



**WOLFSON COLLEGE CAMBRIDGE**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
30 JUNE 2013**



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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 2012 was 927. 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 2012 to 30 June 2013 the result is an operating surplus of £7k.

Total income was £5.9m and expenditure (including depreciation of £694k) was £5.9m. The main sources of income are academic fees (£2.1m) and accommodation/catering (£3.1m). The main area of expenditure is staff costs of £2.9m.

The value of the endowment was £14.4m at 30 June 2013, having generated income of £452k during the year. In addition, the College held invested reserves of £1.1m at the year end. Net assets were £29.9m.

## 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  
Black Horse House  
Castle Park  
Cambridge CB3 0AR

Wolfson College  
Barton Road  
Cambridge CB3 9BB

Website: [www.wolfson.cam.ac.uk](http://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 2012-13 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 Ian Cross (to 30 September 2012)	Professor Duncan Maskell (from 1 October 2012)
Dr Jennifer Davis (to 30 September 2012)	Dr Michael Hrebieniak (from 1 October 2012)
Dr Kevin Greenbank	
Mrs Margaret Greeves (to 30 September 2012)	Dr Raymond Bujdoso (from 1 October 2012)
Mrs Anna Jones	
Dr Marie Lovatt	
Dr Susan Oosthuizen	
Dr James Riley (to 30 September 2012)	Dr Richard Meiser-Stedman (from 10 October 2012*)
Dr Roland Schwarz	

\* Bye-election due to resignation of Dr Riley

**Three Students from the Wolfson College Student Association (WCSA)**

President of WCSA:	
Ms Rasha Rezk (to 18 November 2012)	Ms Anastasiia Kamenska (from 19 November 2012)
Vice-President of WCSA:	
Mr Nikolai Eurich (to 18 November 2012)	Mr George Bickers (from 19 November 2012)
Treasurer of WCSA:	
Mr Aamir Mukadam (to 18 November 2012)	Mr Thorin Roelants (from 19 November 2012 to 28 February 2013) Mr Daniel Zhao (from 1 March 2013)

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. 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](http://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 whilst studying at the College.

The College advances research through:

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

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

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

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

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

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

**PUBLIC BENEFIT (continued)**

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

The College charges the following fees:

- (a) College fees at externally regulated rates to Home/EU undergraduates (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 Home/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 2012-13, awards totalling £211.1k were made to 54 Wolfson undergraduates: 16 were awarded the maximum mature student bursary of £5,650; 16 were awarded the maximum standard student bursary of £3,400/£3,500; and a further 22 were awarded an average of £2,968. That 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 2012-13 was £68.6k to 39 students.

The College also supports students through a grant scheme to assist with attendance at conferences and travel grants. The total awarded in 2012-13 was £34.6k to 84 students.

In addition to its other programmes, the College operates a hardship scheme for students in financial hardship. The total awarded in 2012-13 was £30.1k to 47 students.

The College also awards prizes to its students for academic distinction. The total awarded in prizes in 2012-13 was £10.8k to 36 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**

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**1 Student Numbers**

The College admits full-time and part-time postgraduate students studying for PhDs and Masters courses; and full-time mature undergraduate students aged 21 and over. There had been a large increase in student numbers at Wolfson in 2010-11, and this had affected in particular those new full-time postgraduate students seeking College accommodation for whom there were no rooms available. This situation has been managed since then to create a closer match between the number of students requiring accommodation and the number of rooms available. Total student numbers in 2012-13 of 927 were mid-way between the total for 2009-10 of 874 and the peak in 2011-12 of 980.

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

<b>All Students</b>	<b>at 1.12.12</b>	<b>at 1.12.11</b>	<b>at 1.12.10</b>	<b>at 1.12.09</b>
Undergraduates	172	156	141	124
Full-time postgraduates	347	396	439	381
<b>sub-total (full-time students)</b>	<b>519</b>	<b>552</b>	<b>580</b>	<b>505</b>
Postgraduates writing up/under exam	180	153	150	166
Part-time postgraduates	228	275	245	203
<b>Total (all students)</b>	<b>927</b>	<b>980</b>	<b>975</b>	<b>874</b>

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

<b>Full-time Students only</b>	<b>at 1.12.12</b>	<b>at 1.12.11</b>	<b>at 1.12.10</b>	<b>at 1.12.09</b>
New undergraduates	52	57	63	59
New full-time postgraduates	206	251	301	246
<b>sub-total (new full-time students)</b>	<b>258</b>	<b>308</b>	<b>364</b>	<b>305</b>
Continuing undergraduates	120	99	78	65
Continuing full-time postgraduates	141	145	138	135
<b>sub-total (continuing full-time students)</b>	<b>261</b>	<b>244</b>	<b>216</b>	<b>200</b>
<b>Total (full-time students)</b>	<b>519</b>	<b>552</b>	<b>580</b>	<b>505</b>

