WOLFSON COLLEGE CAMBRIDGE

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
30 JUNE 2014

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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 total number of students as at 1 December 2013 was 935. The College 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 residents 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 2013 to 30 June 2014 the result was an operating surplus of £45k.

Total income was £6.17m and expenditure (including depreciation of £0.72m) was £6.12m. The main sources of income were academic fees (£2.21m) and accommodation/catering (£3.19m). The main area of expenditure was staff costs of £3.03m.

The endowment was valued at £16.08m at 30 June 2014, having generated income of £0.51m during the year. In addition, the College held invested reserves of £1.32m at the year end. Net assets were £31.53m.

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 Bank plc
Endeavour House
Chivers Way Histon
Cambridge CB24 9ZR

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 2013-14 the following were members of the College Council:

Five College Officers *ex officio*

Professor Sir Richard Evans	President; Chair of the Council
Professor John Naughton	Vice-President
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 Raymond Bujdoso	
Dr Kevin Greenbank	
Dr Michael Hrebeniak	
Mrs Anna Jones	
Dr Marie Lovatt (to 30 September 2013)	Dr David Frost (from 1 October 2013)
Professor Duncan Maskell	
Dr Richard Meiser-Stedman	
Dr Susan Oosthuizen (to 30 September 2013)	Dr Christopher Town (from 1 October 2013)
Dr Roland Schwarz (to 30 September 2013)	Professor Alun Williams (from 1 October 2013)

Three Students from the Wolfson College Student Association (WCSA)

President of WCSA:
Ms Anastasiia Kamenska (to 24 November 2013) — Ms Alexandra East (from 25 November 2013)

Vice-President of WCSA:
Mr George Bickers (to 24 November 2013) — Mr Toby Moncaster (from 25 November 2013)

Treasurer of WCSA:
Mr Daniel Zhao (to 27 January 2014) — Mr Tiansheng Li (from 28 January 2014)

The Governing Body, consisting of all Fellows of the College (other than Emeritus, Visiting, Honorary and Bredon Fellows), is required by the College Statutes to be responsible for the approval of the annual audited accounts. There were 122 Governing Body Fellows as at 1 December 2013. 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 up to 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 while 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 College offers membership with Senior Member status to distinguished members of the local community without an existing College affiliation; and membership with College Research Associate status to researchers in Cambridge also without an existing College affiliation. 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 gender or 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 a wide range of faith traditions are represented in the College membership.

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 UK and EU undergraduates (those eligible for loans from Student Finance) and to graduate students; and a College fee determined by the College annually to Overseas undergraduates and to other UK and EU undergraduates (those not eligible for loans from Student Finance); and

(b) accommodation and meal charges at reasonable rates.

In order to assist undergraduates of limited financial means, the College provides bursary support through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust. For the academic year 2013-14, awards totalling £215.9k were made to 45 Wolfson undergraduates: 18 were awarded the maximum mature student bursary of £5,600; 9 were awarded the maximum standard student bursary of £3,500; and a further 18 were awarded an average of £4,645. This scheme is approved by the Office for Fair Access (OFFA) 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 2013-14 was £83.3k to 40 students.

The College also supports students through a grant scheme to assist with attendance at conferences and travel grants. The total awarded in 2013-14 was £36.2k to 89 students.

In addition to its other programmes, the College operates a hardship scheme for students in financial hardship. The total awarded in 2013-14 was £31.3k to 42 students.

The College also awards prizes to its students for academic distinction. The total awarded in prizes in 2013-14 was £9.0k to 30 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 a number of its Fellows in the following roles: College Teaching Officers, Supervisors, Directors of Studies, Tutors and senior administrative officers such as Bursar, Senior Tutor and Development Director. 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. Total student numbers, at 935, were slightly higher than the previous year (927).

The following student numbers are as reported by the University of Cambridge Student Statistical Office:

All Students	**at 1.12.13**	**at 1.12.12**	**at 1.12.11**	**at 1.12.10**
Undergraduates	176	172	156	141
Full-time postgraduates	344	347	396	439
sub-total (full-time students)	**520**	**519**	**552**	**580**
Postgraduates writing up/under exam	161	180	153	150
Part-time postgraduates	254	228	275	245
Total (all students)	**935**	**927**	**980**	**975**

The breakdown of full-time students between new students and continuing students is as follows:

Full-time Students only	**at 1.12.13**	**at 1.12.12**	**at 1.12.11**	**at 1.12.10**
New undergraduates	57	52	57	63
New full-time postgraduates	228	206	251	301
sub-total (new full-time students)	**285**	**258**	**308**	**364**
Continuing undergraduates	119	120	99	78
Continuing full-time postgraduates	116	141	145	138
sub-total (continuing full-time students)	**235**	**261**	**244**	**216**
Total (full-time students)	**520**	**519**	**552**	**580**

