CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

CHURCHILL COLLEGE, CAMBRIDGE

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GOVERNING BODY AND ADVISERS

FOR THE YEAR ENDED 30 JUNE 2007

The College is a corporate body consisting of the Master, the Fellows and Scholars. It is an exempt charity, with its registered office at Storey's Way, Cambridge, CB3 0DS.

The Governing Body, which consists of the Master and voting Fellows (Members of the Governing Body), holds at least six statutory meetings each year. The Council, consisting of the Master, Vice-Master, Senior Tutor, Bursar, Tutor for Advanced Students and eight Fellows elected at the annual election meeting of the Governing Body, four student members and two staff members, is responsible for the administration of the College in all matters not specifically assigned to the Governing Body or the Finance Committee. The Finance Committee, consisting of the Master, Vice-Master, Senior Tutor, Tutor for Advanced Students, Bursar, two Inspectors of Accounts, the Finance Manager, MCR representative, JCR representative and five Fellows elected by College Council in December each year, oversee the management of the College estates and investments and administers the revenues in accordance with College Statutes.

The names of the voting Members of the Governing Body, the Council and the Finance Committee at 30 June 2007 were as follows:

Governing Body:

Master	Prof Sir David Wallace, CBE, FRS, FREng
Vice-Master	Dr A G Tristram
Senior Tutor	Dr A L R Findlay MA, PHD
Bursar	Ms J M Rigby, MA, MBA
Tutor for Advanced Students	Dr I B Kingston

Amaratunga, Prof G
Ashburner, Prof M, ScD, FRS
Barbrook, Dr A C
Barnes, Prof J A, FBA
Bertone, Dr P
Bolton, Prof MD
Boss, Dr S
Boyd, Sir John, KCMG
Bracewell, Dr R H
Broers, Rt Hon Lord, FRS, FREng
Burge-Hendrix, Dr B
Caulfield, Dr C P
Chatterjee, Prof V K K
Crisp, Dr A J
Dawes, Prof W N
DeMarrais, Dr E
Ducati, Dr C
Dunin-Borkowski, Dr R E
Echenique, Prof M
Englund, Dr H M
Fawcett, Dr J
Finch, Prof A M
Fraser, Dr K A
Gaskill, Dr M
Giannitsarou, Dr C
Goldie, Dr M A
Goldstein, Prof R E
Gopal, Dr P
Gough, Prof D O, FRS
Green, Dr D A
Gregory, Prof M J, CBE
Grimmett, Prof G R
Grosskinsky, Dr S
Harris, Dr P A
Hawthorne, Prof Sir W, CBE, FRS, FREng
Hey, Dr R W
Hicks, Dr C M
Hines, Dr M
Holtzman, Dr T
Hovius, Dr N
Hurst, Mr H R
Jacobus, Prof M
Jennison, Miss B M, MBE
Kendall, Prof D G, FRS
Kendall, Miss M
Kennicutt, Prof R C
Keynes, Prof R D, CBE, SCD, FRS
King, Mrs A N
King, Dr F H
King, Prof J E, CBE, FREng
Kinsella, Prof J
Knowles, Dr K M
Kraft, Dr M
Kramer, Prof M H
Kress, Dr B
Kruger, Dr O
Laughlin, Prof S B, FRS
Liang, Dr D
Long, Dr M D
Lovas, Dr T
Ludlam, Dr J
Mascie-Taylor, Prof C G N, SCD
Mathur, Dr N

Maurice, Mrs S
Miller, Dr M A
Milne, Prof W I
Mitchell, Dr J B O
Montemaggi, Dr V
Murray-Rust, Dr P
Newbery, Prof D M G, FBA
Norris, Prof J R
O'Kane, Dr C
Ozanne, Dr S E
Packwood, Mr A
Pedersen, Prof R
Ralph, Dr D
Reid, Dr A
Richer, Dr J
Robertson, Prof J
Robinson, Prof C V, FRS
Sandeman, Dr K G
Schultz, Prof W
Sgroi, Dr D
Siddle, Prof K
Singh, Dr S
Sirringhaus, Prof H
Soga, Dr K
Squire, Dr P S
Stancliffe, Dr R J
Sunikka, Dr M M
Taylor, Dr A W
Thom, Mr A
Thomas, Ms M
Thornbury, Dr E V
Thornton, Prof J M, CBE, FRS
Thusyanthan, Dr I
Tout, Dr C A
Van Houten, Dr P
Wassell, Dr I
Webb, Dr A R
Webber, Dr A J
Whittle, Dr A
Wyse, Dr D
Yuan, Dr B

Council

Sir David Wallace, Master
Dr A G Tristram, Vice-Master
Dr A L R Findlay, Senior Tutor
Ms J M Rigby, Bursar
Dr I B Kingston, Tutor for Advanced Students
Dr C P Caulfield
Prof M H Kramer
Dr M A Miller
Dr K G Sandeman
Mr H R Hurst
Dr C Hicks
Dr T Lovas
Dr P van Houten
MCR President
MCR Council Member
JCR President
JCR Council Member
Mr G Agnew, Staff Member
Mr R Bellamy, Staff Member

Finance Committee

Sir David Wallace, Master
Prof A Finch, Vice-Master
Dr A L R Findlay, Senior Tutor
Ms J M Rigby, Bursar
Dr I B Kingston, Tutor for Advanced Students
Prof D M G Newbery (Inspector of Accounts
Dr K M Knowles (Inspector of Accounts
Mrs S McMeekin (Finance Manager
Prof A Howie
Dr N Hovius
Dr C A Tout
MCR Representative
JCR Representative

