

CHURCHILL COLLEGE, CAMBRIDGE

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2011

CHURCHILL COLLEGE, CAMBRIDGE

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FOR THE YEAR ENDED 30 JUNE 2011

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CHURCHILL COLLEGE, CAMBRIDGE

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 30 JUNE 2011

Address	Charity Registration Number	VAT Registration Number
Churchill College Storey's Way Cambridge, CB3 0DS	1137476	GB 732 155 751

Trustees

The Trustees of the College are the members of the College Council.

Sir David Wallace, Master	Dr R H Bracewell	Mr F Nissen, MCR President
Professor A M Finch, Vice-Master	Miss M Kendall	Ms C Fetherstonhaugh, MCR Council Member
Mr R Partington, Senior Tutor	Prof M Kramer	Mr M Boardman, JCR President
Mrs J M Brook, Bursar	Dr P Russell	Mr D Adeyemi, JCR Member
Dr I B Kingston, Tutor for Advanced Students	Dr J Richer	Mrs N Caulfield, Staff Member
Dr S Boss	Dr A W Taylor	Mrs S Parsons, Staff Member
	Dr N Treanor	

Senior Officers

Master	Prof Sir David Wallace, CBE, FRS, FREng
Vice-Master	Professor A M Finch, MA, PHD
Senior Tutor	Mr R Partington, MA
Bursar	Mrs J M Brook, MA, MBA
Tutor for Advanced Students	Dr I B Kingston PHD

Principal Advisers

Auditors	Bankers	Investment Property Managers
Prentis & Co LLP 115c Milton Road Cambridge CB4 1XE	Lloyds TSB 3 Sidney Street Cambridge CB2 3HG	Savills LLP 132-134 Hills Road Cambridge CB2 8PA

Investment Fund Managers

Evercore Pan-Asset Capital Management Ltd Vestry House Laurence Pountney Hill London EC4R 0EH	Heronbridge Investment Management LLP 1 Queen Street Bath BA1 1HE	Edgbaston Investment Partners 1 New Quebec Street London W1H 7DD
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Legal Advisers

Caledonian Fund Services (Europe) Ltd PO Box 172, Douglas Isle of Man IM99 3PA	Ashton KCJ Chequers House 77-81 Newmarket Road Cambridge CB5 8EU	Hewitsons Shakespeare House 42 Newmarket Road Cambridge CB5 8EP
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CHURCHILL COLLEGE, CAMBRIDGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 30 JUNE 2011

Introduction

The College has had a good year financially and operationally. The academic performance of the students in the College was again strong, although the College slipped to 10th place in the Tompkins table of comparative undergraduate performance, due partly to the preponderance of scientists, in a year when the performance of undergraduates in the Arts and Humanities improved more, across the university. Student numbers increased slightly over the previous year. The College's commercial business, hosting summer schools, conferences and continuing education programmes (largely delivered through its subsidiary, the Møller Centre) thrived despite the economic uncertainty and the profits from these operations contributed to the cost of providing the education for our students and improving facilities for our academic staff and students.

Scope of the Financial Statements

In addition to the educational activities of the College, the consolidated accounts include the commercial activity on the College and through its subsidiaries, the Møller Centre for Continuing Education Ltd, and Churchill Conferences Ltd. The surpluses from these operations are donated to the College under Gift Aid and appear as donations in the College's income and expenditure statement.

Aims and Objectives of the College

The charitable objectives of the College are:

- 1) To advance education, learning and research especially in the field of science and technology
- 2) To provide a College wherein members of the University of Cambridge may work for degrees in that University, or may carry out post-graduate studies or other special studies at Cambridge.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for some 755 undergraduate and graduate students which is recognised internationally as being of the highest standard. 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, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through:

- providing Research Fellowships to outstanding academics at 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; there were 14 research fellows in the College for all or part of the academic year 2010-11;

CHURCHILL COLLEGE, CAMBRIDGE
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FOR THE YEAR ENDED 30 JUNE 2011

- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding senior academics from abroad, of whom 21 were hosted by the College during 2010-11; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means;
- supporting students through the provision of more than £585K in grants, bursaries and studentships including the provision of 42 grants to enable postgraduate students to participate in research conferences;
- through the College's own resources, a total subsidy of more than £1.4 million on the provision of education.
- The Churchill Archives Centre provides facilities for any academic wishing to study the papers in its collection to study them (if allowed under government rules). There are research fellowships, tied to work in the Archives Centre, and the Centre organises lectures, symposia and exhibitions open to members of the public. During 2010-11, these included a symposium to celebrate the Nobel prize for medicine awarded to Sir Robert Edwards, Fellow. The Churchill papers will be published on line following the completion of a deal between the Sir Winston Churchill Archives Centre and Bloomsbury Publishing. The Centre also received the papers of Sir John Major, among others.
- The College maintains an extensive Library, so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely.

The College also extends the use of its facilities to the local community and community organisations and participates generously in hosting programmes to bring talented young people from poorer backgrounds to Cambridge.

Funding

During the last two years the College was funded in the following proportions:

	2011	2010
Endowment Income	17.71%	18.00%
Fee and Academic Income	23.74%	23.61%
Operating charges (rents and catering to College members)	35.28%	34.77%
Direct Commercial income	7.29%	8.62%
Donations	8.25%	8.18%
Donations from subsidiary companies	7.73%	6.83%
	100.00%	100.00%

CHURCHILL COLLEGE, CAMBRIDGE
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FOR THE YEAR ENDED 30 JUNE 2011

The use of the facilities and amenities of the College is maximised, particularly out of term time, by extending them to commercial clients, other academic institutions and community education, to provide revenue to cover the fixed costs of the College and to support the academic endeavours.