The breakdown of new full-time postgraduates is as follows:

New full-time Postgraduates only	**at 1.12.13**	**at 1.12.12**	**at 1.12.11**	**at 1.12.010**
New Masters level students	172	152	191	218
New Doctoral level students	56	54	60	83
Total (new full-time postgraduates)	**228**	**206**	**251**	**301**

OPERATING AND FINANCIAL REVIEW (continued)

In the College's strategic plan for the period 2013-2018 there is an explicit target to have 525 full-time students each year. This is slightly higher than the figure of 520 in 2013-14, but is consciously lower than the high of 580 in 2010-11, when the College was unable to accommodate many of its students, including new one-year Masters students from abroad arriving in Cambridge for the first time. Within the target of 525, there is a clearly stated ambition to increase the number of PhD and other doctoral level students, and supporting students at this level is one of the College's fundraising priorities. Annual growth in the number of new PhD students, rather than in one-year Masters students, will increase the total size of the postgraduate student body, given that a PhD student stays for at least three years.

Meanwhile, the total number of undergraduates was the highest ever at 176, and the total full-time student body of 520 was split one-third undergraduates and two-thirds postgraduates. Our part-time postgraduates (254) also continued to play an important part in the College's mix of students.

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 academic year 2013-14 356 students (396 in 2012-13) graduated as follows:

- 61 (79) with a PhD or LittD
- 151 (182) with an MPhil or other full-time one year postgraduate course
- 94 (89) with an MSt or MEd (part-time Masters courses)
- 50 (46) with a BA*, MB, Vet MB or BTh (*including 7 BA+MEng/MSci)

2 Income and Expenditure Account

The Income and Expenditure (I&E) account shows an operating surplus of £45k before a net transfer of endowment funds to the I&E of £27k, leading to a surplus retained in general reserves of £72k.

Total income was £6.17m. Academic income, at £2.21m, was slightly higher than in the previous year (£2.10m). Of this total, £1.80m is made up of College Fees paid by students, as set out in detail in Note 1. Within academic income are included the contributions from the Isaac Newton Trust for Cambridge Bursaries: £203k appears as income from this source, with a corresponding figure in expenditure of £216k, ie there was a net cost to the College of £13k.

Academic income also includes research fellowship support of £139k, made up of: £101k from Rolls-Royce to support an Engineering Fellowship; £8k from the Cambridge Philosophical Society to support a Henslow Research Fellowship; £15k from the Herchel Smith benefaction to the University for early-career research fellows; £5k to support the Speelman Fellowship in Dutch art; £4k from the RDC post-doctoral scheme; £4k from the Isaac Newton Trust Fellowship scheme; and £2k from the Sanger Institute post-doctoral scheme.

Residential and catering income, at £3.19m, was slightly higher than the previous year (£3.12m).

There was a further increase in endowment and investment income (from £511k to £577k), mainly as a result of increased investment in the Cambridge University Endowment Fund and the performance of the Fund. Donation income as shown in the I&E (and excluding the release of deferred capital grants) was £146k, up slightly on the previous year's figure of £137k. A detailed explanation of donation income is given in section 6 below.

Total expenditure was £6.12m, including depreciation of £0.72m (representing 11.8% of expenditure). The proportion of total expenditure (excluding depreciation) spent on staff costs was 56.1% (£3.03m). The cost of the two pension schemes on offer to staff was £0.40m, representing 13.2% of staff costs.

OPERATING AND FINANCIAL REVIEW (continued)

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: £302k in donations (new endowments); a capital grant of £597k from the Colleges' Fund; an increase in the market value of the endowment assets of £812k; and an increase in the market value of invested reserves of £69k. There was an actuarial loss of £333k in respect of the CCFPS pension scheme.

4 Balance Sheet

Net assets excluding pension liabilities increased from £31.11m to £33.17m, while net assets including pension liabilities increased from £29.88m to £31.53m. The endowment was valued at £16.08m (2013: £14.40m), and there was a further £1.32m of invested reserves.

A number of capital transactions relating to refurbishment and acquisitions, costing £625k, 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 10, and the details are as follows:

Additions to buildings	**£k**
A&B block	248
VAT re-claim	(2)
sub-total	**246**

Additions to furniture, fittings, equipment	**£k**
IT equipment	141
Lift refurbishment	53
A&B block	30
Other accommodation-related	62
Cashless payment system	25
Library self-service system	24
Re-surface driveway	22
Other	65
sub-total	**422**
Total Additions	**668**

The College properties had a declared value of £48.18m for insurance purposes.

