WOLFSON COLLEGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

FINANCIAL STATEMENTS

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FINANCIAL REVIEW

Financial Review

This year's result is a surplus of £873,000. It is attributable to a bequest of £850,000 and a small operating surplus of £23,000 after applying depreciation of £898,000. Without the bequest, income rose by 8.8%, due to increases in both the use and pricing of accommodation and catering, while expenditure was kept to an increase of only 1.9% on the previous year, owing to the inclusion of non-recurring items in last year's figures, as reported at the time. After adjusting for last year's exceptional items the increase in expenditure this year is nearer to 5.8%, which still represents a satisfactory control of costs, especially as two additional staff posts were created this year. Academic income was up by 3.3%. The proportion of income which arises from residential and catering facilities rose slightly again this year and stands at 60% of recurring income.

The Statement of Recognised Gains and Losses shows an overall gain of £141,000 during the year attributable to the large bequest and a grant from the Colleges Fund which together offset poor Stock Market performance. The loan which was put in place as part of the funding for the Chancellor's Centre, is shown in the Balance Sheet as £420,000 long term and £80,000 short term, after a repayment of £100,000 during the year. However, since the Balance Sheet date, the entire loan of £500,000 has been repaid.

In former years, the actuarial valuation of the defined benefit pension scheme (CCFPS) has taken place as at 31 March, while changes between then and the financial year end have not been material. This year, however, owing to significant changes in the financial world in the last three months of the financial year, an actuarial valuation of the scheme was obtained for the 15 months from 1 April 2007 to 30 June 2008. Pension contributions matched actuarial losses, and the net pension liability as at 30 June 2008 was £329,000, an increase of 14.2% above last year's figure of £288,000.

Benefactions and Donations

The College received general donations of £168,000 during the year and the bequest of £850,000. Additionally a grant of £494,000 for Corporate Capital was received from the Colleges' Fund.

Investments

Market valuation of the portfolio at 30 June 2008 was £8,604,000. This was a decrease of £307,000 from the value at the end of the preceding year.

Buildings

Replacement of the main boilers and control mechanisms took place during the summer of 2007 at a cost of £307,000, and a further £24,000 was spent on solar heating. Reductions in consumption costs are already noticeable. The change to the University's telephone exchange has necessitated investment in VoIP telephones and £55,000 was spent on the infrastructure during the year. Expenditure on routine maintenance increased during the year by about 11%. The College properties are valued at £66.7m. for insurance purposes.

Reserves

The College's unrestricted funds amount to £46.3 million and are represented in the Balance Sheet by operational buildings and part of the investment portfolio. The restricted funds amount to £2.8 million. The College has the reserves to cover its pension liabilities.

RESPONSIBILITIES OF THE GOVERNING BODY

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

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

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

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

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

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

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

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

REPORT OF THE AUDITORS TO THE GOVERNING BODY OF WOLFSON COLLEGE

We have audited the financial statements of Wolfson College for the year ended 30 June 2008 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the reconciliation of net cash flow to movement in net funds, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 3 August 2008. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Governing Body and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. In addition, we report whether the University Contribution has been correctly calculated in accordance with the provisions of University Statute G, II.

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

We read the other information contained in the accounts for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Auditing Standards (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College as at 30 June 2008 and of the College's income and expenditure for the year then ended and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice on Accounting for Further and Higher Education, the Statutes of the College and the University and the accounting policies set out therein.

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge. In addition, the Accounts comply with the Statement of Recommended Accounting Practice for accounting in Further and Higher Education, 2003 ('the SORP') with the exception of the Balance Sheet, which has been presented in the different format set out in the relevant section of the Statutes and Ordinances of the University of Cambridge (the RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the Balance Sheet, whereas the RCCA requires that part of this information be disclosed in the Notes to the Accounts.

Basis of accounting

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

Basis of consolidation

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

Recognition of income

All income is credited to the Income and Expenditure Account on an accruals basis. Unrestricted donations and benefactions are shown as income in the year in which they arise. Donations and benefactions to restricted funds are shown as income only when the associated expenditure is recognised.

