	£k	£k
Donations shown in the I&E account	278	145
New endowments shown in the STRGL	79	133
Total Donations	**357**	**278**

The definition of 'donation' in RCCA is broad, and the figures are broken down as follows:

Donations in the I&E account	**2011-12**	**2010-11**
	£k	£k
Donations by individuals, including Gift Aid	70	88
Individual bequest	75	-
Microsoft Research (to support a Studentship)	17	21
Cambridge University Press	28	-
Santander Bank (to support students)	10	-
Trinity College (to support teaching)	30	-
Government matched-funding scheme	10	-
Release of Deferred Capital Grant	38	36
Total Donations in I&E account	**278**	**145**
New endowments in the STRGL		
Donations by individuals, including Gift Aid	79	133
Total New endowments in STRGL	**79**	**133**

This therefore makes the total donations by individuals (including personal trusts and foundations) as follows:

Donations by individuals (including Gift Aid)	**2011-12**	**2010-11**
	£k	£k
In the I&E account	145	88
In the STRGL	79	133
Total donations by individuals	**224**	**221**

OPERATING AND FINANCIAL REVIEW (continued)

Such donations, whether made to the annual fund or the endowment, make a significant difference to what the College can achieve, especially in the area of student support. The number of individual donors to the College is increasing each year and in 2011-12 there were 445 individual donors.

A major initiative by the ADO has been the launch of the Morrison Society in 2008. Membership of the Morrison Society is given to those who have made a pledge to the College in their Will, and enables the College to recognise and thank such supporters in their lifetime. At 30 June 2012 there were 53 members of the Morrison Society.

Further, the annual capital grant from the Colleges' Fund (£547k) is shown as a separate line in the STRGL, and a deferred capital grant of £100k from the Wolfson Foundation for the refurbishment of 2 Barton Close is shown in neither the I&E nor the STRGL, but is included in the balance sheet and the cash flow statement.

In terms of alumni relations and communications, the ADO has continued to reach out to the wider membership of the College. The College now has addresses and other contact details for more than 11,000 members, of whom more than half live outside of the UK in 142 different countries around the world. An e-bulletin is emailed to over 8,000 members at the start of each term, and 11,000 copies of each of the *Wolfson Review* and the *Ring True* newsletter were printed and distributed in the course of the year. The Wolfson Network was established in 2009 to allow members to stay in touch with each other and the College, and it now has over 1,500 members around the world. A reunion dinner for alumni is held each September, and a further eleven events for alumni in the UK and abroad were arranged in the year.

7 Principal Risks

The greatest source of income to the College is students, in the form of fees and room rents. Therefore the number of students is critical. Student numbers are currently close to optimal levels, so any significant reduction in student numbers would have an important impact on the College's finances. The demand for rooms in College always outstrips supply, so any fall in student numbers would have to be significant before affecting that source of income. Fee income, however, is a little more sensitive to shifts.

There had been concerns that the introduction of £9,000 fees for undergraduates would reduce the number of applications to Cambridge. This has not been the case for standard age students, but there has been a small reduction in applications from mature students. Were such a reduction to be repeated year on year, then the undergraduate population at Wolfson College would reduce. However, there is continued growth in postgraduate numbers at Cambridge, and it is likely that any shortfall in undergraduate students could be made up in postgraduate students.

8 Future Plans

The College is looking ahead to its 50th anniversary in 2015. A major fundraising campaign is planned to mark the anniversary, with priorities including student support and maintaining the physical estate of the College. Since its foundation in 1965, the College has witnessed significant growth and expansion in all respects: the student body, the Fellowship, the estate. The plans for the future will have less visible outcomes, but be no less important. Increasing the funding available for supporting students is a major ambition, and this takes three forms: scholarships and bursaries awarded at the start of a student's career at Wolfson; hardship grants and travel/conference grants during a student's career; and prizes for academic distinction in exams. The endowment is now generating regular income for investment in the current generation of students, thus ensuring inter-generational equity; but more could be achieved with more. Therefore growing the endowment is a key priority and is at the heart of the future plans for Wolfson College.