The breakdown of new full-time postgraduates is of particular interest:

<b>New full-time Postgraduates only</b>	<b>at 1.12.12</b>	<b>at 1.12.11</b>	<b>at 1.12.10</b>	<b>at 1.12.09</b>
New Masters level students	152	191	218	181
New Doctoral level students	54	60	83	65
<b>Total (new full-time postgraduates)</b>	<b>206</b>	<b>251</b>	<b>301</b>	<b>246</b>



## OPERATING AND FINANCIAL REVIEW (continued)

In the past year the College has set out a strategic plan for the period 2013-2018. In this strategic plan the College has stated an explicit target to have 525 full-time students each year. This is slightly higher than the figure of 519 in 2012-13, but is consciously lower than the highs of 552 and 580 in the two preceding years. 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 172, and the total full-time student body of 519 was split almost exactly one-third undergraduates and two-thirds postgraduates. Our part-time postgraduates (228) 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 2012-13 396 students graduated as follows:

- 79 with a PhD or LittD
- 182 with an MPhil or other full-time one year postgraduate course
- 89 with an MSt or MEd (part-time Masters courses)
- 46 with a BA\*, MB, Vet MB or BTh (\*including 3 BA+MEng)

## 2 Income and Expenditure Account

The Income and Expenditure (I&E) account shows an operating surplus of £7k before a net transfer of endowment funds to the I&E of £17k, leading to a surplus retained in general reserves of £24k.

Total income was £5.9m. Academic income, at £2.1m, was slightly higher than in the previous year (£2.0m), but with similar treatment in each year of the contributions from the Isaac Newton Trust for Cambridge Bursaries, which were included for the first time in 2011-12. £205k appears as income from this source, with a corresponding figure in expenditure of £211k, ie there was a net cost to the College of £6k.

As well as student fees, academic income includes research fellowship support of £145k, mainly made up of: £97k from Rolls-Royce to support an Engineering Fellowship; £22k from the Cambridge Philosophical Society to support a Henslow Research Fellowship; £19k from the Herchel Smith benefaction to the University for early-career research fellows; and £7k via the History of Art Department to support the Speelman Fellowship in Dutch art.

Residential and catering income was slightly higher than the previous year (£3.1m).

There was a further increase in endowment and investment income (from £461k to £511k), as a result of investments in the Cambridge University Endowment Fund. Donation income as shown in the I&E (and excluding the release of deferred capital grants) was £137k. A detailed explanation of donation income is given in section 6 below.

Total expenditure was £5.9m, including depreciation of £694k (representing 11.8% of expenditure). The proportion of total expenditure (excluding depreciation) spent on staff costs was 55.7% (£2.9m). £346k was spent on pension contributions, representing 11.9% of staff costs.

## 3 Statement of Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses (STRGL) shows the movements that affect the balance sheet (other than in respect of new deferred capital grants). Gains included: £314k donations (new endowments); a capital grant of £570k from the Colleges' Fund; an increase in the market value of the endowment assets of £1,813k; and an increase in the market value of invested reserves of £145k. There was an actuarial loss of £329k in respect of the CCFPS pension scheme.



**OPERATING AND FINANCIAL REVIEW (continued)****4 Balance Sheet**

Net assets excluding pensions increased from £28.2m to £31.1m, while net assets including pensions increased from £27.4m to £29.9m. The endowment was valued at £14.4m (2012: £11.7m), and there was a further £1.1m 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 11, and the details are as follows:

<b>Additions to buildings</b>	<b>£k</b>	<b>Additions to furniture, fittings, equipment</b>	<b>£k</b>
H staircase	150	IT equipment	150
A&B block	4	Public toilets refurbishment	92
VAT re-claim	(2)	Boiler upgrades	53
		Various accommodation-related	77
<b>sub-total</b>	<b>152</b>	Various outdoor-related	38
		Other	63
		<b>sub-total</b>	<b>473</b>
		<b>Total Additions</b>	<b>625</b>

The College properties have a declared value of £45.0m 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 2013 the College invested a further £1,040k of endowment funds in the CUEF, made up of £887k of new funds and £153k of existing endowment funds previously invested with Schroders.

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

<b>Wolfson College investments in the CUEF</b>	<b>30 June 2013</b>	<b>30 June 2012</b>
Unit value	£39.77	£34.52
Number of units (endowment)	326,015	299,858
Number of units (reserves)	27,562	27,562
<b>Total number of units</b>	<b>353,577</b>	<b>327,420</b>
Value of units (endowment)	£12.96m	£10.35m
Value of units (reserves)	£1.10m	£0.95m
<b>Total value of units</b>	<b>£14.06m</b>	<b>£11.30m</b>

The distribution per unit in 2012-13 was 151.07p, giving a distribution yield of 4.38% on opening capital value. The College received distributions totalling £494k (£452k from the endowment units and £42k from the reserves units).