Auditors

Prentis & Co
115c Milton Road
Cambridge
CB4 1XE

Bankers

Lloyds Bank Plc
3 Sidney Street
Cambridge
CB2 3HG

Investment Fund Managers

HSBC
78 St James Street
London
SW1A 1EJ

SCOPE OF FINANCIAL STATEMENTS

Churchill College has three wholly-owned operating subsidiaries which exist to provide additional revenue to the College and to optimise the use of the College infrastructure. These three companies are all registered and their accounts filed at Companies House. They are:

- Churchill Residences II Ltd – which develops property on the college site on behalf of the College
- The Møller Centre for Continuing Education Ltd – which operates facilities on the College site to provide a venue for training and staff development, including some conferences. It also runs some training and educational courses.
- Churchill Conferences Ltd – which markets the main college facilities as a conference venue.

The Directors of the subsidiary companies review their financial performance annually and may make donations to the College out of their pre-tax profits. Their accounts have not been consolidated with those of the College because of the size of the organisation.

COLLEGE FUNDING

Churchill College funds its activities from academic fees, charges to residents for accommodation and catering, income from conferences and meetings held at the College, its investments, grants to support specific academic and related projects in the College, and from donations including bequests.

The main source of academic funding for the College is fees received in the form of a grant from the University of Cambridge (part of its block grant from HEFCE) for the provision of admitting and supervising the studies of Home and EU undergraduates (ie. publicly-funded undergraduates) and providing tutorial support, social and recreational facilities. This does not cover the full cost of such provision. The College also charges fees to privately-funded undergraduates and those from overseas and graduate students. These are not capped.

The Churchill Archives Centre receives funding from its own endowment, from various Trusts set up to conserve, preserve and make available to researchers the papers of amongst others, Baroness Thatcher and Sir Winston Churchill, and grants from various grant-making bodies to support particular projects such as the cataloguing and conservation of certain collections. More than 600 sets of papers are held by the Centre.

The College reviews annually the level of charges for accommodation and catering for residents in the light of the actual costs of maintaining and servicing the accommodation and providing the catering facility.

The majority of the academic staff of the College are paid their principal stipends by the University and are paid by the College for the work they undertake in the form of teaching, pastoral support for students, and direction of studies. Those who hold Fellowships also participate in the governance of the College. They are provided with rooms for teaching and research in College on a needs basis. Some are also provided with residential accommodation. The academic budget is charged for the cost of these facilities.

The College is the primary employer of a number of College Teaching Officers who also hold College Fellowships, in those subjects where the teaching need cannot be met by University teaching officers. During the year 2006/07, the College employed seven stipendiary College Teaching Officers, for two of whom Trinity College provided funding for a proportion of the stipend. Three were on 50% contracts.

The College also funded four stipendiary Junior Research Fellows and offered accommodation and benefits to these and a further ten non-stipendiary Junior Research Fellows.

The College appointed its first full-time Development Director in 2001 with a view to increasing its endowment and its income from donations and benefactions and to build the College's relationships with its alumni, and with the wider world outside Cambridge, particularly in industry.

FINANCIAL RESULTS 2006/07

Financially, the College had a better year than originally budgeted or later forecast. There was an operating surplus of £1,481,466, after depreciation. The retained deficit for the year was £(195,940) against a deficit of £(37,141) in 2005/06.

The budget was for a deficit of £(536,392), taking into account the anticipated disruption to business at its continuing education subsidiary business, during a building project and anticipated additional payments into the CCFPS pension scheme for non-academic staff.

A significant change during the year was the decision to close the Churchill College section of the CCFPS for future service as well as to new members. The revaluation of the College's section of the CCFPS at the year end showed an improvement in its investment performance offset, in part, by the negative impact of actuarial assumptions such as ageing. The net improvement in the pension scheme deficit contributed significantly to the improved Income and Expenditure account. However, payments to offset the deficit will be accelerated at the request of the fund's management committee.

The donation to the College from its Møller Centre for Continuing Education subsidiary fell to £387,322 (note 3) as substantial building work took place during the year.

The donations to the Archives Centre capital appeal were considerable and enabled it to meet its target in terms of pledges and cash received by the end of the year.

The College's depreciation amounts to more than £1.4 million and there was a net cash outflow of £(576,944) against £129,737 in 2005/06.

The College moved to a total return method for accounting for its investments in 2005/06. The draw down of 3.69% of the value of investments at the end of June 2007 or £1,599,405 compared with £1,592,899 in 2005/06.

The College's investments performed well generally, for a third consecutive year. Outside the operational buildings of the College, which make up 60% of its fixed assets, the College owns commercial properties valued at £8,600,000, in the balance sheet, together with a number of equity and fixed interest holdings. The commercial properties have not been revalued this year. However, a desk valuation indicates a total return (income and capital gain) of 13.95% across the whole portfolio of investments. There are a number of designated and restricted funds and some Trusts which hold shares in the College's Amalgamated Investment Fund, in addition to the College's general endowment.

The College did not receive a grant from the Colleges Fund this year and paid a contribution into the fund, set up in 1998 to move towards equalisation of capital resources between the Colleges, of £30,689 compared with £26,975 in 2005/06.

The College's income from commercial activities rose marginally from £646,161 to £651,796 after a disappointing summer vacation period in 2006. Most of this business is carried out, outside of University term, using the facilities of the College.