Achievements and Performance

The College's undergraduates achieved results leading to a 10th place in the inter-collegiate Tompkins table. The number of graduate students awarded a PhD was 45 and of the 80 students undertaking M.Phil programmes, more than 33 went on to study for a PhD this year.

The College achieved first place in the Cambridge University Environmental and Conservation Society's annual environmental survey.

The College had the highest number of applications for undergraduate entry for many years in 2011 and employed a full time Schools Liaison and Recruitment Officer during this period, in addition to the administration team handling Admissions. Of those admitted to study in 2011, 70% were educated in state schools.

Financial Review

a) Maintenance of Buildings

Total expenditure on building maintenance including staff costs, was £1,344K of which £1,021K was capitalised. In addition, £229K was spent on the Møller Centre buildings and fittings. The major projects undertaken in the College during the year included the completion of the refurbishment of 40 flats for graduate students with partners and the refurbishment of two staircases of undergraduate rooms. Work continues to improve the energy efficiency of electrical supplies and buildings.

b) Capital Expenditure

College expenditure amounted to £1,021K of which £859K was accounted for by the two major projects identified above. In the Møller Centre, work continued to upgrade the bedrooms and to upgrade a lecture theatre and to improve the AV facilities for clients.

c) Endowment and Investment Performance

The College's Amalgamated Investment Fund, which makes up 98% of the College's investments, delivered a total return of 14.2% compared with 23.8% the previous year. The College drew down a total of £1,866K in accordance with the agreed formula for smoothing total return from year to year. This compares with the drawdown of £1,817K the previous year. The College's portfolio included a slightly higher proportion of cash and fixed interest investments during the year, which slightly depressed its performance against the indices but has protected it somewhat during the months since July 2011.

d) Staff Costs and Pensions

Although staff numbers rose overall, this was largely due to the recruitment of seasonal staff to support operations during the vacations and to the expansion of the work of the Møller Centre. Tight restraint on salaries has held staff costs down, despite the payment of bonuses to all non-academic staff. National pay agreements for academic staff were also low.

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The College continues to pay into the Combined Colleges Federated Pension Scheme which is now closed to Churchill staff for future service and to new members. About 70 staff are now members of the Universities Superannuation Scheme which consulted with its members this year about some reductions in benefits and improved cost sharing. Non-academic staff appointed since 2007 have been offered a defined contribution pension.

d) Staff Costs and Pensions (Cont)

Group Pension Scheme membership and an independent consultant has been retained by the College to advise on options.

e) Reserves Policy

The College intends to continue to pursue its objectives in perpetuity and has set a reserves policy which requires reserves to be maintained at a level which ensures that the core activity could be continued during a period of unforeseen difficulty.

The Archives Centre has limited reserves but is largely supported by a number of grant-making trusts, most established for that purpose.

Principal risks and uncertainties

Throughout the year, the negotiations with the Government and the University about the future of fees for undergraduates from the UK and EU at English universities has contributed to considerable uncertainty. The College's senior officers have been actively involved in these negotiations at local level.

The Carbon Reduction Commitment Energy Efficiency Scheme has required considerable administrative input and while the financial impact of the taxation under this scheme announced in the Strategic Spending Review in October 2010 was unwelcome, the additional burden of administering the scheme has been even less so, reducing management time and funding to carry out our ongoing projects to improve the performance of the buildings and our carbon footprint. The nature of our buildings is 80% residential and they are also listed of historic interest and so significant efficiencies are particularly difficult to achieve.

The University increased the fees for Overseas graduate students by 10% for the second year in a row. Although the College fee increased by less than 3%, the impact on application numbers in the future is causing concern, as is uncertainty about the College graduate fee in the future, as a result of moves by some external funding bodies.

Plans for the Future

The College continues its 50th Anniversary Capital Campaign, aiming to build a new court to house 60 students, and to provide for a number of academic posts and student support. The campaign has been underway for about two years and the College hopes to be in a position to advance its plans in the next two years.

The College is also considering its role in the greater Cambridge University community in terms of welcoming academic staff without college affiliations into the establishment, and sharing our facilities where possible with those in neighbouring institutions.

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The College is also working to ensure the continuation of its schemes for welcoming visiting academics, through sponsorship and links to different funding bodies.

Corporate Governance

1. The following statement is provided by the College Council (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 1137476) and subject to regulation by the Charity Commission for England and Wales. The members of the College Council are the charity trustees and are responsible for ensuring compliance with charity law.
3. The College Council is advised in carrying out its duties by a number of Committees including a Finance Committee, an Education Committee, a Tutorial Committee, an Estates Committee and an Investment Advisory Committee.
4. The principal officers of the College are the Master, Vice-Master, Senior Tutor, Bursar and Tutor for Advanced Students.
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 College Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Trustees. Membership of the Finance Committee includes the Master, Bursar, Vice-Master, Senior Tutor, Tutor for Advanced Students, Finance Manager, Domestic and Conference Bursar, Professor G Grimmett, Professor R Goldstein, Mr N Knight, Mr C Tout, Dr T Cavalcanti, Mr T Ingram (external member), Dr E Powell (external member) and a representative of the JCR and MCR,
6. There are Registers of Interests of Trustees and all Fellows and external members of the Finance Committee and Estates Committees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
7. The College's Trustees (members of the College Council) during the year ended 30 June 2011 are set out on page 1.

Statement of Internal Control

1. The College Council is 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 it is responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

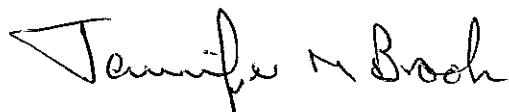
The systems of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them

CHURCHILL COLLEGE, CAMBRIDGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 30 JUNE 2011

3. efficiently, effectively and economically. This process was in place for the year ended 30 June 2011 and up to the date of approval of the financial statements.
4. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

An approval matrix for purchasing and authorisation of actual expenditure;
Guidelines for limits on personal expenses;
Counter-signing of claims by Heads of Departments and checking by accounts staff before payment;
Double signatures on all transactions over £20,000 by whichever means of payment;
Stock checks on vulnerable items on a regular basis;
On site security and limited access to vulnerable items.