The total return for the CUEF for the year to 30 June 2013 was 20.0%. The MSCI All Country World index was up 20.5% for the same period and the FTSE All Share index was up 17.9%. The CUEF had a total fund value of £2.07 billion at 30 June 2013.

**OPERATING AND FINANCIAL REVIEW (continued)**

The asset allocation of the CUEF was as follows:

CUEF asset classes	30 June 2013	30 June 2012
	%	%
Public equity	65	60
Private investment	9	7
Absolute return incl. hedge funds	13	15
Credit	3	5
Real assets incl. property	9	11
Fixed interest/cash	1	2

In addition to its investment in the CUEF, the College still holds endowment funds with Schroders which were valued at £1.3m as at 30 June 2013 as follows:

Assets with Schroders	30 June 2013	30 June 2012
	£k	£k
Hedge Funds (sterling)	15	23
Private Equity (euros)	1,242	1,012
Cash (sterling)	-	23
Cash (euros)	68	181
<b>Total</b>	<b>1,325</b>	<b>1,239</b>

The total value of the endowment as at 30 June 2013 was £14,395k, made up of the investments in the CUEF and with Schroders, as above, and £105k held in cash.

**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 19 to the Balance Sheet (and also in Note 23 to the Cash Flow Statement).

Donations in the last two financial years are as follows:

	2012-13	2011-12
	£k	£k
Donations shown in the I&E account	175	278
New endowments shown in the STRGL	314	79
New capital grants shown in the Balance Sheet	24	100
<b>Total Donations</b>	<b>513</b>	<b>457</b>

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 (£570k) is shown as a separate line in the STRGL.

**OPERATING AND FINANCIAL REVIEW (continued)**

The definition of donation in the I&E account is broad, and the figures are broken down as follows:

<b>Donations in the I&amp;E account</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>£k</b>	<b>£k</b>
Donations (various), including Gift Aid	107	70
Individual bequest in Will	-	75
Microsoft Research (to support a Studentship)	-	17
Cambridge University Press	-	28
Santander Bank (to support students)	10	10
Trinity College (to support teaching)	20	30
Government matched-funding scheme	-	10
Release of Deferred Capital Grant	38	38
<b>Total Donations in I&amp;E account</b>	<b>175</b>	<b>278</b>

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. The number of donors to the College is increasing each year and in 2012-13 there were 522 separate donors.

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 2013 there were 70 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 almost 11,000 members, of whom more than half live outside of the UK in 142 different countries around the world. An e-bulletin is emailed to over 9,000 members at the start of each term, and 11,000 copies of each of the *Wolfson Review* and the *Ring True* newsletter were printed and distributed in the course of the year. The Wolfson Network was established in 2009 to allow members to stay in touch with each other and the College, and it now has over 1,900 members around the world. A reunion weekend for alumni is held each September, and a further 13 events for alumni in the UK and abroad were arranged in the year.

**7 Principal Risks**

The greatest source of income to the College is students, in the form of fees and room rents. Therefore the number of students is critical. Student numbers are currently close to optimal levels, so any significant reduction in student numbers would have an important impact on the College's finances. The demand for rooms in College always outstrips supply, so any fall in student numbers would have to be significant before affecting that source of income. Fee income, however, is 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 52 in 2012-13; 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. However, there is continued growth in postgraduate numbers in the University as a whole, and it is likely that any shortfall in undergraduate students could be made up in postgraduate students.

**8 Future Plans**

The College is looking ahead to its 50th anniversary in 2015. A major fundraising campaign is 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



## OPERATING AND FINANCIAL REVIEW (continued)

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 College is part-way through a multi-year project to refurbish the student accommodation in East and West Courts, enabled by a generous grant of £1.25m from the Wolfson Foundation.

An important development in 2013 was the re-establishment of the role of Domestic Bursar, to manage the ‘hotel’ functions of the College, specifically catering, accommodation and conferences. There are 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, 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 2013 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 2013 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 2013 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the reconciliation of net cash flow movement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the 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. 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 2013 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 2013 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  
13 November 2013

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.



<b>PART 2: ACCOUNTS</b>	<b>Page</b>
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## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

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

### Basis of accounting

The financial statements have been prepared under the historic cost convention, modified in respect of the treatment of investments which are included at valuation, 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 when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

#### Other income

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



## 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. Freehold land is not depreciated.

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

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

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

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

#### Maintenance of premises

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

#### Equipment

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

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

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

#### Leased assets

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



## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### Heritage assets

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

### Investments

Fixed asset investment and endowment assets are included in the balance sheet at market value. Investment income is recognised as and when dividends and interest become receivable. Interest on bank deposits is included as earned.