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 2014 the College invested a further £1,246k in the CUEF, made up of: £909k of new endowment funds; £187k of existing endowment funds previously invested with Schroders; and £150k of reserves (fixed asset investments).

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

Wolfson College investments in the CUEF	**30 June 2014**	**30 June 2013**
Unit value	£42.30	£39.77
Number of units (endowment)	351,927	326,015
Number of units (reserves)	31,108	27,562
Total number of units	**383,035**	**353,577**

OPERATING AND FINANCIAL REVIEW (continued)

Wolfson College investments in the CUEF (cont.)	**30 June 2014**	**30 June 2013**
Value of units (endowment)	£14.89m	£12.96m
Value of units (reserves)	£1.31m	£1.10m
Total value of units	**£16.20m**	**£14.06m**

The distribution per unit in 2013-14 (from August 2013) was 155.91p. The College received distributions totalling £550k (£507k from the endowment units and £43k from the reserves units), giving a distribution yield of 3.91% on the opening capital value.

The total return for the CUEF for the year to 30 June 2014 was 10.4%. The MSCI All Country World index was up 9.1% for the same period and the FTSE All Share index was up 13.1%. The CUEF had a total fund value of £2.29 billion at 30 June 2014.

The asset allocation of the CUEF was as follows:

CUEF asset classes	**30 June 2014**	**30 June 2013**
	%	**%**
Public equity	64	65
Private investment	10	9
Absolute return incl. hedge funds	12	13
Credit	3	3
Real assets incl. property	10	9
Fixed interest/cash	1	1

In addition to its investment in the CUEF, the College still holds endowment funds with Schroders which were valued at £1.13m as at 30 June 2014 as follows:

Assets with Schroders	**30 June 2014**	**30 June 2013**
	£k	**£k**
Hedge Funds (sterling)	-	15
Private Equity (euros)	1,126	1,242
Cash (euros)	-	68
Total	**1,126**	**1,325**

With an additional £68k held in cash, the total value of the endowment as at 30 June 2014 was £16.08m.

6 Fundraising and Alumni Relations

Fundraising is a major part of the role of the Alumni & Development Office, which was established in 2008. Such fundraising is geared towards: the annual fund, for spending in the current year; the endowment, for spending over the longer term; or capital grants, to support building or refurbishment projects. 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 which are made towards capital projects are shown in Note 18 to the Balance Sheet (and also in Note 22 to the Cash Flow Statement).

Donations in the last two financial years are as follows:

	2013-14	**2012-13**
	£k	**£k**
Donations shown in the I&E account (excl. deferred capital grants)	146	137
New endowments shown in the STRGL	302	314
New capital grants shown in the Balance Sheet	203	24
Total Donations	**651**	**475**

OPERATING AND FINANCIAL REVIEW (continued)

The donations shown in the STRGL and the Balance Sheet were all from individuals or their private foundations, and include Gift Aid where applicable. The annual grant from the Colleges' Fund (£597k) is shown as a separate line in the STRGL.

The I&E figures are broken down as follows:

Donations in the I&E account	**2013-14 £k**	**2012-13 £k**
Donations (various), including Gift Aid	102	107
Cambridge University Press	24	-
Santander Bank (to support students)	10	10
Trinity College (to support teaching)	-	20
Alborada Trust	10	-
Release of Deferred Capital Grant	42	38
Total Donations in I&E account	**188**	**175**

The £302k of new endowments shown in the STRGL included an individual bequest of £114k, with the balance of £188k coming from a number of individuals. The £203k of new capital grants included £200k from the Wolfson Foundation, the first part of its grant of £1.25m to refurbish parts of the 1970s student accommodation over a period of 3-4 years.

Such donations, whether made to the annual fund, to the endowment or as capital grants, make a significant difference to what the College can achieve, especially in the area of student support. There were 502 separate donors to the College in 2013-14.

A major initiative by the Alumni & Development Office was the launch in 2008 of the Morrison Society. 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 2014 there were 75 members of the Morrison Society.

In terms of alumni relations and communications, the Alumni & Development Office has continued to build relationships with the wider membership of Wolfson. The College now has addresses and other contact details for over 12,000 members, of whom more than half live outside of the UK in 154 different countries around the world. An e-bulletin is emailed to over 9,500 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 almost 2,100 members around the world. A reunion weekend for alumni is held each September, and a further 26 events for members in the UK and abroad were arranged in the year.