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



Mrs J M Brook
Bursar

Date: 22 November 2011

CHURCHILL COLLEGE, CAMBRIDGE
RESPONSIBILITIES OF THE COLLEGE COUNCIL
FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF RESPONSIBILITIES OF THE COLLEGE COUNCIL

The College Council is responsible for preparing the Annual Report and financial statements 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 Council 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 Council 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 Council 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 Council 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.

CHURCHILL COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF CHURCHILL COLLEGE FOR THE YEAR ENDED 30 JUNE 2011

We have audited the financial statements of Churchill College for the year ended 30 June 2011 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Account Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Council 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 College's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Council and Auditors

As explained more fully in the Trustee's Responsibilities Statement set out on page 9, the Council is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 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 (APB's) Ethical Standards for Auditors.

Scope of the Audit of Financial Statements

Our 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 and 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 estimate made by the College Council; and
- the overall presentation of the financial statements

In addition we read all the financial information in the operating and financial review 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.

CHURCHILL COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF CHURCHILL COLLEGE

FOR THE YEAR ENDED 30 JUNE 2011

Opinion of Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the group and College's affairs as at 30 June 2011 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 1993, the College's Statutes and the Statutes of the University of Cambridge;
- 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.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion;

- the information given in the Council's Annual Report 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



PRENTIS & CO LLP
Chartered Accountants and
Registered Auditors
115c Milton Road
Cambridge
CB4 1XE

Chartered Accountants and Statutory Auditors

Date: 30th Nov 2011

Prentis and Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2011

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 Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice; Accounting in Further and Higher Education (the SORP).

The income and expenditure account includes activity analysis on order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 8.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain land and buildings which are included valuation.

Basis of Consolidation

The consolidated financial statements include the College and it wholly owned subsidiary undertakings:

- The Møller Centre for Continuing Education Limited, whose principal activity is the provision of facilities for residential training courses and day courses, and the delivery of executive education programmes.
- Churchill Conferences Limited, whose principal activity is the provision of residential and day conference facilities

The activities of Churchill Residences II Limited, which develops property on the College site on behalf of the College, have not been consolidated as its activities are too dissimilar to those of the College.

Intra-group balances are eliminated on consolidation. The consolidated financial statements do not include the activities of student societies (as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no control).

Recognition of income

a. Academic Fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

b. Restricted Grant Income

Grants received for restricted purposes are recognised as income to the extent of the completion of the contract or service concerned.

c. Income from Research Grants

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

d. Donations and Benefactions

Charitable 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 with no substantial restriction are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition of construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

e. Capital Grants and Donations

Capital 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.

f. Other Income

Income is received from a range of activities including residences, catering conferences and other services rendered.

g. Total Return

The Endowment is invested on a Total Return basis. The total actual income and gains/losses in the year are taken to a reserve, from which the planned Endowment drawdown is released to the Income and Expenditure account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within reserves as set out in Note 20.

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 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

a. Land and buildings

Land and buildings are stated at valuation. Where buildings have been revalued, they are valued on the basis of their depreciated replacement cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 60 years. Freehold land is not depreciated.

Where land and 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 that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

A review for impairment of a fixed asset is 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 to 30 June. They are not depreciated until they are brought into use.

b. Maintenance of premises

The College has a ten year 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 may also set aside sums to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds where applicable.

c. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% to 20% per annum
Motor vehicles and general equipment	10% to 20% per annum
Computer equipment	10% to 33% 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. 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.

e. 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 FRS15 and FRS30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at cost or, in the case of donation assets, at expert valuation on receipt. 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, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and are eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Freehold land and buildings were valued by Savills on 30 June 2009. They are revalued every 3 years.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

Stocks

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

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 a registered charity (number 1137476) 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 schemes

a) Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is 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 scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its shares 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.

b) CCFPS

The College is also a member of the multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension scheme. The Churchill College section closed for accrual on 31 March 2007 when all active members were made deferred. The fund is valued every three years by a professionally qualified independent actuary. In the intervening years, the actuary reviews the progress of the scheme.

CHURCHILL COLLEGE, CAMBRIDGE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated 2011 £'000	College 2011 £'000	Consolidated 2010 £'000	College 2010 £'000
INCOME	Note				
Academic Fees and Charges	1	2,555	2,555	2,411	2,411
Residences Catering, and Conferences	2	9,381	4,582	8,482	4,429
Endowment and Investment Income	3	1,908	1,907	1,839	1,838
Donations	4	939	1,720	885	1,532
		<hr/>	<hr/>	<hr/>	<hr/>
Total Income		14,782	10,763	13,617	10,210
EXPENDITURE					
Education	5	3,969	3,969	3,920	3,920
Residences, Catering and Conferences	6	8,970	5,096	8,442	5,187
Other Expenditure	7	1,144	1,001	1,263	1,112
		<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure	8	14,083	10,066	13,625	10,219
Operating Surplus/(Deficit)		699	697	(8)	(9)
Contribution Under Statute G,II		(22)	(22)	(15)	(15)
		<hr/>	<hr/>	<hr/>	<hr/>
NET SURPLUS/(DEFICIT)		677	675	(23)	(24)
Transfer (to)/from accumulated income within restricted expendable capital		306	306	391	391
		<hr/>	<hr/>	<hr/>	<hr/>
RETAINED SURPLUS/(DEFICIT) FOR YEAR		<u>983</u>	<u>981</u>	<u>368</u>	<u>367</u>