### Stocks

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

### Provisions

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

<b>For the year ended 30 June</b>	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Income</b>			
Academic fees and charges	1	2,096	2,027
Residences, catering and conferences	2	3,122	3,060
Endowment and investment income	3	511	461
Donations	4	175	278
Other income	5	-	148
<b>Total Income</b>		<b>5,904</b>	<b>5,974</b>
<b>Expenditure</b>			
Education	6	2,335	2,239
Residences, catering and conferences	7	3,240	3,243
Other expenditure	8	322	255
<b>Total Expenditure</b>	9	<b>5,897</b>	<b>5,737</b>
<b>Surplus on continuing operations</b>		<b>7</b>	<b>237</b>
Deficit for the year transferred from accumulated income in endowment funds	20	17	11
<b>Surplus for the year retained within general reserves</b>	21	<b>24</b>	<b>248</b>

Total expenditure includes depreciation of £694k (2012: £639k).

All items dealt with in arriving at the surplus for 2013 and 2012 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**

<b>For the year ended 30 June</b>		<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>Restricted Funds £'000</b>	<b>Unrestricted Funds £'000</b>	<b>Total £'000</b>	<b>Total £'000</b>
Surplus on income and expenditure account		-	24	24	248
Overspent endowment fund income	20	(17)	-	(17)	(11)
Increase / (decrease) in market value of investments:					
- Endowment investments	20	320	1,493	1,813	(254)
- Fixed asset investments	21	-	145	145	(23)
New endowments	20	47	267	314	79
Capital grant from Colleges' Fund	20	-	570	570	547
Transfers		(28)	28	-	-
Actuarial loss in pension scheme	18	-	(329)	(329)	(635)
<b>Total recognised gains / (losses) for the year</b>		<b>322</b>	<b>2,198</b>	<b>2,520</b>	<b>(49)</b>
<b>Reconciliation</b>					
<b>Opening reserves and endowments</b>		<b>2,193</b>	<b>23,570</b>	<b>25,763</b>	<b>25,812</b>
Total recognised gains / (losses) for the year		322	2,198	2,520	(49)
<b>Closing reserves and endowments</b>		<b>2,515</b>	<b>25,768</b>	<b>28,283</b>	<b>25,763</b>

The above figures exclude Deferred Capital Grants of £1,597,000 (2012: £1,611,000), shown on the Balance Sheet.

**BALANCE SHEET**

As at 30 June	Note	2013 £'000	2012 £'000		
<b>Fixed Assets</b>					
Tangible assets	11	15,829	15,898		
Investments	12	1,096	951		
		<b>16,925</b>	<b>16,849</b>		
<b>Endowment Assets</b>					
Investments	13	14,290	11,590		
Cash at bank and in hand	15	105	153		
		<b>14,395</b>	<b>11,743</b>		
<b>Current Assets</b>					
Stocks		63	66		
Debtors	14	308	381		
Short-term investments	15	1,100	800		
Cash at bank and in hand	15	390	624		
		<b>1,861</b>	<b>1,871</b>		
<b>Creditors: amounts falling due within one year</b>	16	(872)	(1,048)		
<b>Net Current Assets</b>		<b>989</b>	<b>823</b>		
<b>Creditors: amounts falling due after more than one year</b>	17	(1,200)	(1,200)		
<b>Net Assets Excluding Pension Liability</b>		<b>31,109</b>	<b>28,215</b>		
Pension liability	18	(1,229)	(841)		
<b>Net Assets Including Pension Liability</b>		<b>29,880</b>	<b>27,374</b>		
<b>Represented by:</b>					
		<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Deferred Capital Grants</b>	19	1,597	-	<b>1,597</b>	<b>1,611</b>
<b>Endowments</b>					
Expendable funds		1,320	-	<b>1,320</b>	1,187
Permanent funds		1,195	11,880	<b>13,075</b>	10,556
<b>Total Endowments</b>	20	<b>2,515</b>	<b>11,880</b>	<b>14,395</b>	<b>11,743</b>
<b>Reserves</b>					
General reserves excluding pension reserve		-	14,915	<b>14,915</b>	14,804
Pension reserve		-	(1,229)	<b>(1,229)</b>	(841)
Fixed asset investment revaluation reserve		-	202	<b>202</b>	57
<b>Total Reserves</b>	21	-	<b>13,888</b>	<b>13,888</b>	<b>14,020</b>
<b>Total Reserves and Endowments</b>		<b>2,515</b>	<b>25,768</b>	<b>28,283</b>	<b>25,763</b>
<b>Total Funds</b>		<b>4,112</b>	<b>25,768</b>	<b>29,880</b>	<b>27,374</b>