The College's total fee income rose by 6.8% to £1,971,259 in 2006/07. This was due to higher than inflation settlement from the University of Cambridge for publicly-funded undergraduate students, on a one-off basis.

Catering income from operations (excluding conferences) rose by 5.7% and rental income rose by 9.9%.

Personnel and related expenditure increased by 5.6 % to £4,021,118 (note 17) due in part to increased costs of the staff pension scheme, the costs of contributing to the ongoing deficit in the scheme and the cost of implementing the HE national pay award. A cost of living pay increase of 3% was implemented on 1st August 2006 and a further 1% in February 2007, in line with the national HE pay award.

The College's expenditure in most areas was contained within inflation, and the College has taken steps to reduce activities in order to save costs, such as the cleaning of student bedrooms. The College's finance committee is fully aware of the need to contain costs and increase revenues.

CAPITAL EXPENDITURE

The College spent more than £1.8 million on repairing and maintaining its operational buildings and grounds of which £1,388,557 was capitalised. Major projects undertaken this year including:

- the rewiring and refurbishment of two staircases
- the final phase of refurbishment of the Sheppard Flats
- the major part of the refurbishment of the Porters' Lodge
- work to reverse chloride contamination and repair the concrete fascia panels on the main building
- replacement furniture for 90 undergraduate bedrooms
- replacement of all the WCs in the main courts
- re-plumbing of one graduate hostel
- upgrading of fire alarm systems and replacement of locks

The College also capitalised the cost of the hospitality management system, Kinetics, which was implemented over the year, a new till and stock control system in the dining hall and buttery and the software and fees relating to HERA.

In addition, the Møller Centre completed an extension to the Study Centre and new Music Centre, funded from profits and from a bank loan, and air conditioning installation in the main building, with the assistance of a £500,000 donation from the Møller Foundation.

CASH FLOW MANAGEMENT

The College has used secure deposits and Fixed Interest Funds for medium term cash holdings. Overall there was a net outflow of funds of £576,944 against an inflow of £129,736 in 2005/06.

CREDITORS AND DEBTORS

Creditors amount to £2,398,898. The largest elements of this relate to:

- deposits held from students, against college charges. The College has a policy of holding deposits from each of its students amounting to one term's rent and charges. There is thus a low level of bad debt among students;
- investment management fees and commercial rent paid in advance.
- Inland Revenue and HM Customs & Excise
- Suppliers

The College pays its suppliers when due, not on statement.

Debtors amounted to £2,331,694 at year end and the College has made a provision of £25,315 against bad debts. This relates to debts on the books from funding bodies and a few individual students.

FUTURE DEVELOPMENTS

The College's programme of rolling improvements and repairs will continue with the refurbishment of a further 2 large staircases of undergraduate rooms, the refurbishment of one graduate flat as a prototype, the installation of a disabled access lift in the main building, the continued upgrading of fire detection and lock systems, and refurbishment of communal space in a graduate hostel.

EMPLOYEE RELATIONS

The College consults regularly with its non-academic employees in the forum of its Staff Consultative Committee, termly general staff meetings and regular meetings with its recognised union, the GMB.

The academic staff are consulted in College committees and in particular, the Governing Body which meets twice termly.

The College has spent more than £30,000 on staff training during the year, including contributions to vocational qualifications. In addition, staff are offered free language classes on site.

RISK ASSESSMENT

The College has a draft risk management policy which is reviewed annually by the College Council. Health and Safety is monitored at all levels in the organisation, with leadership from the Bursar, the Health and Safety Manager and Fire Officer and staff representatives.

STATEMENT OF INVESTMENT PRINCIPLES

1) The College invests in securities, property and cash instruments, in accordance with its Statutes (Statute XXXII)

2) The College's investment policy is determined by the Governing Body on the advice of its Investment Advisory Committee. The College Council is responsible for the implementation of the investment strategy, again on the advice of the Investment Advisory Committee (Statute XXXII).

3) The Investment Advisory Committee is made up of Fellows of the College, including the Bursar, and two external members plus professional advisors.

4) The Investment Advisory Committee meets as a minimum twice yearly but may meet more frequently. It reports annually to the Governing Body unless it wishes to bring before the Governing Body any proposed changes in investment policy.

5) The Investment Advisory Committee advises the Governing Body on overall asset allocation. The main equity investments and the property investments of the College are managed by a small number of investment fund managers and form the amalgamated investment fund. The largest portion of the equity portfolio is managed by HSBC Investment Management with a discretionary mandate and with one specific exclusion, of tobacco shares. In addition they act on an advisory capacity and as custodian of a large shareholding in one UK-quoted company donated to the College. The College also invests in funds managed by: Brandes Investment Partners, Heronbridge Investment Management LLP, M & G Investment Management Ltd, CIM Investment Management, Green Cay asset management and CCLA Investment Management.

6) The College's permanent capital and expendable capital funds, and many of its restricted (including Trusts) funds (and unrestricted designated funds and some funds held for non-collegiate purposes), hold shares in the amalgamated investment fund, and the income from the amalgamated investment fund is distributed to those restricted and unrestricted designated funds in proportion to their shareholding.

7) The benchmark for performance for the general equity fund is the WM Charities Index (excluding property). The funds are invested to optimise total return and the College determines a draw down rate each year based on long term performance reviewed on a rolling three year basis. The College will continue to review distributions against long-term returns to ensure that, over time, the real value of the endowment is not being depleted.

8) The custodians for all the College's equities managed by HSBC IM are James Capel Nominees.