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Restricted Funds £'000	Unrestricted Funds £'000	Total 2011 £'000	Total 2010 £'000
Surplus of Income and Expenditure Accounts		-	983	983	368
Unspent Endowment Fund Income	18	(306)	-	(306)	(391)
Unapplied Total Return for Year	18	2,075	1,958	4,033	5,609
New Endowments	18	1,091	-	1,091	1,818
Capital Grant from Colleges Fund		-	-	-	53
Actuarial Gain/(Loss) in Respect of Pension Fund	17	-	595	595	(98)
Total Recognised Gains/(Losses) for the Year		<u>2,860</u>	<u>3,536</u>	<u>6,396</u>	<u>7,359</u>

RECONCILIATION

Opening Reserves and Endowments	21,846	87,004	108,850	101,491
Total Recognised Gains/(Losses) for the Year	2,860	3,536	6,396	7,359
Closing Reserves and Endowments	<u>24,706</u>	<u>90,540</u>	<u>115,246</u>	<u>108,850</u>

The above figures exclude deferred capital grants of £2,237k (2010 £2,281k) shown in note 26 on page 36.

CHURCHILL COLLEGE, CAMBRIDGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 £'000	2010 £'000
Net Cash Inflow/(Outflow) from Operating Activities	21	777	(1,063)
Returns on Investments and Servicing of Finance	22	1,014	943
Capital Expenditure and Financial Investment	22	(187)	(3,128)
Net Cash Outflow before Financing		<u>1,604</u>	<u>(3,248)</u>
Net Cash (Outflow)/Inflow from Financing	22	(391)	1,674
Change in Net Funds		1,213	(1,574)
Net funds at Beginning of Year		873	2,447
Net funds at End of Year		<u>2,086</u>	<u>873</u>

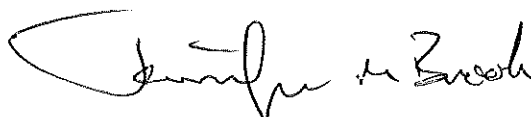
CHURCHILL COLLEGE, CAMBRIDGE
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 £'000	College 2011 £'000	Consolidated 2010 £'000	College 2010 £'000
FIXED ASSETS					
Tangible Assets	10	76,228	71,327	76,970	72,055
Investments	11	22,279	23,565	20,026	21,312
		<u>98,507</u>	<u>94,892</u>	<u>96,996</u>	<u>93,367</u>
ENDOWMENT ASSETS	12	24,706	24,706	21,846	21,846
CURRENT ASSETS					
Stock		52	31	56	37
Debtors	13	2,080	2,590	2,259	2,409
Cash	14	2,086	1,513	873	583
		<u>4,218</u>	<u>4,134</u>	<u>3,188</u>	<u>3,029</u>
Creditors: Amounts Falling Due Within One Year	15	(2,946)	(2,140)	(2,707)	(2,030)
NET CURRENT ASSETS		<u>1,272</u>	<u>1,994</u>	<u>481</u>	<u>999</u>
Creditors: Amounts Falling Due After One Year	16	(5,981)	(3,357)	(6,405)	(3,562)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>118,504</u>	<u>118,235</u>	<u>112,918</u>	<u>112,650</u>
Pension Liability	17	(1,021)	(1,021)	(1,787)	(1,787)
NET ASSETS INCLUDING PENSION LIABILITY		<u><u>117,483</u></u>	<u><u>117,214</u></u>	<u><u>111,131</u></u>	<u><u>110,863</u></u>
REPRESENTED BY:					
DEFERRED CAPITAL DONATIONS	26	2,237	2,237	2,281	2,281
ENDOWMENTS	18				
Expendable Endowments		5,476	5,476	4,350	4,350
Permanent Endowments		19,230	19,230	17,496	17,496
		<u>24,706</u>	<u>24,706</u>	<u>21,846</u>	<u>21,846</u>
RESERVES	19				
General Reserves Excluding Pension Reserve		91,561	91,292	88,791	88,523
Pension Reserve		(1,021)	(1,021)	(1,787)	(1,787)
		<u>90,540</u>	<u>90,271</u>	<u>87,004</u>	<u>86,736</u>
		<u><u>117,483</u></u>	<u><u>117,214</u></u>	<u><u>111,131</u></u>	<u><u>110,863</u></u>

The financial statements on pages 1 to 36 were approved by College Council on 27 November 2011 and signed on their behalf by:



Sir D Wallace
Master



Mrs J M Brook
Bursar

CHURCHILL COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 ACADEMIC FEES AND CHARGES	2011 £'000	2010 £'000
College Fees:		
Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,861)	1,562	1,580
Privately-funded Undergraduate Fee Income (per Capita Fee £4,650)	425	300
Fee Income received at the Graduate fee rate (per Capita Fee £2,229)	417	388
	<u>2,404</u>	<u>2,268</u>
Other Income:		
Teaching/Research/Training Grants	77	93
Supervisors Income	74	50
	<u>2,555</u>	<u>2,411</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		Consolidated 2011 £'000	College 2011 £'000	Consolidated 2010 £'000	College 2010 £'000
Accommodation	College Members	2,913	2,913	2,632	2,632
	Conferences	2,053	264	2,218	348
	International Programmes	1,538	194	779	118
Catering	College Members	885	885	918	918
	Conferences	1,657	284	1,727	355
	International Programmes	335	42	208	58
		<u>9,381</u>	<u>4,582</u>	<u>8,482</u>	<u>4,429</u>

3 ENDOWMENT AND INVESTMENT INCOME

3a ANALYSIS	2011 £'000	2010 £'000
Total Return Contribution (see note 3b)	1,866	1,816
Quoted Securities	5	4
Interest	36	18
	<u>1,907</u>	<u>1,838</u>
COLLEGE		
Interest	1	1
CONSOLIDATED	<u>1,908</u>	<u>1,839</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