7 Principal Financial 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 normally always outstrips supply, so any fall in student numbers would have to be reasonably significant before affecting that source of income. Fee income, however, is more sensitive to shifts in student numbers.

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 reduction in applications from mature students, particularly in the Arts and Humanities. The target in the 2013-18 strategic plan for new undergraduate students each year is 50, and there were 57 in 2013-14; but if a reduction in the number of applications fell such that it led to a reduction in the number of offers and accepted places, then the undergraduate population at Wolfson College would reduce. If growth in postgraduate numbers in the University as a whole continues, it would be hoped that any shortfall in undergraduate students could be made up in postgraduate students. However, growth in postgraduate applications by UK candidates cannot be assumed, since the accumulation of at least £27,000 worth of fee debt may also have a negative impact at the postgraduate level as well as at the undergraduate level.

OPERATING AND FINANCIAL REVIEW (continued)

8 Future Plans

The College has developed a five-year Strategic Plan for the period 2014-2019, which is reviewed regularly by the Council and the Governing Body. The College's various committees have regard to this Strategic Plan when formulating policy and making proposals.

The College is looking ahead to its 50th anniversary in 2015. A major fundraising campaign is underway 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. Lastly, maintaining the fabric of the College is an important aim, and the generous grant from the Wolfson Foundation to refurbish the student accommodation in East and West Courts is playing a major part in this aim.

Following the re-establishment in 2013 of the role of Domestic Bursar, to manage the 'hotel' functions of the College, specifically catering, accommodation and conferences, there are now opportunities to grow the commercial side of the College's hospitality services, and to develop new and increased revenue streams, all with a view to supporting the core activities of the College, namely education, learning and research.

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 and the Emeritus Fellowship, 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 2014 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 against material misstatement or loss.

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 2014 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 2014 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 26. 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 Governing Body in accordance with the College's Statutes, the Statutes of the University of Cambridge, section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Responsibilities of the Governing Body on page 13, the Governing Body is responsible for the preparation of the financial statements that 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its surplus 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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; and
- in all material respects, income during the year ended 30 June 2014 has been applied in accordance with the University's statutes.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice or the Charities Act 2011 requires us to report to you if, in our opinion:

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the College; or
- 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
19 November 2014

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 8.

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, and in accordance with applicable United Kingdom accounting standards.

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 Development Ltd have not been consolidated in the financial statements of the College, because they are dormant. 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 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.

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 on an accruals basis. 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 (2% per annum). 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 years (10% per annum)
General equipment	5 years (20% per annum)
Computer equipment	4 years (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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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 amount calculated under FRS17 guidelines 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	2014 £'000	2013 £'000
Income			
Academic fees and charges	1	2,209	2,096
Residences, catering and conferences	2	3,193	3,122
Endowment and investment income	3	577	511
Donations	4	188	175
Total Income		**6,167**	**5,904**
Expenditure			
Education	5	2,491	2,335
Residences, catering and conferences	6	3,324	3,240
Other expenditure	7	307	322
Total Expenditure	8	**6,122**	**5,897**
Surplus on continuing operations		**45**	**7**
Deficit for the year transferred from accumulated income in endowment funds	19	27	17
Surplus for the year retained within general reserves	20	**72**	**24**

Total expenditure includes depreciation of £724k (2013: £694k).

All items dealt with in arriving at the surplus for 2014 and 2013 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**	**2014 Restricted Funds £'000**	**2014 Unrestricted Funds £'000**	**2014 Total £'000**	**2013 Total £'000**
Surplus on income and expenditure account		-	72	72	24
Overspent endowment fund income	19	(27)	-	(27)	(17)
Increase in market value of investments:					
- Endowment investments	19	135	677	812	1,813
- Fixed asset investments	20	-	69	69	145
New endowments	19	40	262	302	314
Capital grant from Colleges' Fund	19	-	597	597	570
Actuarial loss in pension scheme	17	-	(333)	(333)	(329)
Total recognised gains for the year		**148**	**1,344**	**1,492**	**2,520**
Reconciliation					
Opening reserves and endowments		**2,515**	**25,768**	**28,283**	**25,763**
Total recognised gains for the year		148	1,344	1,492	2,520
Closing reserves and endowments		**2,663**	**27,112**	**29,775**	**28,283**

The above figures exclude Deferred Capital Grants of £1,758,000 (2013: £1,597,000), shown on the Balance Sheet.