9) Investment risk is managed through the Investment Advisory Committee. They carry out due diligence on all the fund management companies in the AIF at least once in two years, to ensure that the organisation's risk control processes are in place and reasonable. All the fund managers provide the Bursar with monthly performance reports which are circulated to the Committee.

10) The College also owns some shares in a property unit trust (managed by Mayflower Management Company Ltd), and a portfolio of commercial properties which is, with the exception of one property, managed by DTZ Tie Leung. The portfolio is invested for long term real return of income and capital commensurate with the preservation of capital.

11) The College is also the sole owner of three trading companies: the Møller Centre for Continuing Education Ltd, Churchill Conferences Ltd, and Churchill Residences II Ltd. The trading companies make donations from any trading profits they may make, annually to the college.

Mrs J M Rigby
Bursar

Date: 23 November 2007

STATEMENT OF RESPONSIBILITIES OF THE GOVERNING BODY

Churchill College's Governing Body is made up of all Fellows of the College in Titles other than D (and includes those fellows in Title D elected before 1988). At the 30 June 2007, this amounted to 109 members, including the principal College Officers. The Governing Body elects from among its members 8 Fellows to serve on the College Council, the main operating committee of the Council, which also has the five principal College Officers who are fellows, four student representatives and two non-academic staff representatives. This meets fortnightly in term time and in the early part of the summer vacation.

In the context of financial matters, the Governing Body has the power:

- to change the terms and conditions of employment of academic staff and the allowances for Fellows, including the principal officers, on the recommendation of the College Council,
- to formulate general policy regarding investments,
- to determine the form of accounts,
- to review the budget and determine allocation of funds
- to consider the annual report and accounts
- to appoint internal Inspectors of Accounts

Again, in the context of financial matters, the College Council has responsibility for monitoring capital expenditure and operating expenditure against budget working through a series of sub-committees, including the Finance and House and Estates Committees, with specific areas of responsibility.

In accordance with the College's Statutes, the Council is responsible for the management of the College's Estates and the administration of the College's revenues, subject to the overall control of the Governing Body.

The Finance Committee is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept which disclose with reasonable accuracy at any time the financial position of the College. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University, for approval by the Governing Body. The Finance Committee is responsible for the maintenance and integrity of the financial information which 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.

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

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- it is appropriate that the financial statements are prepared on the going concern basis

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF CHURCHILL COLLEGE

FOR THE YEAR ENDED 30 JUNE 2007

We have audited the financial statements which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an 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 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 Auditors

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Governing Body. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College is not disclosed.

We are not required to consider whether the statement in the Report of the Governing Body concerning the major risks to which the College is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the College's risk management and control procedures.

We read other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view in accordance with generally accepted accounting practice of the state of the College's affairs as at 30 June 2006 and of the deficit of the College for the year then ended and have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

In our opinion the contribution due from the College to the University has been correctly computed in accordance with the provisions of Statute G, II of the University of Cambridge.

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

Date: 10 December 2007

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 for accounting in Further And Higher Education (SORP) with the exception of the balance sheet which has been presented in a different format set out in the relevant section of Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the balance sheet whereas RCCA requires that part of this information be disclosed in the notes to the accounts.

Basis of Accounting

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

Consolidation

The College is claiming exemption from preparing consolidated financial statements as it meets the criteria of a medium-sized company as defined by Section 249 of the Companies Act. Details of the College's subsidiary undertakings are given in note 22. The activities of student societies have not been consolidated.

Recognition of income

Income from permanent capital funds and short-term deposits is credited to the Income and Expenditure Account in the year in which it becomes receivable. Donations and benefactions of an income nature are shown as income in the year in which they become receivable.

Benefactions and donations accepted on condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from a permanent capital fund is shown as income in the year that it is receivable. Income from a permanent capital fund that is not expended in the year in which it is receivable is, at the year-end, transferred from the income and expenditure account to a restricted or unrestricted expendable capital fund, as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the income and expenditure account from the restricted expendable capital fund to match the expenditure.

Restricted benefactions and donations that are used to fund capital projects are initially credited to a restricted expendable capital fund, and then released over the same estimated useful life that is used to determine the depreciation charge for the capital project.

College fee income is recognised in the period for which it is received and includes fees chargeable to students or their sponsors.

Pension schemes

a) **Universities Superannuation Scheme**

The College participates in the Universities Superannuation Scheme, 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. The College 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 a defined benefit scheme, the Cambridge Colleges’ Federated Pension scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services

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.

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% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	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. Rare books, silver, works of art and other assets not related to education

Rare books, silver, works of art and other assets not related to education are deemed to be inalienable and are therefore not included in the balance sheet.

e. 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.

Investments

Investments are included in the balance sheet at market value. 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 DTZ Tie Leung on 30 June 2006. They are revalued every 3 years. The Governing Body does not consider that the value of the properties has changed significantly since 30 June 2006 and does not consider that any provision for diminution in value is necessary.