3b Summary of Total Return	2011	2010
	£'000	£'000
Income From:		
Land and Buildings	586	574
Quoted and Other Securities and Cash	846	773
Gains/(Losses) on Endowment Assets		
Land and Buildings	205	550
Quoted and Other Securities	4,486	5,737
Investment Management Costs (see note 3c)	(224)	(209)
Total Return for the Year	5,899	7,425
Total Return Transferred to Income and Expenditure Account (see note 3a)	(1,866)	(1,816)
Unapplied Total Return for Year Included within Statement of Total Recognised Gains and Losses (see note 20)	<u>4,033</u>	<u>5,609</u>

3c Investment Management Costs

Quoted Securities	83	69
Land and Buildings	141	140
	<u>224</u>	<u>209</u>

4 DONATIONS

	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Unrestricted Donations	895	1,676	841	1,488
Released from Deferred Capital Grants (see note 26)	44	44	44	44
	<u>939</u>	<u>1,720</u>	<u>885</u>	<u>1,532</u>

5 EDUCATION EXPENDITURE

	College	College
	2011	2010
	£'000	£'000
Teaching	1,873	1,848
Tutorial	569	598
Admissions	355	348
Research	290	255
Scholarships and Awards	596	577
Other Educational Facilities	286	294
	<u>3,969</u>	<u>3,920</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

6 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

		Consolidated 2011 £'000	College 2011 £'000	Consolidated 2010 £'000	College 2010 £'000
Accommodation	College Members	3,239	3,239	3,082	3,082
	Conferences	1,807	294	1,881	408
	International Programmes	1,015	215	506	139
Catering	College Members	984	984	1,075	1,075
	Conferences	1,359	316	1,546	415
	International Programmes	566	47	352	68
Total		8,970	5,096	8,442	5,187

7 OTHER EXPENDITURE

	2011 £'000	2010 £'000
Archives Centre	485	425
Fundraising Costs (including costs of alumni relations)	108	149
Bank Loan Interest	93	67
Other	315	471
COLLEGE	1,001	1,112
Bank Loan Interest	143	151
Corporation Tax Payable	-	-
CONSOLIDATED	1,144	1,263

8a ANALYSIS OF 2010/11 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 9) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
CONSOLIDATED				
Education (Note 5)	2,253	1,382	334	3,969
Residences, Catering and Conferences (Note 6)	4,080	3,400	1,490	8,970
Other (Note 7)	374	770	-	1,144
	6,707	5,552	1,824	14,083
COLLEGE				
Education (Note 5)	2,253	1,382	334	3,969
Residences, Catering and Conferences (Note 6)	2,169	1,746	1,181	5,096
Other (Note 7)	374	627	-	1,001
	4,796	3,755	1,515	10,066

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

8b ANALYSIS OF 2009/10 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 9) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
CONSOLIDATED				
Education (Note 5)	2,178	1,411	331	3,920
Residences, Catering, and Conferences (Note 6)	3,520	3,423	1,499	8,442
Other (Note 7)	363	900	-	1,263
	6,061	5,734	1,830	13,625
COLLEGE				
Education (Note 5)	2,178	1,411	331	3,920
Residences, Catering, and Conferences (Note 6)	2,172	1,806	1,209	5,187
Other (Note 7)	364	748	-	1,112
	4,714	3,965	1,540	10,219

8c Auditors Remuneration

	2011 £'000	2010 £'000
Other Operating Costs include:		
Audit Fees paid to College's External Auditors	10	10
Audit Fees paid to Subsidiaries' External Auditors	6	6
	16	15

9 STAFF COSTS

	Academic 2011 £'000	Academic Related 2011 £'000	Non - Academic 2011 £'000	Total 2011 £'000	Total 2010 £'000
CONSOLIDATED					
Staff Costs:					
Emoluments	956	633	4,264	5,853	5,179
Social Security Costs	46	49	306	401	398
Other Pension Costs	75	72	306	453	484
	1,077	754	4,876	6,707	6,061

Staff Numbers

Academic	13	26
Academic Related	23	26
Non-Academics	178	180
	214	232

No officer or employee of the College or subsidiary companies received emoluments of over £100,000.

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

9 STAFF COSTS (CONT)

	Academic 2011 £'000	Academic Related 2011 £'000	Non - Academic 2011 £'000	Total 2011 £'000	Total 2010 £'000
COLLEGE					
Staff Costs:					
Emoluments	956	633	2,524	4,113	3,989
Social Security Costs	46	49	173	268	270
Other Pension Costs	75	72	268	415	455
	<u>1,077</u>	<u>754</u>	<u>2,965</u>	<u>4,796</u>	<u>4,714</u>

Staff Numbers (Full time equivalent)

Academic				13	16
Academic Related				23	24
Non-Academics				108	112
				<u>144</u>	<u>152</u>

There are 108 fellows on the Governing Body of which 29 are stipendiary. Their remuneration is included in the above figures.

10 FIXED ASSETS

a Tangible Assets - Consolidated

	College Site Flats & Buildings £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Møller Centre £'000	Total £'000
COST/VALUATION					
At 1 July 2010	63,219	7,188	4,400	15,412	90,219
Additions	927	-	390	-	1,317
Disposals	-	(272)	(293)	-	(565)
Cost/valuation as at 30 June 2011	<u>64,146</u>	<u>6,916</u>	<u>4,497</u>	<u>15,412</u>	<u>90,971</u>
DEPRECIATION					
At 1 July 2010	7,665	947	2,566	2,071	13,250
Provided for the year	1,070	116	313	324	1,824
Eliminated on Disposal	-	(38)	(293)	-	(331)
Depreciation at 30 June 2011	<u>8,735</u>	<u>1,026</u>	<u>2,586</u>	<u>2,395</u>	<u>14,743</u>
NET BOOK VALUE					
At 30 June 2011	<u>55,411</u>	<u>5,890</u>	<u>1,911</u>	<u>13,017</u>	<u>76,228</u>
At 30 June 2010	<u>55,554</u>	<u>6,241</u>	<u>1,834</u>	<u>13,341</u>	<u>76,970</u>

The Insured Value of Freehold Land and Buildings as at 30 June 2011 was £98,926,102 (2010: £95,039,156).