BALANCE SHEET

As at 30 June	Note	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	10	15,773	15,829
Investments	11	1,315	1,096
		17,088	**16,925**
Endowment Assets			
Investments	12	16,011	14,290
Cash at bank and in hand	14	68	105
		16,079	**14,395**
Current Assets			
Stocks		57	63
Debtors	13	260	308
Short-term investments	14	1,301	1,100
Cash at bank and in hand	14	449	390
		2,067	**1,861**
Creditors: amounts falling due within one year	15	(863)	(872)
Net Current Assets		**1,204**	**989**
Creditors: amounts falling due after more than one year	16	(1,200)	(1,200)
Net Assets Excluding Pension Liability		**33,171**	**31,109**
Pension liability	17	(1,638)	(1,229)
Net Assets Including Pension Liability		**31,533**	**29,880**

Represented by:		**Restricted Funds £'000**	**Unrestricted Funds £'000**	**Total 2014 £'000**	**Total 2013 £'000**
Deferred Capital Grants	18	1,758	-	**1,758**	**1,597**
Endowments					
Expendable funds		1,365	-	**1,365**	1,320
Permanent funds		1,298	13,416	**14,714**	13,075
Total Endowments	19	**2,663**	**13,416**	**16,079**	**14,395**
Reserves					
General reserves excluding pension reserve		-	15,063	**15,063**	14,915
Pension reserve		-	(1,638)	**(1,638)**	(1,229)
Fixed asset investment revaluation reserve		-	271	**271**	202
Total Reserves	20	**-**	**13,696**	**13,696**	**13,888**
Total Reserves and Endowments		**2,663**	**27,112**	**29,775**	**28,283**
Total Funds		**4,421**	**27,112**	**31,533**	**29,880**

The financial statements were approved by the Governing Body on 19 November 2014 and signed on its behalf by:

Christopher Lawrence, Bursar

CASH FLOW STATEMENT

For the year ended 30 June	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	21	328	168
Returns on investments and servicing of finance	22	520	454
Capital expenditure and financial investment	22	(625)	(604)
Cash inflow before management of liquid resources		**223**	**18**
Management of liquid resources			
Increase in short-term investments	14	201	300
Increase in cash in the year		**424**	**318**
Reconciliation of net cash flow to movement in net funds			
Increase in cash in year		424	318
Management of liquid resources		(201)	(300)
Change in net funds		**223**	**18**
Net funds at beginning of year		1,595	1,577
Net funds at end of year	23	**1,818**	**1,595**

NOTES TO THE ACCOUNTS

For the year ended 30 June	2014 £'000	2013 £'000

1 Academic Fees and Charges

	2014 £'000	2013 £'000
College Fees		
Undergraduate rate of £4,500 / £4,068 (2013 £4,500 / £3,951)*	466	485
Undergraduate rate of £5,400 / £5,120 (2013 £4,875)**	382	292
Graduate rate of £2,424 (2013 £2,349)	951	910
Other Income		
Research fellow support	139	145
Cambridge Bursaries	203	205
Teaching and other income	44	35
College courses	24	24
Total	**2,209**	**2,096**

* This rate is received for UK and EU students who are eligible for Student Finance loans. The lower rate of £4,068 (2013: £3,951) was received for students who started their course before 2012. Such students are sometimes referred to as 'publicly funded'.

** This rate is paid by Overseas students and those UK and EU students not eligible for Student Finance loans. The lower rate of £5,120 was received for students who started their course before 2013. Such students are sometimes referred to as 'privately funded'.

2 Residences, Catering and Conferences

	2014 £'000	2013 £'000
Accommodation		
College members	2,636	2,552
Conferences	88	71
Catering		
College members	401	438
Conferences	68	61
Total	**3,193**	**3,122**

3 Endowment and Investment Income

	2014 £'000	2013 £'000
Income from:		
Unquoted securities - unit trust *		
- endowment assets	507	452
- fixed asset investments	43	42
Cash	27	17
Total	**577**	**511**

* invested in Cambridge University Endowment Fund units

4 Donations

	2014 £'000	2013 £'000
Unrestricted donations	69	70
Restricted donations	77	67
Release of deferred capital grants	42	38
Total	**188**	**175**

NOTES TO THE ACCOUNTS

For the year ended 30 June	2014 £'000	2013 £'000

5 Education Expenditure

Teaching	745	692
Tutorial	454	431
Admissions	154	142
Research	250	226
Scholarships and awards	160	144
Cambridge Bursaries	216	211
Other educational facilities	509	474
College courses	3	15
Total	**2,491**	**2,335**

6 Residences, Catering and Conferences Expenditure

Accommodation		
College members	2,030	1,981
Conferences	68	55
Catering		
College members	1,104	1,057
Conferences	122	147
Total	**3,324**	**3,240**

Accommodation expenditure is apportioned between College members and conferences in line with income. Catering expenditure is apportioned between members and conferences in line with total catering income including the value of catering provided to members free of charge.