Stocks

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

Provisions

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

Foreign currencies

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

Taxation

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

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

Contribution under Statute G,II

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

CHURCHILL COLLEGE, CAMBRIDGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 £	2006 £
INCOME			
Academic Fees and Charges	1	2,053,943	1,959,123
Residences Catering, and Conferences	2	3,706,053	3,451,512
Endowment Income	3	4,413,995	3,852,558
Total Income		10,173,991	9,263,193
EXPENDITURE			
Education	4	3,090,110	3,031,072
Residences, Catering and Conferences	5	4,784,762	4,447,861
Other	6	817,653	937,022
Total Expenditure		8,692,525	8,415,955
Operating Surplus		1,481,466	847,238
Contribution Under Statute G,II	7	(30,689)	(26,975)
NET SURPLUS		1,450,777	820,263
Transfer to/(from) accumulated income within restricted expendable capital		(1,646,717)	(857,404)
RETAINED DEFICIT FOR YEAR		(195,940)	(37,141)

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 2007

	Restricted Funds		**Unrestricted Funds**			
	Collegiate Purposes £	Non-Collegiate Purposes £	Designated Funds £	Undesignated Funds £	**Total 2007** £	**Total 2006** £
Balance at 1 July 2006	7,056,905	4,158,783	2,471,514	96,719,891	110,407,093	105,506,487
Appreciation of Investment Assets	467,527	462,064	189,459	3,164,331	4,283,381	3,884,009
Unspent Restricted Fund Income Retained by Funds	237,102	1,329,300	80,315	-	1,646,717	857,404
Retained Deficit for the Year	-	-	-	(195,940)	(195,940)	(37,142)
Benefactions and Donations	282,541	255,350	-	-	537,891	-
Capital Grant from Colleges Fund	-	-	-	-	-	23,600
Actuarial Gain/(Loss) on Pension Fund	-	-	-	(13,699)	(13,699)	216,564
Release of Deferred Capital Donations	(43,830)	-	-	-	(43,830)	(43,830)
Total Recognised Gains/ (Losses) for the Year	943,340	2,046,714	269,774	2,954,692	6,214,520	4,900,605
Balance at 30 June 2007	8,000,245	6,205,497	2,741,288	99,674,583	116,621,613	110,407,093

CHURCHILL COLLEGE, CAMBRIDGE

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 £	2006 £
FIXED ASSETS	9		
Tangible Assets		70,094,483	70,132,676
Investments		46,178,615	39,304,589
		116,273,098	109,437,265
CURRENT ASSETS			
Stock		53,142	45,760
Cash	10	986,106	1,563,050
Debtors	11	2,331,694	2,551,682
		3,370,942	4,160,492
Creditors: Amounts Falling Due Within One Year	12	(2,398,898)	(2,281,346)
NET CURRENT ASSETS		972,044	1,879,146
NET ASSETS EXCLUDING PENSION LIABILITY		117,245,142	111,316,411
Pension Liability		(623,529)	(909,318)
NET ASSETS INCLUDING PENSION LIABILITY		116,621,613	110,407,093

CAPITAL AND RESERVES 13	**Income/ expendable capital funds**	**Permanent capital funds**	**Total 2007**	**Total 2006**
Restricted funds held for collegiate purposes	1,832,862	6,167,383	8,000,245	7,056,904
Restricted funds held for non-collegiate purposes	328,663	5,876,834	6,205,497	4,158,783
Unrestricted Funds (excluding pension liability)	21,918,107	81,121,293	103,039,400	100,100,724
Pension reserve	(623,529)	-	(623,529)	(909,318)
TOTAL	**23,456,103**	**93,165,510**	**116,621,613**	**110,407,093**

The financial statements on pages 1 to 35 were approved by the Governing Body on 23 November 2007 and signed on their behalf by:

Sir D Wallace
Master

Ms J M Rigby
Bursar

CHURCHILL COLLEGE, CAMBRIDGE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 £	2006 £
A. OPERATING ACTIVITIES			
Operating Surplus Before Tax		1,481,466	847,238
Depreciation	9	1,426,751	1,449,845
Less Investment Income		(1,658,715)	(1,636,085)
(Increase)/Decrease in Stocks		(7,382)	7,478
(Increase)/Decrease in Debtors		219,988	(364,536)
Increase/(Decrease) in Creditors		(168,237)	(954,893)
Pension Deficit Increase/(Decrease)		(13,699)	216,564
Net Cash Inflow/(Outflow) from Operating Activities		**1,280,172**	**(434,389)**
B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Investment Income		1,658,715	1,636,085
Net Cash Inflow from Returns on Investments and Servicing of Finance		**1,658,715**	**1,636,085**
C. CONTRIBUTION TO COLLEGES FUND		**(30,689)**	**(26,975)**
D. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of Tangible Fixed Assets		(1,388,557)	(1,279,200)
Purchase of Investment Assets		(5,897,808)	(467,860)
Sale of Investment Assets		3,307,162	722,305
Total Capital Payments		(3,979,203)	(1,024,755)
Capital Grant received from Colleges Fund		-	23,600
Capital Donations Received		537,891	-
Less: Capital donations released		(43,830)	(43,830)
Total Capital Receipts		494,061	(20,230)
Net Cash Outflow from Investing Activities		**(3,485,142)**	**(1,044,985)**
NET CASH (OUTFLOW)/INFLOW		**(576,944)**	**129,736**
E. (DECREASE)/INCREASE IN CASH		(576,944)	129,736
Net funds Brought Forward at 1 July		1,563,050	1,433,314
Net Funds Carried Forward at 30 June		**986,106**	**1,563,050**

1 ACADEMIC FEES AND CHARGES

	2007 £	2006 £
Fee Income paid on behalf of Undergraduate eligible for Student Support	1,349,902	1,282,839
Other Undergraduate Fee Income (per Capita Fee £3,750)	191,523	178,500
Graduate Fee Income (per Capita Fee £2,022)	429,834	384,921
	1,971,259	1,846,260
Teaching/Research/Training Grants	41,229	68,436
Supervisors Income	41,455	44,427
Total	**2,053,943**	**1,959,123**