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

10a Tangible Assets - College	College Site Flats & Buildings £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Møller Centre £'000	Total £'000
COST/VALUATION					
At 1 July 2010	63,219	7,188	1,960	11,105	83,472
Additions	927	-	94	-	1,021
Disposals	-	(272)	(293)	-	(565)
Cost/valuation as at 30 June 2011	<u>64,146</u>	<u>6,916</u>	<u>1,761</u>	<u>11,105</u>	<u>83,928</u>
DEPRECIATION					
At 1 July 2010	7,665	947	1,324	1,481	11,417
Provided for the year	1,070	116	143	185	1,515
Eliminated on Disposal	-	(38)	(293)	-	(331)
Depreciation at 30 June 2011	<u>8,735</u>	<u>1,026</u>	<u>1,174</u>	<u>1,666</u>	<u>12,601</u>
NET BOOK VALUE					
At 30 June 2011	<u>55,411</u>	<u>5,890</u>	<u>587</u>	<u>9,439</u>	<u>71,327</u>
At 30 June 2010	<u>55,554</u>	<u>6,241</u>	<u>636</u>	<u>9,624</u>	<u>72,055</u>

10b 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. However, as none have been acquired since this date the value of capitalised heritage assets is £Nil.

11 INVESTMENT ASSETS	Consolidated 2011 £'000	College 2011 £'000	Consolidated 2010 £'000	College 2010 £'000
Balance at 1 July 2010	40,198	41,484	33,373	34,659
Additions	19,078	19,078	16,172	16,172
Disposals	(18,505)	(18,505)	(14,993)	(14,993)
Appreciation on Revaluation/Disposals	4,691	4,691	6,287	6,287
Increase/(Decrease) in Cash Balances at Fund Manag	257	257	(641)	(641)
Balance as at 30 June 2011	<u>45,719</u>	<u>47,005</u>	<u>40,198</u>	<u>41,484</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

11 INVESTMENT ASSETS (CONT)	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
Represented by:	£'000	£'000	£'000	£'000
Property	6,656	6,656	6,437	6,437
Quoted Securities - Equities	33,799	33,799	27,488	27,488
Quoted Securities - Fixed Interest	4,601	4,601	4,582	4,582
Unquoted Securities - Equities	14	1,300	14	1,300
Cash Held For Reinvestment	649	649	1,677	1,677
	<u>45,719</u>	<u>47,005</u>	<u>40,198</u>	<u>41,484</u>
Analysis:				
Total Investment Assets	45,719	47,005	40,198	41,484
Less: Endowment Assets (Note 12)	(23,440)	(23,440)	(20,172)	(20,172)
Investment Asset Total	<u>22,279</u>	<u>23,565</u>	<u>20,026</u>	<u>21,312</u>
12 ENDOWMENT ASSETS				
	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Investments (Note 11)	23,440	23,440	20,172	20,172
Funds held by College	1,266	1,266	1,674	1,674
	<u>24,706</u>	<u>24,706</u>	<u>21,846</u>	<u>21,846</u>
13 DEBTORS				
	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Trade Debtors	495	261	831	257
Members of the College	753	753	721	721
Amounts due from Subsidiary Undertakings	-	926	-	792
Prepayments and Accrued Income	190	8	116	40
Other	588	588	532	540
Debtors due in greater than one year	54	54	59	59
	<u>2,080</u>	<u>2,590</u>	<u>2,259</u>	<u>2,409</u>
14 CASH				
	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Bank Deposits	1,472	1,472	542	542
Current Accounts and in Hand	614	41	331	41
	<u>2,086</u>	<u>1,513</u>	<u>873</u>	<u>583</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Trade Creditors	416	175	599	324
Members of the College	984	984	930	930
Amounts due to Subsidiary Companies	-	1	-	1
University Fees	69	69	44	44
Contribution to Colleges Fund	22	22	15	15
Bank Loans	406	237	423	263
Social Security and other Taxation payable	292	162	219	131
Other	757	490	477	322
	2,946	2,140	2,707	2,030

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Bank Loans	2,568	1,278	1,615	882
Other Creditors	250	-	300	-
	2,818	1,278	1,915	882
Amounts payable wholly or partly after 5 years				
Bank Loans	3,163	2,079	4,490	2,680
Total	5,981	3,357	6,405	3,562

The bank loan to the Møller Centre is unsecured and is in two tranches. Tranche one is for £2.1 million and is repayable over 15 years. Tranche two is for £1 million and is repayable over 8 years.

Interest on tranche 1 is charged at 5.42% per annum. Interest on tranche 2 is charged at 5.42% per annum until 30 September 2015, and at base rate plus 0.5% from then on until the end of the agreement.

The bank loan to the College is unsecured and is for £4 million, £2 million of which had been drawn down at 30 June 2009 and the remaining £2m was drawn down by 30 June 2010. The loan is repayable over 15 years. Interest is charged at the rate of 1.5% above base rate with a minimum rate of 2.5%.