7 Other Expenditure

Development and alumni relations	250	265
Loan interest	57	57
Total	**307**	**322**

Expenditure on all activities in notes 5, 6 and 7 includes both direct costs and an allocation of overheads.

NOTES TO THE ACCOUNTS

For the year ended 30 June

8a Analysis of Expenditure by Activity

	Note	Staff Costs (note 9)	Other Operating Expenses	Depreciation	Total
		2014	**2014**	**2014**	**2014**
		£'000	**£'000**	**£'000**	**£'000**
Education	5	1,245	1,025	221	2,491
Residences, catering and conferences	6	1,623	1,202	499	3,324
Other	7	159	144	4	307
		3,027	**2,371**	**724**	**6,122**
		2013	**2013**	**2013**	**2013**
		£'000	**£'000**	**£'000**	**£'000**
Education	5	1,183	955	197	2,335
Residences, catering and conferences	6	1,553	1,193	494	3,240
Other	7	160	159	3	322
		2,896	**2,307**	**694**	**5,897**

8b Auditor's Remuneration

	2014	2013
	£'000	**£'000**
Other Operating Expenses include:		
Audit fees payable to the College's external auditor (net of VAT)	**16**	**15**

9 Staff Costs

	College Fellows £'000	Non-Academic £'000	Total 2014 £'000	Total 2013 £'000
Staff Costs:				
Salaries	532	1,933	2,465	2,374
Social security costs	41	121	162	176
Other pension costs	65	335	400	346
	638	**2,389**	**3,027**	**2,896**
Average Staff Numbers (full time equivalents):				
Academic	10	-	**10**	9
Non-academic	2	85	**87**	85
	12	**85**	**97**	**94**

There were 122 Fellows (excluding the President) in the Governing Body as at 1 December 2013, 22 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

10 Tangible Fixed Assets	**2014 Freehold Buildings**	**2014 Furniture, Fittings and Equipment**	**2014 Heritage Assets**	**2014 Total**	**2013 Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At beginning of year	22,919	2,493	365	25,777	25,366
Additions at cost	246	422	-	668	625
Disposals	-	(92)	-	(92)	(214)
Cost at end of year	**23,165**	**2,823**	**365**	**26,353**	**25,777**
Depreciation					
At beginning of year	8,251	1,697	-	9,948	9,468
Charge for the year	464	260	-	724	694
Disposals	-	(92)	-	(92)	(214)
Depreciation at end of year	**8,715**	**1,865**	**-**	**10,580**	**9,948**
Net Book Value					
As at 30 June 2014	**14,450**	**958**	**365**	**15,773**	
As at 30 June 2013	14,668	796	365	15,829	

The declared value of freehold buildings for insurance purposes as at 30 June 2014 was £48,179,415 (2013: £44,988,338).

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 material acquisitions in the current year, or in the prior four years.

NOTES TO THE ACCOUNTS

For the year ended 30 June	2014 £'000	2013 £'000
11 Fixed Asset Investments		
Balance at beginning of year	1,096	951
Additions	150	-
Appreciation	69	145
Balance at end of year	**1,315**	**1,096**
Represented by:		
Unquoted securities - unit trust	**1,315**	**1,096**
12 Endowment Asset Investments		
Balance at beginning of year	14,290	11,590
Additions	909	887
Appreciation	812	1,813
Balance at end of year	**16,011**	**14,290**
Represented by:		
Unquoted securities - unit trust	14,885	12,965
Unquoted securities - equities	1,126	1,257
Cash at investment managers	-	68
Total	**16,011**	**14,290**
13 Debtors		
Members of the College	117	160
Amounts due from subsidiary undertakings	1	1
Other debtors	85	122
Prepayments and accrued income	57	25
Total	**260**	**308**
14 Short-term Investments and Cash and Bank Balances		
Short-term money market investments	800	600
Short-term bank deposits	501	500
Total short-term investments	**1,301**	**1,100**
Bank deposits	455	444
Bank current accounts	61	50
Cash in hand	1	1
Less cash held in endowment assets	(68)	(105)
Total cash and bank balances	**449**	**390**

NOTES TO THE ACCOUNTS

For the year ended 30 June	2014 £'000	2013 £'000
15 Creditors: amounts falling due within one year		
Trade creditors	372	464
Members of the College	220	150
University fees	90	80
Other creditors (PAYE, NI, VAT)	68	67
Accruals and deferred income	113	111
Total	**863**	**872**
16 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.