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

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

Pension schemes

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

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

Tangible fixed assets

a. Land and buildings

Buildings held for operational purposes are stated at depreciated replacement cost as they are specialised assets. In accordance with FRS 15 'Tangible Fixed Assets', individual freehold buildings are re-valued every 5 years. The most recent formal valuation was carried out as at 30 September 2003 by Gerald Eve, Chartered Surveyors. In accordance with FRS 15, interim valuations are not carried out within 3 years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons. Freehold land is not capitalised.

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

In accordance with FRS 15, interim valuations are not carried out within 3 years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons.

b. Maintenance and Renewal of premises

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

c. Furniture, fittings and equipment

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

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

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

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

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

Investments

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

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

Stocks

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

Provisions

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

Taxation

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

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

Contribution under Statute G,II

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

DEFINITION OF TERMS

Capital and Reserves are classified under the following terms:

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

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

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

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

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

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

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

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

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

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

Income and Expenditure Account

Year to 30 June	Note	2008 £' 000	2007 £' 000
INCOME			
Academic	1	1,344	1,301
Residential and Catering	2	2,761	2,509
Endowment	3	265	221
Other	4	1,073	189
Total Income		**5,443**	**4,220**
EXPENDITURE			
Education	5	1,712	1,649
Residential and Catering	6	2,819	2,781
Other	7	39	53
Total Expenditure		**4,570**	**4,483**
Operating Surplus / (Deficit)		**873**	**(263)**
Contribution to Colleges' Fund	8	-	-
NET Surplus / (Deficit)		**873**	**(263)**

Income and expenditure are in respect of continuing activities.

Statement of Total Recognised Gains and Losses

Year to 30 June	**2008**	**2008**		**2008**	**2007**
	Restricted Funds	**Unrestricted Funds**			
		Designated	Undesignated	Total	Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July 2007	**3,013**	**1,179**	**44,805**	**48,997**	**47,862**
Unrealised (loss) / gain on investment assets	(161)	(114)	(810)	(1,085)	832
Net withdrawal from funds	(129)	-	-	(129)	(98)
Surplus / (deficit) for the year	-	68	805	873	(263)
Donations	95	-	-	95	102
Capital grants from Colleges' Fund	-	-	494	494	480
Actuarial (loss) / gain in pension scheme	-	-	(107)	(107)	82
Total recognised gains / (losses) for the year	**(195)**	**(46)**	**382**	**141**	**1,135**
Balance at 30 June 2008	**2,818**	**1,133**	**45,187**	**49,138**	**48,997**

Balance Sheet

As at 30 June

	Note	2008 £' 000	2007 £' 000
FIXED ASSETS			
Tangible Assets	10	39,854	40,272
Investments	11	8,604	8,911
Total Fixed Assets		**48,458**	**49,183**
CURRENT ASSETS			
Stocks		81	83
Debtors	12	375	435
Cash		1,693	787
Total Current Assets		**2,149**	**1,305**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	720	683
Net Current Assets		**1,429**	**622**
Total Assets less Current Liabilities		**49,887**	**49,805**
Creditors: amounts falling due after more than one year	14	420	520
NET ASSETS excluding pension liability		**49,467**	**49,285**
Defined benefit pension liability	23	329	288
NET ASSETS including pension liability		**49,138**	**48,997**
CAPITAL and RESERVES			
Restricted funds	15	2,818	3,013
Unrestricted funds	15	46,320	45,984
TOTAL		**49,138**	**48,997**

Approved on behalf of the Council

Christopher Lawrence
Bursar

Cash Flow Statement

Year to 30 June	Note	**2008** £' 000	**2007** £' 000
Net cash inflow from operating activities	20a	1,808	416
Net cash outflow from returns on investments and servicing of finance	20b	(335)	(191)
Net cash outflow from capital transactions	20c	(467)	(414)
Net cash inflow/(outflow) before financing		**1,006**	**(189)**
Net cash outflow from financing	20d	(100)	(100)
Net cash inflow/(outflow) after financing		**906**	**(289)**

Reconciliation of Net Cash Flow to Movement in Net Funds

Increase/(decrease) in cash in year	21	906	(289)
Change in net debt	21	100	100
Cash flow relating to purchase and sale of investments	21	777	925
Non-cash movements in investments	21	(1,085)	832
Movement in net funds during the year		698	1,568
Opening net funds	21	9,179	7,611
Closing net funds	21	**9,877**	**9,179**