CORPORATE GOVERNANCE

1 The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

2 The College is a registered charity (registered number 1138143) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

3 The Trustees are advised in carrying out their duties by a number of Committees, including:

Carbon Reduction	Development	Educational Policy
Fellowship & Membership	Finance	Health & Safety
House	Personnel	

4 The principal College officers are the President, Vice-President, Bursar, Senior Tutor and Development Director.

5 It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of the external Auditor; to consider reports submitted by the Auditor; to monitor the implementation of recommendations made by the Auditor; to monitor risk management and control arrangements; and to make regular reports to the Trustees by way of minutes of its meetings. Membership of the Finance Committee includes all the principal College officers, other members of the Governing Body, the Finance Manager and two officers of the Student Association.

6 Three members of the Governing Body, who are not members of the Finance Committee, are elected by the Governing Body to act as Inspectors of Accounts to serve a three-year term, with annual rotation of one Inspector.

7 There is a Register of Interests of Trustees. Declarations of interest are made systematically at all Governing Body, Council and committee meetings.

The College's Trustees during the year ended 30 June 2012 are set out on page 4.

STATEMENT OF INTERNAL CONTROL

1 The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.

2 The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

3 The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2012 and up to the date of approval of the financial statements.

4 The Trustees are responsible for reviewing the effectiveness of the system of internal control.

5 The Trustees' review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursar, and the College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external Auditor in their management letter and other reports.

RESPONSIBILITIES OF THE GOVERNING BODY

The Governing Body is responsible for preparing the Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF WOLFSON COLLEGE

We have audited the financial statements of Wolfson College for the year ended 30 June 2012 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 movement and related notes 1-27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

Respective responsibilities of the Governing Body and auditor

As explained more fully in the statement of the Responsibilities of the Governing Body on page 13, the Governing Body are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the College's Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2012, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge.

Opinion on other matters prescribed by the Statutes of the University of Cambridge

In our opinion:

- The contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

INDEPENDENT AUDITOR'S REPORT (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK
14 November 2012

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

PART 2: ACCOUNTS **Page**

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements 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. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 9.

Basis of accounting

The financial statements have been prepared under the historic cost convention, modified in respect of the treatment of investments which are included at valuation.

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

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

Restricted grant income

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

Donations and benefactions

Donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations which are to be retained for the future benefit of the College, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments. All other donations are recognised as income in the income and expenditure account.

Capital grants and donations

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

Other income

Income is received from a range of activities including residences, catering and other services rendered. It is recognised in the period to which it relates.

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STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Endowment and investment income

All investment income is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the income and expenditure for the financial year.

Tangible fixed assets

Land and buildings

Land and buildings are stated at cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 50 years. Freehold land is not depreciated.

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 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.

Finance costs which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset would be carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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

Maintenance 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 cost of buildings.

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.

Leased assets

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excesses of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets) heritage assets acquired before 1 July 1999 do not have to be capitalised since reliable estimates of cost or value are often not available on a cost-benefit basis. However, acquisitions both before and since 1 July 1999 have been capitalised at cost or, in the case of donated assets, at expert valuation. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Fixed asset investment and endowment assets are included in the balance sheet at market value. 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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Taxation

The College is a registered charity (number 1138143) and also 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. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College’s assets as at the end of the previous financial year.

Pension costs

The College participates in both the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS).

The USS is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 ‘Retirement Benefits’, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

The CCFPS is a defined benefit scheme, which is contracted into the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The College is able to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and an FRS 17 valuation is obtained as at 30 June annually. The amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period, and the College's net liability is shown in the Balance Sheet.

Going concern

The College's activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of the Annual Report. The Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June	Note	2012 £'000	2011 £'000
Income			
Academic fees and charges	1	2,027	1,852
Residences, catering and conferences	2	3,060	3,084
Endowment and investment income	3	461	414
Donations	4	278	145
Other income	5	148	-
Total Income		**5,974**	**5,495**
Expenditure			
Education	6	2,239	2,002
Residences, catering and conferences	7	3,243	3,180
Other expenditure	8	255	280
Total Expenditure	9	**5,737**	**5,462**
Surplus on continuing operations		**237**	**33**
Deficit / (surplus) for the year transferred from / to accumulated income in endowment funds	20	11	(1)
Surplus for the year retained within general reserves	21	**248**	**32**

All items dealt with in arriving at the surplus for 2012 and 2011 relate to continuing operations.