	2014 £'000	2013 £'000
17 Pension Liabilities (see note 24)		
Balance at beginning of year	1,229	841
Movement in the year:		
Current service cost	183	171
Contributions	(118)	(127)
Other finance cost	11	15
Actuarial loss recognised in the Statement of Total Recognised Gains and Losses	333	329
Balance at end of year	**1,638**	**1,229**
18 Deferred Capital Grants		
Balance at beginning of year	1,597	1,611
Donations received	203	24
Released to income and expenditure account	(42)	(38)
Balance at end of year	**1,758**	**1,597**

NOTES TO THE ACCOUNTS

For the year ended 30 June

19 **Endowments**	**Unrestricted Permanent**	**Restricted Permanent**	**Total Permanent**	**Restricted Expendable**	**Total 2014**	**Total 2013**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at beginning of year						
Capital	11,880	1,180	13,060	1,244	14,304	11,639
Unspent income	-	15	15	76	91	104
	11,880	**1,195**	**13,075**	**1,320**	**14,395**	**11,743**
New endowments received	859	35	894	5	899	884
Income receivable from endowment investments	423	41	464	43	507	452
Expenditure	(423)	(39)	(462)	(72)	(534)	(469)
Net transfer to income and expenditure account	-	2	2	(29)	(27)	(17)
Transfers	-	-	-	-	-	(28)
Increase in market value of investments	677	66	743	69	812	1,813
Balance at end of year						
Capital	13,416	1,281	14,697	1,318	16,015	14,304
Unspent Income	-	17	17	47	64	91
Total	**13,416**	**1,298**	**14,714**	**1,365**	**16,079**	**14,395**
Representing:						
Fellowship Funds	-	-	-	425	425	430
Scholarship Funds	1,072	162	1,234	675	1,909	1,673
Prize Funds	-	39	39	3	42	37
Hardship Funds	-	622	622	54	676	614
Bursary Funds	-	54	54	75	129	115
Travel Grant Funds	-	39	39	-	39	37
Library Funds	-	255	255	4	259	247
Other Funds	-	127	127	129	256	242
General	12,344	-	12,344	-	12,344	11,000
Total	**13,416**	**1,298**	**14,714**	**1,365**	**16,079**	**14,395**

NOTES TO THE ACCOUNTS

For the year ended 30 June

20	Reserves	General Reserves	Fixed Asset Investment Revaluation Reserve	Total 2014	Total 2013
		£'000	£'000	£'000	£'000
	Balance at beginning of year	13,686	202	13,888	14,020
	Surplus retained for the year	72	-	72	24
	Actuarial loss on pension scheme	(333)	-	(333)	(329)
	Increase in market value of investments	-	69	69	145
	Transfers	-	-	-	28
	Balance at end of year	**13,425**	**271**	**13,696**	**13,888**

NOTES TO THE ACCOUNTS

For the year ended 30 June	2014 £'000	2013 £'000
21 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities		
Surplus on continuing operations	45	7
Depreciation of tangible fixed assets	724	694
Deferred capital grants released to income	(42)	(38)
Investment income	(577)	(511)
Interest payable	57	57
Pension costs less contributions payable	76	59
Decrease in stocks	6	3
Decrease in debtors	48	73
Decrease in creditors	(9)	(176)
Net cash inflow from operating activities	**328**	**168**
22 Cash Flows		
Returns on investments and servicing of finance		
Endowment and investment income received	577	511
Interest paid	(57)	(57)
Net cash inflow from returns on investments and servicing of finance	**520**	**454**
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(668)	(625)
Deferred capital grants received	203	24
New endowments received	302	314
Capital grant received from Colleges' Fund	597	570
Net purchase of long-term investments	(1,059)	(887)
Net cash outflow from capital expenditure and financial investment	**(625)**	**(604)**

23 Analysis of Net Funds	**At beginning of year £'000**	**Cash flows £'000**	**At end of year £'000**
Endowment cash assets	105	(37)	68
Current cash assets	390	59	449
	495	22	517
Short-term Investments	1,100	201	1,301
Net funds	**1,595**	**223**	**1,818**

NOTES TO THE ACCOUNTS

24 Pension Schemes

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

24a Cambridge Colleges Federated Pension Scheme

The Cambridge Colleges' Federated Pension Scheme is a multi-employer defined benefits scheme. A full valuation is being undertaken as at March 2014 and updated to 30 June 2014 by a qualified independent Actuary.