Notes to the Accounts

Year to 30 June	2008 £' 000	2007 £' 000
1 ACADEMIC INCOME		
College Fees		
Fees from publicly-funded students		
(i) undergraduates (fee £3,945 less abatement of £489 = £3,456)	181	215
Fees from non-publicly funded Home/EC and Overseas students		
(i) undergraduates (fee £3,945)	155	174
(ii) graduates (fee £2,079)	787	710
Other	221	202
	1,344	**1,301**

	2008 £' 000	2007 £' 000
2 RESIDENTIAL and CATERING INCOME		
Accommodation	2,240	2,041
Catering	521	468
	2,761	**2,509**

Income originates from College Members

	2008 £' 000	2007 £' 000
3 ENDOWMENT INCOME		
Income from unrestricted funds:		
Quoted securities - equities	135	128
Quoted securities - fixed interest	38	34
Unquoted securities - equities	27	18
Cash	65	41
	265	**221**

	2008 £' 000	2007 £' 000
4 OTHER INCOME		
Donations to Unrestricted, Designated Funds	101	77
General Donations	917	34
Release of Deferred Capital Grants	55	56
Miscellaneous	-	22
	1,073	**189**

Notes to the Accounts

Year to 30 June

			2008	2007
			£' 000	£' 000
5	**EDUCATION EXPENDITURE**			
	Teaching		564	539
	Tutorial		342	329
	Admissions		260	252
	Research		238	231
	Scholarships and Awards		68	55
	Other Educational Facilities		173	174
	College Courses		67	69
			1,712	**1,649**
6	**RESIDENTIAL and CATERING EXPENDITURE**			
	Accommodation		2,004	1,988
	Catering		815	793
			2,819	**2,781**
	Expenditure redounds to College Members			
7	**OTHER EXPENDITURE**			
	Loan Interest, etc		36	38
	Amenities		3	15
			39	**53**
	Expenditure includes auditors' remuneration of:			
	External audit		23	21
	Other services		-	5

Expenditure includes £62,043 (£22,252 in 2007) as the cost of fundraising.
This expenditure includes some of the the costs of alumni relations.

		Note	2008	2007
8	**CONTRIBUTION UNDER STATUTE GII**			
	Endowment Income as per Income & Expenditure Account	3	265	221
	Less: Items not Assessable to Contribution		(91)	(78)
	Assessable Income	22	174	143
	Less: Deductible Items	22	(378)	(356)
	Net Assessable Income		Nil	Nil

Notes to the Accounts

Year to 30 June

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Note	Staff Costs Note 19	Other Expenses	Depreciation	Total
		2008	**2008**	**2008**	**2008**
		£' 000	£' 000	£' 000	£' 000
Education	5	500	1,000	212	1,712
Residential and Catering	6	1,427	706	686	2,819
Other		-	39	-	39
		1,927	**1,745**	**898**	**4,570**
		2007	**2007**	**2007**	**2007**
		£' 000	£' 000	£' 000	£' 000
Education	5	493	947	209	1,649
Residential and Catering	6	1,381	720	680	2,781
Other		-	53	-	53
		1,874	**1,720**	**889**	**4,483**

10 TANGIBLE FIXED ASSETS

	2008	2008	2008	2007
	Freehold Buildings	**Furniture, Fittings and Equipment**	**Total**	**Total**
	£' 000	£' 000	£' 000	£' 000
Cost or Depreciated Replacement Cost				
As at 1 July 2007	43,515	1,557	45,072	44,908
Additions at Cost	418	62	480	164
Cost or Depreciated Replacement Cost as at 30 June 2008	**43,933**	**1,619**	**45,552**	**45,072**
Depreciation				
As at 1 July 2007	3,799	1,001	4,800	3,911
Charge for the Year	764	134	898	889
Depreciation as at 30 June 2008	**4,563**	**1,135**	**5,698**	**4,800**
Net Book Value				
As at 30 June 2008	**39,370**	**484**	**39,854**	**40,272**
As at 30 June 2007	**39,716**	**556**	**40,272**	**40,997**

The insured value of freehold buildings as at 30 June 2008 was £66,735,241 (£63,617,962 in 2007).

Buildings are shown at depreciated replacement cost. The current valuation figure was obtained in 2003. In accordance with FRS 15, an interim valuation in year 3 has not been obtained as this is deemed inappropriate for cost/benefit reasons. Historical cost records are not available.