17 PENSION LIABILITIES	2011	2010
	£'000	£'000
Balance at 1 July 2010	(1,787)	(1,803)
Movement in the year:		
Contributions paid by the College	230	230
Finance cost	(59)	(116)
Actuarial loss Recognised in Statement of Total Recognised Gains and Losses	595	(98)
Balance at 30 June 2011	(1,021)	(1,787)

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

18 ENDOWMENTS	Unrestricted Permanent £'000	Restricted Permanent £'000	Restricted Expendable £'000	Total 2011 £'000	Total 2010 £'000
CONSOLIDATED/COLLEGE					
COLLEGE	Unrestricted Permanent £'000	Restricted Permanent £'000	Restricted Expendable £'000	Total 2011 £'000	Total 2010 £'000
Balance at 1 July 2010					
Capital	9,058	8,399	2,755	20,212	15,530
Unspent Income	-	-	1,634	1,634	2,025
	<u>9,058</u>	<u>8,399</u>	<u>4,389</u>	<u>21,846</u>	<u>17,555</u>
New Endowments Received		11	1,080	1,091	1,871
Income Receivable from Endowment					
Asset Investments	-	-	531	531	557
Expenditure	-	-	(837)	(837)	(948)
Net Transfer to/from Income and Expenditure Account	<u>-</u>	<u>-</u>	<u>(306)</u>	<u>(306)</u>	<u>(391)</u>
Increase in Market Value of Investments	915	847	313	2,075	2,811
Balance at 30 June 2011	<u>9,974</u>	<u>9,257</u>	<u>5,476</u>	<u>24,706</u>	<u>21,846</u>
Balance as at 30 June 2011					
Capital	9,974	9,257	4,148	23,378	20,212
Unspent Income	-	-	1,328	1,328	1,634
COLLEGE	<u>9,974</u>	<u>9,257</u>	<u>5,476</u>	<u>24,706</u>	<u>21,846</u>

18 ENDOWMENTS (CONT)

Archives	-	5,640	421	6,061	5,510
Building	-	-	1,909	1,909	1,252
Bursary	-	172	167	339	294
Development Office	-	-	117	117	108
Endowment	-	45	111	156	141
Fellowship	-	286	796	1,082	940
JRF	-	744	402	1,146	1,025
Library	-	162	15	177	164
Other	-	3	869	872	830
Prize	-	27	56	83	75
Research Funds	-	-	20	20	19
Studentship/Scholarship	-	2,117	570	2,687	2,354
Travel Funds	-	61	23	84	76
Corporate Capital	9,973	-	-	9,973	9,058
	<u>9,973</u>	<u>9,257</u>	<u>5,476</u>	<u>24,706</u>	<u>21,846</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

19 GENERAL RESERVES

CONSOLIDATED	General Reserves £'000	Total 2011 £'000	Total 2010 £'000
Balance at 1 July 2010	87,004	87,004	83,936
Surplus Retained for the Year	983	983	368
Actuarial Gain	595	595	(98)
Increase in Market Value of Investments	1,959	1,959	2,798
Balance at 30 June 2011	<u>90,540</u>	<u>90,540</u>	<u>87,004</u>

COLLEGE

Balance at 1 July 2010	86,736	86,736	83,669
Surplus/(Deficit) Retained for the Year	981	981	367
Actuarial Gain	595	595	(98)
Increase in Market Value of Investments	1,959	1,959	2,798
Balance at 30 June 2011	<u>90,271</u>	<u>90,271</u>	<u>86,736</u>

20 MEMORANDUM OF UNAPPLIED TOTAL RETURN

Included within reserves the following amounts represent the Unapplied Total Return of the College:

	2011 £'000	2010 £'000
Unapplied Total Return at 1 July 2010	18,725	13,116
Unapplied Total Return for the Year (see note 3b)	4,033	5,609
Unapplied Total Return at 30 June 2011	<u>22,757</u>	<u>18,725</u>

21 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £'000	2010 £'000
Operating Surplus/(Deficit) Before Tax	677	(23)
Depreciation	1,824	1,830
Investment Income	(1,908)	(1,839)
Surplus on Disposal of Fixed Assets	(226)	-
Donations for buildings and other deferred capital grants received	(44)	(44)
Interest Payable	236	218
Increase/(Decrease) in Stocks	4	(3)
Decrease/(Increase) in Debtors	179	(137)
Increase/(Decrease) in Creditors	206	(950)
Pension Deficit (Decrease)/Increase	(171)	(115)
Net Cash Inflow/(Outflow) from Operating Activities	<u>777</u>	<u>(1,063)</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

22 CASH FLOWS	2011	2010
	£'000	£'000
Returns on Investments and Servicing of Finance		
Endowment Investment Income Received	1,432	1,348
Other Investment Income Received	42	22
Less: Management Costs	(224)	(209)
Interest Paid	(236)	(218)
Net Cash Inflow from Returns on Investment and Servicing of Finance	<u>1,014</u>	<u>943</u>
Capital Expenditure and Financial Investment		
Purchase of Tangible Fixed Assets	(1,317)	(2,786)
Purchase of Investment Assets	(12,271)	(14,915)
Sale of Investment Assets	11,416	12,234
Proceeds from sale of Fixed Assets	460	-
New Endowment	1,091	1,818
Grant from Colleges Fund	-	53
Drawdown of Investment Capital	433	468
Net Cash Outflow from Capital Expenditure and Financial Investment	<u>(187)</u>	<u>(3,128)</u>
Financing		
Bank Loan Acquired	-	2,000
Repayment of Long Term Loan	(391)	(326)
Net Cash Inflow from Financing	<u>(391)</u>	<u>1,674</u>

23 ANALYSIS OF CASH BALANCES	At Beginning of Year	Cash Flows	At End of Year
	£'000	£'000	£'000
Cash at Bank and in Hand	873	1,213	2,086
Net Funds	<u>873</u>	<u>1,213</u>	<u>2,086</u>

24 CAPITAL COMMITMENTS	2011	2010
	£'000	£'000
Capital Commitments at 30 June 2011 are as follows:		
CONSOLIDATED		
Authorised and Contracted	<u>590</u>	<u>813</u>
COLLEGE		
Authorised and Contracted	<u>522</u>	<u>750</u>

25 PENSION SCHEMES

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS).