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

	30 June 2014	**30 June 2013**
Discount rate	4.2%	4.6%
Expected long-term rate of return on scheme assets	6.2%	6.2%
Increase in salaries	2.8%**	2.8%*
Retail Prices Index (RPI) assumption	3.3%	3.3%
Consumer Prices Index (CPI) assumption	2.3%	2.3%
Pension increases (RPI linked)	3.3%	3.3%
Pension increases (RPI linked capped at 5% pa)	3.1%	3.1%

**1.5% in 2013; 2.8% thereafter*

***1.5% in 2014 to 2016; 2.8% thereafter*

The underlying mortality assumption is based upon the standard table knows as S2 mortality tables for average normal pensioners projected in line with the CMI 2013 projection and a target long-term improvement rate of 1.0% p.a. (2013: S1 tables and an allowance for improvements using the 2012 projection table with a long term improvement rate of 0.75% p.a.) This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.3 years (previously 22.0);
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2);
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9);
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 years (previously 25.3).

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

	30 June 2014	**30 June 2013**
	£'000	**£'000**
Present value of scheme liabilities	(4,677)	(4,180)
Market value of scheme assets	3,039	2,951
Deficit in the scheme	**(1,638)**	**(1,229)**

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

	30 June 2014	**30 June 2013**
	£'000	**£'000**
Current service cost	183	171
Interest on scheme liabilities	192	164
Expected return on scheme assets	(181)	(149)
Total	**194**	**186**
Actual return on scheme assets	175	316

NOTES TO THE ACCOUNTS

24a 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 2014	30 June 2013
	£'000	£'000
Present value of scheme liabilities at beginning of year	4,180	3,455
Service cost (including employee contributions)	192	180
Interest cost	192	164
Actuarial losses	327	496
Benefits paid	(214)	(115)
Present value of scheme liabilities at end of year	**4,677**	**4,180**

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

	30 June 2014	30 June 2013
	£'000	£'000
Market value of scheme assets at beginning of year	2,951	2,614
Expected return	181	149
Actuarial (losses) / gains	(6)	167
Contributions paid by the College	118	127
Employee contributions	9	9
Benefits paid	(214)	(115)
Market value of scheme assets at end of year	**3,039**	**2,951**

The agreed contributions to be paid by the College for the forthcoming year are 14.30% of Contribution Pay for non-salary sacrifice members (18.30% 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 major categories of scheme assets as a percentage of total scheme assets at 30 June are as follows:

	2014	2013
Equities & Hedge Funds	70%	68%
Bonds & Cash	23%	24%
Property	7%	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 of:

	Expected rate of return 30 June 2014	Expected rate of return 30 June 2013
Equities & Hedge Funds	7.0%	7.0%
Bonds & Cash	3.8%	4.0%
Property	6.0%	6.0%

NOTES TO THE ACCOUNTS

24a Cambridge Colleges Federated Pension Scheme (continued)

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

	30 June 2014	30 June 2013
	£'000	£'000
Actual return less expected return on scheme assets	(6)	167
Experience gains and losses arising on scheme liabilities	(36)	(15)
Changes in assumptions underlying the present value of scheme liabilities	(291)	(481)
Actuarial loss recognised in STRGL	**(333)**	**(329)**

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

	30 June 2014	30 June 2013
	£'000	£'000
Cumulative actuarial loss at beginning of year	(1,179)	(850)
Recognised during the year	(333)	(329)
Cumulative actuarial loss at end of year	**(1,512)**	**(1,179)**

Amounts for the current and previous four accounting periods are:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(4,677)	(4,180)	(3,455)	(3,073)	(3,100)
Market value of scheme assets	3,039	2,951	2,614	2,839	2,379
Deficit in the scheme	**(1,638)**	**(1,229)**	**(841)**	**(234)**	**(721)**
Actual return less expected return on scheme assets	(6)	167	(496)	190	145
Experience gains and losses arising on scheme liabilities	(36)	(15)	(80)	(22)	3
Changes in assumptions underlying the present value of scheme liabilities	(291)	(481)	(59)	318	(367)

24b 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.

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 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 2014 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).

NOTES TO THE ACCOUNTS

24b Universities Superannuation Scheme (continued)

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.

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 2011 was 82%.

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the scheme liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on an historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on 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 to similarly reduce contribution requirements.

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 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 was included in addition, on account of the variability mentioned above.

NOTES TO THE ACCOUNTS

24b Universities Superannuation Scheme (continued)

At the 2011 valuation date, the scheme was still a fully 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 valuation effective date of 31 March 2011 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 benefits 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%.

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.

At 31 March 2014, USS had over 162,000 active members and the College had 60 active members participating in the scheme.

The total pension cost for the College was £211,355 (2013: £170,537). The contribution rate payable by the College was 16% of pensionable salaries.

25 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.

26 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.

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