Notes to the Accounts

Year to 30 June		2008	2007
		£' 000	£' 000
11	**INVESTMENT ASSETS**		
	Market Value at 1 July	8,911	7,155
	Income retained in Fund	222	271
	Management charges refunded	6	3
	Net additional investments	550	650
	Net (loss) / gain on revaluation at 30 June	(1,085)	832
	Market Value at 30 June	**8,604**	**8,911**
	Represented by:		
	Quoted securities - equities	5,232	6,044
	Quoted securities - fixed interest	440	445
	Unquoted securities - equities	1,921	1,464
	Cash held for reinvestment	1,011	958
	Total	**8,604**	**8,911**

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.

		2008	2007
12	**DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**		
	Members of the College	199	179
	Subsidiary companies	1	1
	Other debtors	175	255
		375	**435**
13	**CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**		
	Social Security and Other Taxation	39	33
	Members of the College	75	106
	Other creditors	526	464
	Bank loan	80	80
		720	**683**
14	**CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**		
	Bank Loan - secured on the College's Investment portfolio		
	Repayable: - in more than one year but less than five	240	240
	- in more than five years	180	280
		420	**520**

The rate of interest payable on the loan is Base Rate plus 1%. The loan is repayable in 10 consecutive annual instalments commencing 31 October 2005, the last instalment being due on 31 October 2014. In September 2008, the total outstanding loan of £500,000 was repaid.

Notes to the Accounts

Year to 30 June

15 CAPITAL AND RESERVES

	Note	Expendable Capital Funds £' 000	Permanent Capital Funds £' 000	Total 2008 £' 000	Total 2007 £' 000
Restricted Funds					
Trust Funds	16a	1,319	-	1,319	1,459
Deferred Capital Grants	16b	1,499	-	1,499	1,554
Unrestricted Funds					
Designated Funds:					
Trust Funds	16d	1,133	-	1,133	1,179
Undesignated Funds:					
Revaluation Reserve	16c	296	-	296	1,366
Corporate Capital	16d	-	7,384	7,384	6,890
General Capital	16d	37,507	-	37,507	36,549
Total Funds - used for Collegiate purposes		**41,754**	**7,384**	**49,138**	**48,997**

16 MOVEMENTS IN CAPITAL AND RESERVES

	2008 £' 000	2007 £' 000
a Restricted Trust Funds		
Balance at 1 July 2007	1,459	1,282
Donations received	95	80
Income from Investments	30	46
Expenditure from funds	(104)	(88)
(Decrease) / increase in market value of investment assets	(161)	139
Balance at 30 June 2008	**1,319**	**1,459**
b Deferred Capital Grants		
Balance at 1 July 2007	1,554	1,610
Expenditure from funds	(55)	(56)
Balance at 30 June 2008	**1,499**	**1,554**
c Revaluation Reserve		
Balance at 1 July 2007	1,366	1,028
(Decrease) / increase in unrealised gain for the year	(1,478)	484
Transfer of realised gains / (losses)	408	(146)
Balance at 30 June 2008	**296**	**1,366**

d General Reserves	Corporate Capital £' 000	Designated Reserves £' 000	General Capital £' 000	Total 2008 £' 000	Total 2007 £' 000
Balance at 1 July 2007	6,890	1,179	36,549	44,618	43,942
Grant from Colleges Fund	494	-	-	494	480
Surplus / (deficit) for the year	-	68	805	873	(263)
Realised gains	-	-	260	260	47
Actuarial loss on Pension Scheme	-	-	(107)	(107)	-
(Decrease) / increase in market value of investments	-	(114)	-	(114)	412
Balance at 30 June 2008	**7,384**	**1,133**	**37,507**	**46,024**	**44,618**

Notes to the Accounts

Year to 30 June

16 MOVEMENTS IN CAPITAL AND RESERVES (contd.)

e Summary

	Balance at 01/07/2007 £' 000	Movement in Year Reduction £' 000	Increase £' 000	Balance at 30/06/2008 £' 000
Restricted Funds				
Expendable Capital	3,013	195	-	2,818
Unrestricted Funds				
Designated Funds:				
Expendable capital	1,179	145	99	1,133
Undesignated Funds:				
Expendable capital	37,915	112	-	37,803
Permanent capital	6,890	-	494	7,384
	48,997	**452**	**593**	**49,138**