Universities Superannuation Scheme

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

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

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and 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.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pension 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, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also 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 salary 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% RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - No age rating

25 PENSION SCHEMES (CONT)

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

Males/Females currently aged 65	22.8 (24.8) years
Males/Females currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets were therefore sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

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 except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. 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.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the Trustee company, on the advice of the actuary, increased the College contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The Government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken all this into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3%pa to 2.9%pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91% as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the Trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, 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 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

25 PENSION SCHEMES (CONT)

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/Decrease by 0.5%	Decrease/Increase by £2.2 billion
Rate of pension increases	Increase/Decrease by 0.5%	Increase/Decrease by £1.5 billion
Rate of salary growth	Increase/Decrease by 0.5%	Increase/Decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The Trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the Trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the Trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The 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 although the Trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the Trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, the USS had over 142,000 active members and the College had 108 active members participating in the scheme.

The total USS pension cost for the College was £328,658 (2010: £330,704). The contribution rate payable by the College was 16% of pensionable salary.

25 PENSION SCHEMES (CONT)

Cambridge Colleges Federated Pension Scheme

The College is also a member of a multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme. This College section closed for all accrual on 31 March 2007 when all active members were made deferred. A full valuation was undertaken as at 31 March 2008 and updated to 30 June 2011 by a qualified independent actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30/06/11 % pa	30/06/10 % pa
Discount rate	5.5%	5.3%
Expected long-term rate of return on Scheme assets	5.9%	6.0%
Increases in Salaries	N/A	N/A
Retail Price Index (RPI) assumption	3.4%	3.4%
Consumer Price Index (CPI)	2.7%	N/A
Pension Increases (RPI linked)	3.4%	3.4%

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 2009 projection and a target long-term improvement rate of 0.75%pa. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.7 years (previously 20.7 years)
- Female age 65 now has a life expectancy of 23.6 years (previously 23.5 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.7 years (previously 21.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 24.8 years (previously 24.5 years)

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2011 are as follows:

	2011 £'000	2010 £'000
Present value of Scheme liabilities	(7,184)	(7,323)
Market Value of Scheme assets	6,163	5,536
Deficit in the Scheme	<u>(1,021)</u>	<u>(1,787)</u>

The following amounts have been recognised within the income and expenditure account:

	2011 £'000	2010 £'000
Current service cost	-	-
Interest on pension scheme liabilities	378	412
Expected return on pension scheme assets	(319)	(296)
Total operating charge	<u>59</u>	<u>116</u>
Actual return on scheme assets	<u>763</u>	<u>654</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

25 PENSION SCHEMES (CONT)

Changes in the present value of the scheme liabilities are as follows:	2011 £'000	2010 £'000
Present value of scheme liabilities at beginning of period	7,323	6,829
Interest cost	378	412
Actuarial (Losses)/Gains	(152)	455
Benefits paid	(365)	(373)
Present value of scheme liabilities at end of period	<u>7,184</u>	<u>7,323</u>

Changes in the fair value scheme assets are as follows:	2011 £'000	2010 £'000
Market value of scheme assets at beginning of period	5,536	5,026
Expected return	319	296
Actuarial Losses/Gains	443	357
Contributions by Employer	230	230
Benefits and expenses paid	(365)	(373)
Market value of scheme assets at end of period	<u>6,163</u>	<u>5,536</u>

The agreed contributions to be paid by the College in the forthcoming year (year ending 30 June 2012) is £229,911, subject to review at future actuarial valuations.

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

	2011	2010
Equities and Hedge Funds	56.0%	60.0%
Bonds and Cash	36.0%	31.0%
Property	8.0%	9.0%
	<u>100.00%</u>	<u>100.00%</u>

The expected long-term rate of return on the scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.1% (2010: 7.1%), an expected rate of return on properties of 6.1% (2010: 6.1%) and an expected rate of return on bonds and cash of 4.8% (2010: 4.7%).

Analysis of the amount recognisable in the statement of total recognised gains and losses are as follows:

	2011 £'000	2010 £'000
Actual return less expected return on scheme assets	443	357
Experience gains and losses arising on scheme liabilities	15	365
Changes in assumptions underlying the present value of scheme liabilities	137	(820)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>595</u>	<u>(98)</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011

25 PENSION SCHEMES (CONT)

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

	2011 £'000	2010 £'000
Cumulative actuarial loss at beginning of year	(1,654)	(1,556)
Recognised during the year	595	(98)
Cumulative actuarial loss at end of year	<u>(1,059)</u>	<u>(1,654)</u>

Movement in surplus/(deficit) during the years are as follows:

	2011 £'000	2010 £'000
Deficit in scheme at beginning of year	(1,787)	(1,803)
Contributions paid by the College	230	230
Finance cost	(59)	(116)
Actuarial gain/(loss)	595	(98)
Surplus/(deficit) in scheme at the end of the year	<u>(1,021)</u>	<u>(1,787)</u>

Amounts for the current and previous accounting periods are as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of scheme liabilities	(7,184)	(7,323)	(6,829)	(6,956)
Market value of scheme assets	6,163	5,536	5,026	5,759
Deficit in the scheme	<u>(1,021)</u>	<u>(1,787)</u>	<u>(1,803)</u>	<u>(1,197)</u>
Experience gain/(loss) on scheme liabilities	15	365	(16)	(68)
Actual return less expected return on scheme assets	443	357	(836)	(710)
Changes in assumptions underlying present value of scheme liabilities	<u>137</u>	<u>(820)</u>	<u>161</u>	<u>18</u>

26 DEFERRED CAPITAL GRANTS

	2011 £'000	2010 £'000
COLLEGE		
Donations for Buildings		
Balance at 30 July 2010	2,281	2,325
Released to Income and Expenditure Account (Note 4)	(44)	(44)
Balance at 30 June 2011	<u>2,237</u>	<u>2,281</u>

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.