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		2007 £	2006 £
Accommodation	College Members	2,329,355	2,119,676
	Conferences	300,106	318,935
Catering	College Members	724,902	685,675
	Conferences	351,690	327,226
Total		**3,706,053**	**3,451,512**

3 ENDOWMENT INCOME

	2007 Income from Restricted Funds for Collegiate Purposes £	2007 Income from Restricted Funds for non-Collegiate Purposes £	2007 Income from Unrestricted Funds £	2007 Total £	2006 Total £
Transfer from Endowment (Note 13d)	221,450	916,197	461,758	1,599,405	1,592,899
Cash and Other	-	2,219	57,091	59,310	43,186
Donations and Benefactions	356,123	1,746,879	652,278	2,755,280	2,216,473
	577,573	**2,665,295**	**1,171,127**	**4,413,995**	**3,852,558**

Liability to Contribution under Statute G,II	Note	**2007**	**2006**
		£	**£**
Endowment Income liable to Contribution	7	1,472,626	1,473,103
Endowment Income not liable to Contribution		2,941,369	2,379,455
		4,413,995	**3,852,558**

4 EDUCATION EXPENDITURE

	2007	**2006**
	£	**£**
Teaching	1,578,854	1,536,400
Tutorial	476,868	483,517
Admissions	281,800	256,095
Research	266,262	320,632
Scholarships and Awards	222,860	192,131
Other Educational Facilities	263,466	242,297
	3,090,110	**3,031,072**

5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

		2007	**2006**
		£	**£**
Accommodation	College Members	3,007,353	2,731,564
	Conferences	387,457	411,002
Catering	College Members	935,897	883,609
	Conferences	454,055	421,686
Total		**4,784,762**	**4,447,861**

6 OTHER

	2007	**2006**
	£	**£**
Archives Centre	383,912	422,173
Fundraising Costs (including costs of alumni relations)	92,023	139,585
Investment Management Costs	62,408	86,781
Other	279,310	288,483
	817,653	**937,022**

7 CONTRIBUTION UNDER STATUTE G,II

	Note	2007 £	2006 £
Endowment Income as per Income and Expenditure Account	3	4,413,995	3,852,558
Less: Items not Assessable to Contribution			
Donations and Bequests		(2,755,280)	(2,216,473)
Income from Funds held for non-Collegiate purposes		(186,089)	(162,982)
Endowment Income Liable to Contribution	3	1,472,626	1,473,103
Less: Agency & Management & Other Expenses		(143,355)	(261,200)
Assessable Income	19a	1,329,271	1,211,903
Less: Deductible Items	19b	(673,530)	(677,482)
Net Assessable Income		655,741	534,421

		2007 £	2006 £
Assessment:	£300,000 @ 2% (2006: £250,000 @ 2%)	6,000	5,000
	£300,000 @ 6% (2006: £250,000 @ 7%)	18,000	17,500
	£55,741 @12% (2006: £34,421 @ 13%)	6,689	4,475
Contribution Payable		30,689	26,975

8a ANALYSIS OF 2006/07 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 17) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	1,751,568	1,029,019	309,523	3,090,110
Residences, Catering and Conferences (Note 5)	1,980,655	1,686,880	1,117,227	4,784,762
Other	288,895	528,758	-	817,653
	4,021,118	3,244,657	1,426,750	8,692,525

8b ANALYSIS OF 2005/06 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 17) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	1,763,576	963,252	304,243	3,031,071
Residences, Catering, and Conferences (Note 5)	1,742,223	1,560,038	1,145,601	4,447,862
Other	301,291	635,731	-	937,022
	3,807,090	3,159,020	1,449,845	8,415,955

9 FIXED ASSETS

a Tangible Assets

	College Site Flats & Buildings	College Hostels & Houses	Fixtures Fittings Equipment	Moller Centre	**Total**
	£	£	£	£	**£**
COST/VALUATION					
At 1 July 2006	56,461,925	7,072,104	1,442,909	11,105,000	76,081,938
Additions	1,080,209	18,112	290,236	-	1,388,557
Cost/valuation as at 30 June 2007	57,542,134	7,090,216	1,733,145	11,105,000	77,470,495
DEPRECIATION					
At 1 July 2006	3,663,812	470,889	1,074,228	740,333	5,949,262
Provided for the year	959,020	118,170	164,477	185,083	1,426,750
Depreciation at 30 June 2007	4,622,832	589,059	1,238,705	925,416	7,376,012
NET BOOK VALUE					
At 30 June 2007	52,919,302	6,501,157	494,440	10,179,584	70,094,483
At 30 June 2006	52,798,113	6,601,215	368,681	10,364,667	70,132,676

The Insured Value of Freehold Land and Buildings as at 30 June 2007 was £86,221,455.

9b Investment Assets

	2007	**2006**
	£	**£**
Balance at 1 July 2006	39,304,589	35,675,025
Additions	8,722,220	1,710,148
Disposals	(5,027,037)	(2,502,937)
Appreciation/(Depreciation) on Revaluation	4,205,862	3,715,746
Increase/(Decrease) in Cash Balances held at Fund Managers	(1,027,019)	706,607
Balance as at 30 June 2007	46,178,615	39,304,589

Represented by:

Freehold Land and Buildings	8,811,950	8,716,400
Quoted Securities - Equities	33,395,273	26,257,792
Quoted Securities - Fixed Interest	1,806,771	1,588,757
Unquoted Securities - equities*	1,300,300	1,300,300
Cash Held For Reinvestment	864,321	1,441,340
	46,178,615	39,304,589

* These are holdings in the College's three subsidiary companies. See note 22 for details.