There is no difference between the result for the year and the result on an historic cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 June	**Note**	**2012 Restricted Funds £'000**	**2012 Unrestricted Funds £'000**	**2012 Total £'000**	**2011 Total £'000**
Surplus on income and expenditure account		-	248	248	32
(Overspent) / unspent endowment fund income	20	(5)	(6)	(11)	1
(Decrease) / increase in market value of investments:					
- Endowment investments	20	(45)	(209)	(254)	1,125
- Fixed asset investments	21	-	(23)	(23)	80
New endowments	20	71	8	79	133
Capital grant from Colleges' Fund	20	-	547	547	498
Transfers		245	(245)	-	-
Actuarial (loss) / gain in pension scheme	18	-	(635)	(635)	486
Total recognised (losses) / gains for the year		**266**	**(315)**	**(49)**	**2,355**

Reconciliation

Opening reserves and endowments	**1,927**	**23,885**	**25,812**	**23,457**
Total recognised (losses) / gains for the year	266	(315)	(49)	2,355
Closing reserves and endowments	**2,193**	**23,570**	**25,763**	**25,812**

The above figures exclude Deferred Capital Grants of £1,611,000 (2011 £1,549,000), shown on the Balance Sheet.

BALANCE SHEET

As at 30 June	Note	2012 £'000	2011 £'000
Fixed Assets			
Tangible assets	11	15,898	16,133
Investments	12	951	710
		16,849	**16,843**
Endowment Assets			
Investments	13	11,590	11,161
Cash	15	153	225
		11,743	**11,386**
Current Assets			
Stocks		66	69
Debtors	14	381	432
Cash at bank and in hand	15	1,424	1,085
		1,871	**1,586**
Creditors: amounts falling due within one year	16	(1,048)	(1,020)
Net Current Assets		**823**	**566**
Creditors: amounts falling due after more than one year	17	(1,200)	(1,200)
Net Assets Excluding Pension Liability		**28,215**	**27,595**
Pension liability	18	(841)	(234)
Net Assets Including Pension Liability		**27,374**	**27,361**

Represented by:		Restricted Funds £'000	Unrestricted Funds £'000	Total 2012 £'000	Total 2011 £'000
Deferred Capital Grants	19	1,611	-	**1,611**	**1,549**
Endowments					
Expendable funds		1,187	-	**1,187**	1,205
Permanent funds		1,006	9,550	**10,556**	10,181
Total Endowments	20	**2,193**	**9,550**	**11,743**	**11,386**
Reserves					
General reserves excluding pension reserve		-	14,804	**14,804**	14,580
Pension reserve		-	(841)	**(841)**	(234)
Fixed asset investment revaluation reserve		-	57	**57**	80
Total Reserves	21	**-**	**14,020**	**14,020**	**14,426**
Total Reserves and Endowments		**2,193**	**23,570**	**25,763**	**25,812**
Total Funds		**3,804**	**23,570**	**27,374**	**27,361**

The financial statements were approved by the Governing Body on 14 November 2012 and signed on its behalf by:

Christopher Lawrence, Bursar

CASH FLOW STATEMENT

For the year ended 30 June	**Note**	**2012 £'000**	**2011 £'000**
Net cash inflow from operating activities	22	489	423
Returns on investments and servicing of finance	23	403	356
Capital expenditure and financial investment	23	(625)	(814)
Cash inflow / (outflow) before management of liquid resources		**267**	**(35)**
Management of liquid resources			
Increase in short term deposits	15	-	800
Increase in cash in the year		267	765

Reconciliation of net cash flow to movement in net funds

Increase in cash in year		267	765
Cash inflow from liquid resources		-	(800)
Change in net funds		**267**	**(35)**
Net funds at beginning of year		1,310	1,345
Net funds at end of year	24	**1,577**	**1,310**

NOTES TO THE ACCOUNTS

	For the year ended 30 June	2012 £'000	2011 £'000
1	**Academic Fees and Charges**		
	College Fees		
	Publicly-funded undergraduate rate of £3,951 (2011 £3,861)	415	325
	Privately-funded undergraduate rate of £4,620 (2011 £4,440)	258	295
	Graduate rate of £2,289 (2011 £2,229)	1,014	1,012
	Other Income		
	Research fellow support	134	132
	Cambridge Bursaries	160	-
	Teaching and other income	27	61
	College courses	19	27
	Total	**2,027**	**1,852**
2	**Residences, Catering and Conferences**		
	Accommodation		
	College members	2,528	2,513
	Conferences	66	40
	Catering		
	College members	414	505
	Conferences	52	26
	Total	**3,060**	**3,084**
3	**Endowment and Investment Income**		
	Income from:		
	Unquoted securities - unit trust *		
	- endowment assets	414	386
	- fixed asset investments	30	15
	Cash	17	13
	Total	**461**	**414**
	* invested in Cambridge University Endowment Fund units		
4	**Donations**		
	Unrestricted donations	179	88
	Restricted donations	61	21
	Release of deferred capital grants	38	36
	Total	**278**	**145**