The financial statements were approved by the Governing Body on 13 November 2013 and signed on its behalf by:

Christopher Lawrence, Bursar

**CASH FLOW STATEMENT**

<b>For the year ended 30 June</b>	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Net cash inflow from operating activities</b>	22	168	489
<b>Returns on investments and servicing of finance</b>	23	454	403
<b>Capital expenditure and financial investment</b>	23	(604)	(625)
<b>Cash inflow before management of liquid resources</b>		<b>18</b>	<b>267</b>
<b>Management of liquid resources</b>			
Increase in short-term investments	15	300	-
<b>Increase in cash in the year</b>		<b>318</b>	<b>267</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in year		318	267
Management of liquid resources		(300)	-
<b>Change in net funds</b>		<b>18</b>	<b>267</b>
Net funds at beginning of year		1,577	1,310
<b>Net funds at end of year</b>	24	<b>1,595</b>	<b>1,577</b>



**NOTES TO THE ACCOUNTS**

For the year ended 30 June

	2013 £'000	2012 £'000
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**1 Academic Fees and Charges****College Fees**

Undergraduate rate of £4,500 / £3,951 (2012 £3,951)*	485	415
Undergraduate rate of £4,875 (2012 £4,620)**	292	258
Graduate rate of £2,349 (2012 £2,289)	910	1,014

**Other Income**

Research fellow support	145	134
Cambridge Bursaries	205	160
Teaching and other income	35	27
College courses	24	19

<b>Total</b>	<b>2,096</b>	<b>2,027</b>
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\* This rate is received for UK and EU students who are eligible for Student Finance loans. The lower rate of £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. Such students are sometimes referred to as 'privately funded'.

**2 Residences, Catering and Conferences****Accommodation**

College members	2,552	2,528
Conferences	71	66

**Catering**

College members	438	414
Conferences	61	52

<b>Total</b>	<b>3,122</b>	<b>3,060</b>
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**3 Endowment and Investment Income****Income from:**

Unquoted securities - unit trust *		
- endowment assets	452	414
- fixed asset investments	42	30
Cash	17	17

<b>Total</b>	<b>511</b>	<b>461</b>
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\* invested in Cambridge University Endowment Fund units

**4 Donations**

Unrestricted donations	70	179
Restricted donations	67	61
Release of deferred capital grants	38	38

<b>Total</b>	<b>175</b>	<b>278</b>
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**NOTES TO THE ACCOUNTS**

For the year ended 30 June

**5 Other income**

The College has accumulated several old credit balances and there is reasonable certainty they will never be claimed. A decision to write up balances more than seven years old was taken last year. Last year, the amount was considered material and was shown as a separate line within income. There was no material write up in the current year.

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>6 Education Expenditure</b>		
Teaching	692	739
Tutorial	431	397
Admissions	142	296
Research	226	285
Scholarships and awards	144	151
Cambridge Bursaries	211	163
Other educational facilities	474	201
College courses	15	7
<b>Total</b>	<b>2,335</b>	<b>2,239</b>

**7 Residences, Catering and Conferences Expenditure****Accommodation**

College members	1,981	2,129
Conferences	55	55

**Catering**

College members	1,057	941
Conferences	147	118

<b>Total</b>	<b>3,240</b>	<b>3,243</b>
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Accommodation and catering expenditure is apportioned between College members and conferences in line with income.

**8 Other Expenditure**

Development and alumni relations	265	197
Loan interest	57	58
<b>Total</b>	<b>322</b>	<b>255</b>

Expenditure on all activities in notes 6, 7 and 8 includes both direct costs and an allocation of overheads.

**NOTES TO THE ACCOUNTS**

For the year ended 30 June

9a	Analysis of Expenditure by Activity	Note	Staff Costs	Other	Depreciation	Total
			(note 10)	Operating Expenses		
			2013	2013	2013	2013
			£'000	£'000	£'000	£'000
	Education	6	1,183	955	197	2,335
	Residences, catering and conferences	7	1,553	1,193	494	3,240
	Other	8	160	159	3	322
			<b>2,896</b>	<b>2,307</b>	<b>694</b>	<b>5,897</b>
			<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Education	6	1,139	951	149	2,239
	Residences, catering and conferences	7	1,516	1,245	482	3,243
	Other	8	114	133	8	255
			<b>2,769</b>	<b>2,329</b>	<b>639</b>	<b>5,737</b>
9b	Auditor's Remuneration				2013	2012
					£'000	£'000
	<b>Other Operating Expenses include:</b>					
	Audit fees payable to the College's external auditor (net of VAT)				15	15
10	Staff Costs		College Fellows	Non-Academic	Total 2013	Total 2012
			£'000	£'000	£'000	£'000
	<b>Staff Costs:</b>					
	Salaries		529	1,845	2,374	2,289
	Social security costs		49	127	176	161
	Other pension costs		52	294	346	319
			<b>630</b>	<b>2,266</b>	<b>2,896</b>	<b>2,769</b>
	<b>Average Staff Numbers (full time equivalents):</b>					
	Academic		9	-	9	8
	Non-academic		2	83	85	83
			<b>11</b>	<b>83</b>	<b>94</b>	<b>91</b>