17 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Restricted Funds £' 000	Designated Unrestricted Funds £' 000	Total 2008 £' 000	Total 2007 £' 000
Fellowships Funds	333	114	447	409
Scholarships Funds	285	749	1,034	903
Library Funds	186	-	186	173
Support Funds	425	60	485	445
Travel Grants Funds	29	3	32	32
Prizes Funds	4	4	8	8
Building Grants	1,499	-	1,499	1,554
Revaluation Reserves	57	40	97	504
Other Funds	-	163	163	164
	2,818	**1,133**	**3,951**	**4,192**

18 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:

	Fixed Assets £' 000	Investment Assets £' 000	Total 2008 £' 000	Total 2007 £' 000
Restricted Funds				
Expendable Capital	1,572	1,246	2,818	3,013
Unrestricted Funds				
Designated Funds:				
Expendable capital	250	883	1,133	1,179
Undesignated Funds:				
Expendable capital	35,039	2,764	37,803	37,915
Permanent capital	3,673	3,711	7,384	6,890
Total at 30 June 2008	**40,534**	**8,604**	**49,138**	
Total at 1 July 2007	40,086	8,911		48,997

Notes to the Accounts

Year to 30 June

19 STAFF

	Note	College Fellows £' 000	Non-Academic £' 000	Total 2008 £' 000	Total 2007 £' 000
Staff Costs:					
Emoluments		243	1,349	1,592	1,468
Social Security		18	108	126	124
Other Pensions		23	186	209	282
		284	**1,643**	**1,927**	**1,874**

	2008	2007
Average Staff numbers (full-time equivalents)		
Academic	8	8
Non-academic	72	70

There were no College officers or employees whose remuneration, excluding pension contributions, exceeded £70,000.
There were 146 Fellows in the Governing Body, 15 of which are stipendiary, as declared above.

		Note	2008 £' 000	2007 £' 000
20	**CASH FLOW**			
a	**Operating Activities**			
	Operating Surplus / (Deficit)		873	(263)
	Depreciation	10	898	889
	Decrease in stocks		3	5
	Decrease / (Increase) in debtors	12	60	(193)
	Increase in creditors	13	37	33
	Pension Scheme		(63)	(55)
	Net cash inflow from operating activities		**1,808**	**416**
b	**Returns on Investments and Servicing of Finance**			
	Retained Endowment income	11	(222)	(270)
	Investment management fees		(6)	(3)
	(Loss) / Gain in Pension scheme		(107)	82
	Net cash outflow from returns on investments and servicing of finance		**(335)**	**(191)**
	Contribution to Colleges Fund	8	**-**	**-**
c	**Capital Transactions**			
	Receipts from sales of investment assets	11	100	150
	Receipts re-invested		69	(80)
	Capital Grant received from Colleges Fund		494	480
	Total capital receipts		**663**	**550**
	Payments to acquire tangible fixed assets		(480)	(164)
	Payments to acquire investment assets	11	(650)	(800)
	Total capital expenditure		**(1,130)**	**(964)**
	Net cash outflow from capital transactions		**(467)**	**(414)**
d	**Financing**			
	Long-term loans repaid		(100)	(100)
	Net cash outflow from financing		**(100)**	**(100)**

Notes to the Accounts

Year to 30 June

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2007 £' 000	Cash Flows £' 000	Other Changes £' 000	At 30 June 2008 £' 000
Cash at Bank and in hand	787	906	-	1,693
Bank loan	(520)	100	-	(420)
Net liquid funds	**267**	**1,006**	-	**1,273**
Investments in securities	7,953	724	(1,085)	7,592
Short term investments	959	53	-	1,012
Net funds	**9,179**	**1,783**	**(1,085)**	**9,877**

	2008 £' 000	2008 £' 000	2007 £' 000	2007 £' 000
22 CONTRIBUTION ASSESSMENT				
a **Assessable Income**				
External Revenue				
Dividends and Interest gross		245		182
Less:				
Insurance of College Buildings	33		29	
Agency and Management Charges	58		49	
		(91)		(78)
Trust and Other Funds subject to Contribution		20		39
		174		**143**
b **Deductible Items**				
Half sums paid to Research Students	9		13	
Prizes	1		1	
Net expenditure on College Library	10		8	
College Teaching Officers	32		31	
College Research Fellows	95		88	
College Building Fund under Statute GII,4(vii)	217		203	
Donations for University purposes under Statute GII,4(xxiii)	14		12	
		(378)		**(356)**
Net Assessable Income		**Nil**		**Nil**
c **Building Fund under Statute GII,4(vii)**				
Balance at 1 July 2007		-		-
Transfer for 2007/2008 approved under Statute GII,4(vii)		217		203
Deduct: Transfer to General Capital		217		203
Balance at 30 June 2008		-		-

Notes to the Accounts

23 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme:

The College's share of the underlying assets and liabilities of the scheme is separately identifiable and is shown below, as at 30 June 2008.