5 **Other income**

The College has accumulated several old credit balances and there is reasonable certainty they will never be claimed. A decision to write up balances more than seven years old was taken during the year. This year, the amount is considered material and it is shown as a separate line within income.

NOTES TO THE ACCOUNTS

For the year ended 30 June	2012 £'000	2011 £'000
6 Education Expenditure		
Teaching	739	758
Tutorial	397	408
Admissions	296	273
Research	285	270
Scholarships and awards	151	90
Cambridge Bursaries	163	-
Other educational facilities	201	186
College courses	7	17
Total	**2,239**	**2,002**

7 Residences, Catering and Conferences Expenditure	2012 £'000	2011 £'000
Accommodation		
College members	2,129	2,150
Conferences	55	34
Catering		
College members	941	948
Conferences	118	48
Total	**3,243**	**3,180**

Accommodation and catering expenditure is apportioned between College members and conferences in line with income.

8 Other Expenditure	2012 £'000	2011 £'000
Development and alumni relations	197	211
Loan interest	58	58
Cultural activities	-	11
Total	**255**	**280**

NOTES TO THE ACCOUNTS

For the year ended 30 June

9a Analysis of Expenditure by Activity

	Note	Staff Costs (note 10)	Other Operating Expenses	Depreciation	Total
		2012 £'000	2012 £'000	2012 £'000	2012 £'000
Education	6	1,139	951	149	2,239
Residential and Catering	7	1,516	1,245	482	3,243
Other	8	114	133	8	255
		2,769	**2,329**	**639**	**5,737**
		2011 £'000	**2011 £'000**	**2011 £'000**	**2011 £'000**
Education	6	1,042	818	142	2,002
Residential and Catering	7	1,513	1,219	448	3,180
Other	8	101	171	8	280
		2,656	**2,208**	**598**	**5,462**

9b Auditor's Remuneration

	2012 £'000	2011 £'000
Other Operating Expenses include:		
Audit fees payable to the College's external auditor (net of VAT)	**15**	**16**

10 STAFF COSTS

	College Fellows £'000	Non-Academic £'000	Total 2012 £'000	Total 2011 £'000
Staff Costs:				
Salaries	484	1,805	2,289	2,194
Social security costs	35	126	161	153
Other pension costs	62	257	319	309
	581	**2,188**	**2,769**	**2,656**
Average Staff numbers (full-time equivalents):				
Academic	8	-	8	10
Non-academic	2	81	83	77
	10	**81**	**91**	**87**

There were 143 Fellows in the Governing Body as at 1 October 2011, 23 of whom were stipendiary, as declared above.

No officer or other employee of the College, including the President, received salaries of over £100,000.

NOTES TO THE ACCOUNTS

For the year ended 30 June

11 Tangible Fixed Assets

	2012 Freehold Buildings	2012 Furniture, Fittings and Equipment	2012 Heritage Assets	2012 Total	2011 Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At beginning of year	22,661	2,006	365	25,032	24,777
Additions at cost	106	298	-	404	255
Disposals	-	(70)	-	(70)	-
Cost at end of year	**22,767**	**2,234**	**365**	**25,366**	**25,032**
Depreciation					
At beginning of year	7,338	1,561	-	8,899	8,302
Charge for the year	455	184	-	639	597
Disposals	-	(70)	-	(70)	-
Depreciation at end of year	**7,793**	**1,675**	-	**9,468**	**8,899**
Net Book Value					
As at 30 June 2012	**14,974**	**559**	**365**	**15,898**	
As at 30 June 2011	**15,323**	**445**	**365**	**16,133**	

The insured declared value of freehold buildings as at 30 June 2012 was £44,988,338 (2011: £43,896,409).

Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the Statement of Principal Accounting Policies, heritage assets acquired since 1 July 1999 have been capitalised. The College has also capitalised heritage assets acquired prior to 1 July 1999, using valuations and estimates obtained when the capitalisation took place in 2008-09.

There have been no acquisitions in the current year, or in the prior four years.

NOTES TO THE ACCOUNTS

	For the year ended 30 June	2012	2011
		£'000	£'000
12	**Fixed Asset Investments**		
	Balance at beginning of year	710	-
	Additions	264	630
	(Depreciation) / appreciation	(23)	80
	Balance at end of year	**951**	**710**
	Represented by:		
	Unquoted securities - unit trust	**951**	**710**
13	**Endowment Asset Investments**		
	Balance at beginning of year	11,161	9,476
	Additions	683	560
	(Depreciation) / appreciation	(254)	1,125
	Balance at end of year	**11,590**	**11,161**
	Represented by:		
	Unquoted securities - unit trust	10,351	9,977
	Unquoted securities - equities	1,035	898
	Cash at investment managers	204	286
		11,590	**11,161**
14	**Debtors**		
	Members of the College	185	192
	Amounts due from subsidiary undertakings	1	1
	Other debtors	156	214
	Prepayments and accrued income	39	25
		381	**432**
15	**Cash and Bank Balances**		
	Short-term money market investments	800	800
	Bank deposits	765	465
	Bank current accounts	10	44
	Cash in hand	2	1
		1,577	**1,310**
	Held in:		
	Endowment assets	153	225
	Current assets	1,424	1,085
		1,577	**1,310**

NOTES TO THE ACCOUNTS

	For the year ended 30 June	2012	2011
		£'000	£'000
16	**Creditors: amounts falling due within one year**		
	Trade creditors	562	720
	Members of the College	216	153
	University fees	91	-
	Other creditors (PAYE, NI, VAT)	72	56
	Accruals and deferred income	107	91
		1,048	**1,020**
17	**Creditors: amounts falling due after more than one year**		
	Bank Loan	**1,200**	**1,200**

Interest is payable on the loan at 4.8%. The loan is repayable in August 2048.

		2012	2011
18	**Pension Liabilities (see note 25)**		
	Balance at beginning of year	234	721
	Movement in the year:		
	Current service cost including life assurance	173	200
	Contributions	(194)	(217)
	Other finance (income) / cost	(7)	16
	Actuarial loss / (gain) recognised in the Statement of Total Recognised Gains and Losses	635	(486)
	Balance at end of year	**841**	**234**
19	**Deferred Capital Grants**		
	Balance at beginning of year	1,549	1,585
	Donations received	100	-
	Released to income and expenditure account	(38)	(36)
	Balance at end of year	**1,611**	**1,549**

NOTES TO THE ACCOUNTS

For the year ended 30 June

20	Endowments	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total 2012	Total 2011
		£'000	£'000	£'000	£'000	£'000	£'000
	Balance at beginning of year						
	Capital	9,453	708	10,161	1,106	11,267	9,511
	Unspent income	6	14	20	99	119	118
		9,459	**722**	**10,181**	**1,205**	**11,386**	**9,629**
	New endowments received	555	51	606	20	626	631
	Income receivable from endowment investments	340	35	375	39	414	85
	Expenditure	(346)	(30)	(376)	(49)	(425)	(84)
	Net transfer (to) / from income and expenditure account	(6)	5	(1)	(10)	(11)	1
	Transfers	(249)	249	-	(4)	(4)	-
	(Decrease) / increase in market value of investments	(209)	(21)	(230)	(24)	(254)	1,125
	Balance at end of year						
	Capital	9,550	987	10,537	1,102	11,639	11,267
	Unspent Income	-	19	19	85	104	119
	Total	**9,550**	**1,006**	**10,556**	**1,187**	**11,743**	**11,386**
	Representing:						
	Fellowship Funds	-	-	-	367	367	518
	Scholarship Funds	534	-	534	545	1,079	1,252
	Prize Funds	-	15	15	5	20	15
	Hardship Funds	-	472	472	-	472	502
	Bursary Funds	-	37	37	1	38	66
	Travel Grant Funds	-	165	165	39	204	31
	Library Funds	-	218	218	7	225	219
	Other Funds	-	99	99	223	322	123
	General Endowments	9,016	-	9,016	-	9,016	8,660
		9,550	**1,006**	**10,556**	**1,187**	**11,743**	**11,386**