There were 134 Fellows in the Governing Body as at 1 October 2012, 24 of whom were stipendiary, as declared above.

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

**NOTES TO THE ACCOUNTS**

For the year ended 30 June

11 Tangible Fixed Assets	2013	2013	2013	2013	2012
	Freehold Buildings	Furniture, Fittings and Equipment	Heritage Assets	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At beginning of year	22,767	2,234	365	25,366	25,032
Additions at cost	152	473	-	625	404
Disposals	-	(214)	-	(214)	(70)
<b>Cost at end of year</b>	<b>22,919</b>	<b>2,493</b>	<b>365</b>	<b>25,777</b>	<b>25,366</b>
<b>Depreciation</b>					
At beginning of year	7,793	1,675	-	9,468	8,899
Charge for the year	458	236	-	694	639
Disposals	-	(214)	-	(214)	(70)
<b>Depreciation at end of year</b>	<b>8,251</b>	<b>1,697</b>	<b>-</b>	<b>9,948</b>	<b>9,468</b>
<b>Net Book Value</b>					
As at 30 June 2013	<b>14,668</b>	<b>796</b>	<b>365</b>	<b>15,829</b>	
As at 30 June 2012	14,974	559	365	15,898	

The declared value of freehold buildings for insurance purposes as at 30 June 2013 was £44,988,338 (2012: £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**

<b>For the year ended 30 June</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>12 Fixed Asset Investments</b>		
Balance at beginning of year	951	710
Additions	-	264
Appreciation / (depreciation)	145	(23)
<b>Balance at end of year</b>	<b>1,096</b>	<b>951</b>
Represented by:		
Unquoted securities - unit trust	<b>1,096</b>	<b>951</b>
<b>13 Endowment Asset Investments</b>		
Balance at beginning of year	11,590	11,161
Additions	887	683
Appreciation / (depreciation)	1,813	(254)
<b>Balance at end of year</b>	<b>14,290</b>	<b>11,590</b>
Represented by:		
Unquoted securities - unit trust	12,965	10,351
Unquoted securities - equities	1,257	1,035
Cash at investment managers	68	204
<b>Total</b>	<b>14,290</b>	<b>11,590</b>
<b>14 Debtors</b>		
Members of the College	160	185
Amounts due from subsidiary undertakings	1	1
Other debtors	122	156
Prepayments and accrued income	25	39
<b>Total</b>	<b>308</b>	<b>381</b>
<b>15 Short-term Investments and Cash and Bank Balances</b>		
Short-term money market investments	600	800
Short-term bank deposits	500	-
<b>Total short-term investments</b>	<b>1,100</b>	<b>800</b>
Bank deposits	444	765
Bank current accounts	50	10
Cash in hand	1	2
Less cash held in endowment assets	(105)	(153)
<b>Total cash and bank balances</b>	<b>390</b>	<b>624</b>

**NOTES TO THE ACCOUNTS**

<b>For the year ended 30 June</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>16 Creditors: amounts falling due within one year</b>		
Trade creditors	464	562
Members of the College	150	216
University fees	80	91
Other creditors (PAYE, NI, VAT)	67	72
Accruals and deferred income	111	107
<b>Total</b>	<b>872</b>	<b>1,048</b>
<b>17 Creditors: amounts falling due after more than one year</b>		
Bank loan	<b>1,200</b>	<b>1,200</b>
Interest is payable on the loan at 4.8%. The loan is repayable in August 2048.		
<b>18 Pension Liabilities (see note 25)</b>		
<b>Balance at beginning of year</b>	841	234
Movement in the year:		
Current service cost	171	173
Contributions	(127)	(194)
Other finance cost / (income)	15	(7)
Actuarial loss recognised in the Statement of Total Recognised Gains and Losses	329	635
<b>Balance at end of year</b>	<b>1,229</b>	<b>841</b>
<b>19 Deferred Capital Grants</b>		
<b>Balance at beginning of year</b>	1,611	1,549
Donations received	24	100
Released to income and expenditure account	(38)	(38)
<b>Balance at end of year</b>	<b>1,597</b>	<b>1,611</b>