The contribution made by the College in respect of the 15 months ended 30 June 2008 was £242,129 (£188,050 for 12 months ended 31 March 2007), excluding PHI contributions. The College's contribution rate required for future service benefits alone was 22.59% of salaries.

The College has obtained a valuation of the assets as at 30 June 2008.

FRS 17 Disclosures

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

The major assumptions used by the actuary were:

	30 June 2008	**30 June 2007**	**30 June 2006**
Discount rate	6.70%	5.40%	4.90%
Inflation assumption	3.90%	3.30%	3.00%
Rate of increase in salaries	5.40%	3.90%	3.75%
Rate of increase in pensions in deferment	3.90%	3.30%	3.00%
Rate of increase in pensions in payment for members	3.90%	3.30%	3.00%
Rate of increase in pensions in payment for members joining from 1 April 2004	3.70%	3.00%	2.50%

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

	Long term rate of return expected at 30 June 2008	**Value £'000**	**Long term rate of return expected at 30 June 2007**	**Value £'000**	**Long term rate of return expected at 30 June 2006**	**Value £'000**
Equities	7.5%	1,078	7.5%	1,042	7.5%	1,133
Bonds (including cash)	5.4%	775	4.9%	698	4.3%	575
Property	6.5%	237	6.5%	249	6.5%	48
Total		**2,090**		**1,989**		**1,756**

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

	30 June 2008 £'000	30 June 2007 £'000	30 June 2006 £'000
Total value of assets	2,090	1,989	1,756
Present value of defined benefit obligation - liabilities	(2,419)	(2,277)	(2,181)
Deficit in Scheme	(329)	(288)	(425)
Net pension liability	**(329)**	**(288)**	**(425)**

Amounts recognised in the Profit & Loss

	30 June 2008 £'000	30 June 2007 £'000
Current service cost	187	139
Interest Cost	157	108
Expected Return on Asset	(165)	(114)
Total operating charge	**179**	**133**
Actual Return on Assets	**(78)**	**(121)**

Changes in the present value of the defined benefit obligation

	30 June 2008 £'000	30 June 2007 £'000
Opening defined benefit obligation	**2,277**	**2,181**
Service Cost (including employee's contribution)	236	178
Interest Cost	157	108
Actuarial gains	(138)	(76)
Benefits (& Expenses) paid	(113)	(114)
Closing defined benefits obligation	**2,419**	**2,277**

Changes in the fair value of scheme assets

	30 June 2008 £'000	30 June 2007 £'000
Opening fair value of scheme assets	**1,989**	**1,756**
Expected Return	164	114
Actuarial gains and (losses)	(242)	7
Contributions by employer	242	188
Additional contributions by members (including AVCs)	50	39
Benefits (& Expenses) paid	(113)	(115)
Closing fair value of scheme assets	**2,090**	**1,989**

Amounts for the current and previous four periods

	30 June 2008 £'000	30 June 2007 £'000	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Defined benefit obligation	(2,419)	(2,277)	(2,181)	(1,709)	(1,348)
Scheme Assets	2,090	1,989	1,756	1,339	1,163
Deficit	**(329)**	**(288)**	**(425)**	**(370)**	**(185)**
Experience adjustments on Scheme liabilities	61	(42)	18	(99)	(25)
Experience adjustments on Scheme assets	(242)	7	135	22	51

Universities Superannuation Scheme:

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

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

Standard mortality tables were used as follows:

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

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

Males	19.8 years
Females	22.8 years

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

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

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

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

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

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

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

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

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

The total pension cost for the College was £50,062 (£113,093 in 2007). The contribution rate payable by the College was 14% of pensionable salaries.

24 RELATED PARTY TRANSACTIONS

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