NOTES TO THE ACCOUNTS

For the year ended 30 June

21 Reserves	General Reserves £'000	Fixed Asset Investment Revaluation Reserve £'000	Total 2012 £'000	Total 2011 £'000
Balance at beginning of year	**14,346**	**80**	**14,426**	**13,828**
Surplus retained for the year	248	-	248	32
Actuarial (loss) / gain on pension scheme	(635)	-	(635)	486
(Decrease) / increase in market value of investments	-	(23)	(23)	80
Transfers	4	-	4	-
Balance at end of year	**13,963**	**57**	**14,020**	**14,426**

NOTES TO THE ACCOUNTS

	For the year ended 30 June	2012 £'000	2011 £'000
22	**Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities**		
	Surplus on continuing operations	237	33
	Depreciation of tangible fixed assets	639	597
	Deferred capital grants released to income	(38)	(36)
	Investment income	(461)	(414)
	Interest payable	58	58
	Pension costs less contributions payable	(28)	(1)
	Decrease in stocks	3	5
	Decrease / (increase) in debtors	51	(61)
	Increase in creditors	28	242
	Net cash inflow from operating activities	**489**	**423**
23	**Cash Flows**		
	Returns on investments and servicing of finance		
	Endowment and investment income received	461	414
	Interest paid	(58)	(58)
	Net cash inflow from returns on investments and servicing of finance	**403**	**356**
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(404)	(255)
	Deferred capital grants received	100	-
	New endowments received	79	133
	Capital grant received from Colleges' Fund	547	498
	Net purchase of long-term investments	(947)	(1,190)
	Net cash outflow from capital expenditure and financial investment	**(625)**	**(814)**

	24 Analysis of Cash and Bank Balances	At beginning of year £'000	Cash flows £'000	At end of year £'000
	Cash at bank and in hand	1,310	267	1,577
	Net funds	**1,310**	**267**	**1,577**

NOTES TO THE ACCOUNTS

25 Pension Schemes

The College participates in two defined benefit schemes, the Cambridge Colleges Federated Pension Scheme (CCFPS) and the Universities Superannuation Scheme (USS).

25a 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 2012.

The contribution made by the College in respect of the 12 months ended 30 June 2012 was £193,802 (£216,515 for 12 months ended 30 June 2011). The agreed contributions to be paid by the College for the forthcoming year are 14.55% of contribution pay for non-salary-sacrifice members (18.55% of contribution pay for salary-sacrifice members) plus £13,247 p.a. to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

The College has obtained a valuation of the assets and liabilities as at 30 June 2012.

FRS 17 Disclosures

A full valuation of the scheme was undertaken as at 31 March 2011 and updated to 30 June 2012 by a qualified independent actuary.

The principal assumptions at the balance sheet date (expressed as weighted averages) were:

	30 June 2012	30 June 2011
Discount rate	4.7%	5.5%
Expected long-term rate of return on scheme assets	5.6%	6.2%
Increase in salaries	2.2%*	3.2%
Retail Prices Index (RPI) assumption	2.7%	3.4%
Consumer Prices Index (CPI) assumption	1.7%	2.7%
Pension increases (RPI linked)	2.7%	3.4%
Pension increases (RPI linked capped at 5% pa)	2.5%	3.2%

**1.5% in 2012 and 2013 then 2.2% pa thereafter*

The amounts recognised in the balance sheet as at 30 June are as follows:

	30 June 2012	30 June 2011
	£'000	£'000
Present value of scheme liabilities	(3,455)	(3,073)
Market value of scheme assets	2,614	2,839
Deficit in the scheme	**(841)**	**(234)**

The amounts recognised in income and expenditure for the 12 months ended 30 June 2012 are:

	30 June 2012	30 June 2011
	£'000	£'000
Current service cost	173	200
Interest on scheme liabilities	170	167
Expected return on scheme assets	(177)	(151)
Total	**166**	**216**
Actual return on scheme assets	(319)	342

NOTES TO THE ACCOUNTS

25a Cambridge Colleges Federated Pension Scheme (continued)

Changes in the present value of the scheme liabilities for the 12 months ended 30 June are:

	30 June 2012	30 June 2011
	£'000	£'000
Present value of scheme liabilities at beginning of year	3,073	3,100
Service cost (including employee contributions)	182	210
Interest cost	170	167
Actuarial losses / (gains)	139	(296)
Benefits paid	(109)	(108)
Present value of scheme liabilities at end of year	**3,455**	**3,073**