**NOTES TO THE ACCOUNTS**

For the year ended 30 June

20	Endowments	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total 2013	Total 2012
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>Balance at beginning of year</b>						
	Capital	9,550	987	10,537	1,102	11,639	11,267
	Unspent income	-	19	19	85	104	119
		<b>9,550</b>	<b>1,006</b>	<b>10,556</b>	<b>1,187</b>	<b>11,743</b>	<b>11,386</b>
	New endowments received	837	40	877	7	884	626
	Income receivable from endowment investments	373	38	411	41	452	414
	Expenditure	(373)	(41)	(414)	(55)	(469)	(425)
	Net transfer to income and expenditure account	-	(3)	(3)	(14)	(17)	(11)
	Transfers	-	(1)	(1)	(27)	(28)	(4)
	Increase / (decrease) in market value of investments	1,493	153	1,646	167	1,813	(254)
	<b>Balance at end of year</b>						
	Capital	11,880	1,180	13,060	1,244	14,304	11,639
	Unspent Income	-	15	15	76	91	104
	<b>Total</b>	<b>11,880</b>	<b>1,195</b>	<b>13,075</b>	<b>1,320</b>	<b>14,395</b>	<b>11,743</b>
	<b>Representing:</b>						
	Fellowship Funds	-	-	-	430	430	367
	Scholarship Funds	880	155	1,035	638	1,673	1,079
	Prize Funds	-	33	33	4	37	20
	Hardship Funds	-	565	565	49	614	472
	Bursary Funds	-	46	46	69	115	38
	Travel Grant Funds	-	37	37	-	37	204
	Library Funds	-	242	242	5	247	225
	Other Funds	-	117	117	125	242	322
	General	11,000	-	11,000	-	11,000	9,016
	<b>Total</b>	<b>11,880</b>	<b>1,195</b>	<b>13,075</b>	<b>1,320</b>	<b>14,395</b>	<b>11,743</b>

**NOTES TO THE ACCOUNTS**

For the year ended 30 June

21 Reserves	General Reserves	Fixed Asset Investment Revaluation Reserve	Total 2013	Total 2012
	£'000	£'000	£'000	£'000
<b>Balance at beginning of year</b>	13,963	57	14,020	14,426
Surplus retained for the year	24	-	24	248
Actuarial loss on pension scheme	(329)	-	(329)	(635)
Increase / (decrease) in market value of investments	-	145	145	(23)
Transfers	28	-	28	4
<b>Balance at end of year</b>	<b>13,686</b>	<b>202</b>	<b>13,888</b>	<b>14,020</b>



**NOTES TO THE ACCOUNTS**

For the year ended 30 June	2013 £'000	2012 £'000	
<b>22 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities</b>			
Surplus on continuing operations	7	237	
Depreciation of tangible fixed assets	694	639	
Deferred capital grants released to income	(38)	(38)	
Investment income	(511)	(461)	
Interest payable	57	58	
Pension costs less contributions payable	59	(28)	
Decrease in stocks	3	3	
Decrease in debtors	73	51	
(Decrease) / increase in creditors	(176)	28	
<b>Net cash inflow from operating activities</b>	<b>168</b>	<b>489</b>	
<b>23 Cash Flows</b>			
<b>Returns on investments and servicing of finance</b>			
Endowment and investment income received	511	461	
Interest paid	(57)	(58)	
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>454</b>	<b>403</b>	
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(625)	(404)	
Deferred capital grants received	24	100	
New endowments received	314	79	
Capital grant received from Colleges' Fund	570	547	
Net purchase of long-term investments	(887)	(947)	
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(604)</b>	<b>(625)</b>	
<b>24 Analysis of Net Funds</b>	<b>At beginning of year £'000</b>	<b>Cash flows £'000</b>	<b>At end of year £'000</b>
Endowment cash assets	153	(48)	105
Current cash assets	624	(234)	390
	777	(282)	495
Short-term Investments	800	300	1,100
<b>Net funds</b>	<b>1,577</b>	<b>18</b>	<b>1,595</b>

**NOTES TO THE ACCOUNTS****25 Pension Schemes**

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

**25a Cambridge Colleges Federated Pension Scheme**

The Cambridge Colleges' Federated Pension Scheme is a multi-employer defined benefits scheme. A full valuation was undertaken as at March 2011 and updated to 30 June 2013 by a qualified independent Actuary.

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

	30 June 2013	30 June 2012
Discount rate	4.6%	4.7%
Expected long-term rate of return on scheme assets	6.2%	5.6%
Increase in salaries	2.8%*	2.2%**
Retail Prices Index (RPI) assumption	3.3%	2.7%
Consumer Prices Index (CPI) assumption	2.3%	1.7%
Pension increases (RPI linked)	3.3%	2.7%
Pension increases (RPI linked capped at 5% pa)	3.1%	2.5%

\*1.5% in 2013; 2.8% thereafter

\*\*1.5% in 2012 and 2013; 2.2% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2012 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements has been updated from 2012 when the CMI 2011 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.0 years (previously 21.9);
- Female age 65 now has a life expectancy of 24.2 years (previously 24.1);
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.9 years (previously 22.8);
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 25.3).

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

	30 June 2013	30 June 2012
	£'000	£'000
Present value of scheme liabilities	(4,180)	(3,455)
Market value of scheme assets	2,951	2,614
<b>Deficit in the scheme</b>	<b>(1,229)</b>	<b>(841)</b>

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

	30 June 2013	30 June 2012
	£'000	£'000
Current service cost	171	173
Interest on scheme liabilities	164	170
Expected return on scheme assets	(149)	(177)
<b>Total</b>	<b>186</b>	<b>166</b>
Actual return on scheme assets	316	(319)

**NOTES TO THE ACCOUNTS****25a Cambridge Colleges Federated Pension Scheme (continued)**

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

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities at beginning of year	3,455	3,073
Service cost (including employee contributions)	180	182
Interest cost	164	170
Actuarial losses	496	139
Benefits paid	(115)	(109)
<b>Present value of scheme liabilities at end of year</b>	<b>4,180</b>	<b>3,455</b>

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

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>£'000</b>	<b>£'000</b>
Market value of scheme assets at beginning of year	2,614	2,839
Expected return	149	177
Actuarial gains / (losses)	167	(496)
Contributions paid by the College	127	194
Employee contributions	9	9
Benefits paid	(115)	(109)
<b>Market value of scheme assets at end of year</b>	<b>2,951</b>	<b>2,614</b>

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:

	<b>2013</b>	<b>2012</b>
Equities & Hedge Funds	68%	66%
Bonds & Cash	24%	25%
Property	8%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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:

	<b>Expected rate of return 30 June 2013</b>	<b>Expected rate of return 30 June 2012</b>
Equities & Hedge Funds	7.0%	6.4%
Bonds & Cash	4.0%	3.7%
Property	6.0%	5.4%

**NOTES TO THE ACCOUNTS****25a Cambridge Colleges Federated Pension Scheme (continued)**

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

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	167	(496)
Experience gains and losses arising on scheme liabilities	(15)	(80)
Changes in assumptions underlying the present value of scheme liabilities	(481)	(59)
<b>Actuarial loss recognised in STRGL</b>	<b>(329)</b>	<b>(635)</b>

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

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>£'000</b>	<b>£'000</b>
Cumulative actuarial loss at beginning of year	(850)	(215)
Recognised during the year	(329)	(635)
<b>Cumulative actuarial loss at end of year</b>	<b>(1,179)</b>	<b>(850)</b>

Amounts for the current and previous four accounting periods are:

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities	(4,180)	(3,455)	(3,073)	(3,100)	(2,520)
Market value of scheme assets	2,951	2,614	2,839	2,379	1,999
<b>Deficit in the scheme</b>	<b>(1,229)</b>	<b>(841)</b>	<b>(234)</b>	<b>(721)</b>	<b>(521)</b>
Actual return less expected return on scheme assets	167	(496)	190	145	(304)
Experience gains and losses arising on scheme liabilities	(15)	(80)	(22)	3	(23)
Changes in assumptions underlying the present value of scheme liabilities	(481)	(59)	318	(367)	146

**25b Universities Superannuation Scheme**

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

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 2013 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

### 25b 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 trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However when calculating the past service liabilities of the scheme, a cautionary reserve has been included in addition, on account of the variability mentioned above.

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

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

Since the valuation effective date 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.



## NOTES TO THE ACCOUNTS

### 25b Universities Superannuation Scheme (continued)

#### *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%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA Bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on an historic gilts basis at that date was approximately 55%.

Surpluses or deficits which arise at future valuations may affect the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used similarly to reduce contribution requirements.

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 2013, USS had over 148,000 active members and the College had 54 active members participating in the scheme.

The total pension cost for the College was £170,537 (£151,696 in 2012). The contribution rate payable by the College was 16% of pensionable salaries.

### 26 Subsidiary Undertakings

The College owns 100% of the issued ordinary £1 shares of Lee Library Ltd., Wolfson College Cambridge Properties Ltd. and Wolfson College Development Ltd., all of which are companies incorporated in the United Kingdom. All three subsidiary companies are dormant.

### 27 Related Party Transactions

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