Changes in the fair value of the scheme assets for the 12 months ended 30 June are:

	30 June 2012	30 June 2011
	£'000	£'000
Market value of scheme assets at beginning of year	2,839	2,379
Expected return	177	151
Actuarial (losses) / gains	(496)	190
Contributions paid by the College	194	217
Employee contributions	9	10
Benefits paid	(109)	(108)
Market value of scheme assets at end of year	**2,614**	**2,839**

The major categories of scheme assets as a percentage of total scheme assets at 30 June are as follows:

	2012	2011
Equities & Hedge Funds	66%	56%
Bonds & Cash	25%	36%
Property	9%	8%
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 2012	Long term rate of return expected at 30 June 2011
Equities & Hedge Funds	6.4%	7.1%
Bonds & Cash	3.7%	4.8%
Property	5.4%	6.1%

NOTES TO THE ACCOUNTS

25a Cambridge Colleges Federated Pension Scheme (continued)

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

	30 June 2012	30 June 2011
	£'000	£'000
Actual return less expected return on scheme assets	(496)	190
Experience gains and losses arising on scheme liabilities	(80)	(22)
Changes in assumptions underlying the present value of scheme liabilities	(59)	318
Actuarial (loss) / gain recognised in STRGL	**(635)**	**486**

The cumulative amount of actuarial gains and losses recognised in the STRGL are:

	30 June 2012	30 June 2011
	£'000	£'000
Cumulative actuarial loss at beginning of year	(215)	(701)
Recognised during the year	(635)	486
Cumulative actuarial loss at end of year	**(850)**	**(215)**

Amounts for the current and previous four accounting periods are:

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(3,455)	(3,073)	(3,100)	(2,520)	(2,419)
Market value of scheme assets	2,614	2,839	2,379	1,999	2,090
Deficit in the scheme	**(841)**	**(234)**	**(721)**	**(521)**	**(329)**
Actual return less expected return on scheme assets	(496)	190	145	(304)	(242)
Experience gains and losses arising on scheme liabilities	(80)	(22)	3	(23)	61
Changes in assumptions underlying the present value of scheme liabilities	(59)	318	(367)	146	77

25b Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and hence contributions are accounted for as if the scheme were a defined contribution scheme. The amount charged to the Income and Expenditure account represents the contributions payable to the scheme for the year.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pension member; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was as at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate

NOTES TO THE ACCOUNTS

25b Universities Superannuation Scheme (continued)

assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, this review of the funding level is carried out each year between triennial valuations and details of the estimate of the funding level at 31 March 2012 are included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salaries and pensions and the assumed rates of mortality. 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 2% 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 6.1% per annum, salary increases would be 4.4% per annum (with short term general pay growth at 3.65% per annum and 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA light YoB tables – no age rating
Female members' mortality	S1NA light YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% 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 68%. Under the Pension Protection Fund regulations introduced by the Pension Act 2004 the scheme was 93% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% 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, using an AA Bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of

NOTES TO THE ACCOUNTS

25b Universities Superannuation Scheme (continued)

growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However when calculating the past service liabilities of the scheme, a cautionary reserve has been included in addition, on account of the variability mentioned above.

At the valuation date, the scheme was still fully a final salary scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically, these increases had been based on the Retail Prices Index measure of inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants
Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal Pension Age
The normal pension age was increased for future service and new entrants to age 65.

Flexible Retirement
Flexible retirement options were introduced.

Member Contributions Increased
Contributions were uplifted to 7.5% pa and 6.5% pa for FS section members and CRB section members respectively.

Cost Sharing
If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension Increase Cap
For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA Bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on an historic gilts basis at that date was approximately 56%.

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 on a technical provisions basis as at the date of the last triennial actuarial valuation are as follows:

NOTES TO THE ACCOUNTS

25b Universities Superannuation Scheme (continued)

Assumption	*Change in assumption*	*Impact on shortfall*
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 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 major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically 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 needs 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 what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The 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 although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the College had 47 active members participating in the scheme.

The total pension cost for the College was £151,696 (£140,378 in 2011). The contribution rate payable by the College was 16% of pensionable salaries.

26 Subsidiary Undertakings

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.

27 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.