10 CASH

	2007 £	2006 £
Bank Deposits	918,020	1,543,243
Current Accounts	63,150	16,511
Cash in Hand	4,936	3,296
	986,106	1,563,050

11 DEBTORS

	2007 £	2006 £
Trade Debtors	602,866	501,582
Students	709,812	811,698
Other	946,037	1,160,673
Debtors due in greater than one year	72,979	77,729
	2,331,694	**2,551,682**

12 CREDITORS: AMOUNTS FALLING WITHIN ONE YEAR

	2007 £	2006 £
Students' Deposits	794,912	829,141
Suppliers	402,254	382,086
University Fees	470,087	199,886
Other	593,461	685,388
Social Security and other Taxation payable	138,184	184,845
	2,398,898	**2,281,346**

13 CAPITAL AND RESERVES

	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Total 2007 £	Total 2006 £
Restricted Funds:				
Funds for Collegiate Purposes *				
Trust Funds	1,832,862	-	1,832,862	1,470,764
Permanent Capital Funds	-	6,167,383	6,167,383	5,586,140
	1,832,862	6,167,383	8,000,245	7,056,904
Funds for Non-Collegiate Purposes				
Trust Funds	328,663	5,876,834	6,205,497	4,158,783
Unrestricted Funds:				
Designated Funds				
Special Funds	2,741,288	-	2,741,288	2,471,514
Undesignated Funds				
Corporate Capital	-	81,121,293	81,121,293	79,977,623
General Capital	127,103	-	127,103	488,080
Pension Liability	(623,529)	-	(623,529)	(909,318)
Donations & Benefactions	19,049,716	-	19,049,716	17,163,507
	18,553,290	81,121,293	99,674,583	96,719,892
	23,456,103	**93,165,510**	**116,621,613**	**110,407,093**

* as defined by University Statute G,II

a) Reconciliation of Movements in Capital and Reserves:

Restricted Funds:	Balance at start of year £	Increase £	Reduction £	Balance at end of year £
Funds for Collegiate Purposes *				
Income/Expendable Capital Funds	1,470,764	707,923	(345,825)	1,832,862
Permanent Capital Funds	5,586,140	581,243	-	6,167,383
	7,056,904	1,289,166	(345,825)	8,000,245
Funds for Non-Collegiate Purposes				
Income/Expendable Capital Funds	272,136	257,275	(200,748)	328,663
Permanent Capital Funds	3,886,647	1,990,187	-	5,876,834
	4,158,783	2,247,462	(200,748)	6,205,497
Unrestricted Funds:				
Designated Funds				
Special Funds	2,471,514	276,333	(6,559)	2,741,288
	2,471,514	276,333	(6,559)	2,741,288
Undesignated Funds				
Income/Expendable Capital Funds	17,651,587	9,941,303	(8,416,071)	19,176,819
Pension Liability	(909,318)	299,488	(13,699)	(623,529)
Permanent Capital Funds	79,977,623	1,143,670	-	81,121,293
	96,719,892	11,384,461	(8,429,770)	99,674,583
	110,407,093	**15,197,422**	**(8,982,902)**	**116,621,613**

b) Analysis of Restricted and Designated Funds:

	Restricted Funds 2007 £	Designated Funds 2007 £	Total 2007 £	2006 £
Archives	6,063,378	-	6,063,378	4,027,637
Bursary	266,889	-	266,889	204,029
Development Office	106,910	32,335	139,245	129,554
Endowment	161,388	-	161,388	144,674
Fellowship	1,003,626	-	1,003,626	786,177
JRF	1,054,816	-	1,054,816	925,863
Library	192,137	-	192,137	17,907
Other	103,802	341,881	445,684	337,758
Prize	60,270	-	60,270	51,243
Repair Funds	-	2,367,072	2,367,072	2,142,541
Research Fund	5,639	-	5,639	5,639
Studentship/Scholarship	2,690,086	-	2,690,086	2,391,766
Travel Fund	84,484	-	84,484	66,266
Deferred Capital Donations	2,412,317	-	2,412,317	2,456,147
	14,205,742	2,741,288	16,947,031	13,687,201

c) Capital is Invested in the Following Categories of Assets:

	Fixed Assets £	Investment Assets £	Net Current Assets £	Sinking Fund Loan £	Total £
Restricted Funds:					
Funds for Collegiate Purposes *					
Income/Expendable Capital Funds	-	1,181,612	651,250	-	1,832,862
Permanent Capital Funds	-	4,073,020	2,094,363	-	6,167,383
	-	5,254,632	2,745,613	-	8,000,245
Funds for Non-Collegiate Purposes					
Income/Expendable Capital Funds	-	240,198	88,465	-	328,663
Permanent Capital Funds	-	5,829,868	46,966	-	5,876,834
	-	6,070,066	135,431	-	6,205,497
Unrestricted Funds:					
Designated Funds					
Income/Expendable Capital Funds	-	1,913,439	827,849	-	2,741,288
	-	1,913,439	827,849	-	2,741,288
Undesignated Funds					
Income/Expendable Capital Funds	2,667,209	21,009,384	(2,418,066)	(2,081,708)	19,176,819
Pension Liability	-	-	(623,529)	-	(623,529)
Permanent Capital Funds	67,427,274	11,931,094	(318,783)	2,081,708	81,121,293
	70,094,483	32,940,478	(3,360,378)	-	99,674,583
TOTAL 2007	**70,094,483**	**46,178,615**	**348,515**	**-**	**116,621,613**
TOTAL 2006	**70,132,676**	**39,304,589**	**969,828**	**-**	**110,407,093**

d) Memorandum of Unapplied Total Return

Within reserves the following amounts represent the Unapplied Total Return of the College:

	2007 £	2006 £
Balance as at 1 July 2006	22,182,190	18,550,540
Revaluation of Investment Assets during year	4,283,381	3,884,009
Income Receivable from Endowment Assets	1,401,446	1,340,540
Transfer to Income and Expenditure Account	(1,599,405)	(1,592,899)
Balance as at 30 June 2007	26,267,612	22,182,190

14 REVALUATION RESERVES

	2007 £	2006 £
Balance as at 1 July	-	18,550,540
Transfer to Unapplied Total Return (Note 13d)	-	(18,550,540)
Balance as at 30 June	**-**	**-**

15 POLICY ON MANAGEMENT OF RESERVES

The College's unrestricted funds amount to £97 million and are represented in the balance sheet by the College's operational buildings, which are used for teaching and residential purposes, and by part of the investment portfolio.

The restricted funds amount to £10 million. The College takes a long-term view of the investment portfolio using a total return basis for deciding on the appropriate amount to draw-down each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations.

Any new significant donations or bequests received during the year are normally added to the investment portfolio, unless the donor has make it clear that the funds are to be spent on a specific project.

16 CAPITAL COMMITMENTS

	2007 £	2006 £
Building work commitments	220,000	305,070
Other	107,000	84,930
	327,000	390,000

The above commitments were contracted as at 30 June 2007.

17 STAFF

	Academic 2007 £	Academic Related 2007 £	Non - Academic 2007 £	Total 2007 £	Total 2006 £
Staff Costs:					
Emoluments	727,223	470,114	2,133,524	3,330,861	3,227,753
Social Security Costs	42,306	41,883	147,952	232,141	211,736
Other Pension Costs	60,585	68,020	329,511	458,116	367,601
	830,114	**580,017**	**2,610,987**	**4,021,118**	**3,807,090**
Staff Numbers					
Academic				27	31
Academic Related				26	23
Non-Academics				111	113
				164	**167**

There are 108 fellows on the Governing Body of which 23 are stipendiary. Their remuneration is included in the above figures.

In addition to the above, the College also employs staff who work in the Moller Centre for Continuing Education Limited. These employment costs are fully recharged to the Moller Centre and are not included in the above figures. The number of staff employed by the Moller Centre is 53 (2006: 43).

18 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). The total pension cost for the year was £458,116 (2005/06: £367,601).

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and 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 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 management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The institution is unable to identify it's 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 actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities, the financial assumptions were derived from

market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

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

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

18 PENSION SCHEMES (CONT)

Males	19.8 years
Females	22.8 years

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

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

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

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

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

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

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers

18 PENSION SCHEMES (CONT)

the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments

to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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

The total pension cost for the College was £191,638. The contribution rate payable by the College was 14% of pensionable salary.

Cambridge Colleges Federated Pension Scheme

The College is also a member of a defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme, in the United Kingdom. The scheme is a defined benefit final salary pension scheme and was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The Scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the Scheme are contracted-out of the State Second Pension (S2P).

The College elected to close its Scheme as at 31 March 2007 for all accruals. All existing active members were made deferred at that point.

The date of the most recent full actuarial valuation, on which amounts in the financial statements are based, was as at 31 March 2005. These FRS17 valuation results use valuation data updated by an Actuary who is not an employee or officer of the College and/or its subsidiaries.

The contribution made by the College in respect of the year ended 30 June 2007 was £253,877, excluding PHI contributions.

The major assumptions used by the actuary were:	**30/06/2007**	**30/06/2006**	**31/03/2005**
Discount rate	5.80%	5.25%	5.40%
Inflation assumption	3.50%	3.10%	3.00%
Rate of increase in salaries	N/A	3.85%	3.75%
Rate of increase in pensions in deferment			
- Guaranteed minimum pension (GMP)	4.25%	3.85%	3.75%
- Excess pension over GMP and pension accrued after 5 April 1997	3.50%	3.10%	3.00%
Rate of increase in pensions in payment			
- GMP accrued up to 5 April 1988	0.00%	0.00%	0.00%
- GMP accrued between 6 April 1988 and 5 April 1997	2.80%	2.30%	2.25%
- Excess pension over GMP and pension accrued after 5 April 1997			
- For service up to 31 March 2004	3.50%	3.10%	3.00%
- For service on or after 1 April 2004	3.20%	2.60%	2.50%

18 PENSION SCHEMES (CONT)

Standard actuarial mortality tables as used in the actuarial valuation for the Trustees were used, these were:
- Pre-retirement: AM92 for Males and AF92 for females, rated down 2 years
- Post retirement: PMA92C20 for males and PFA92C20 for females

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 30/06/07		Value £	Long term rate of return expected at 30/06/06		Value £
Equities	7.5%	##	3,344,674	7.5%	'#	4,249,217
Bonds (including cash)	5.2%		2,102,580	4.7%		1,297,436
Property	6.5%		798,084	6.5%		180,180
			6,245,338			5,726,833

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

	2007 £	2006 £
Total market value of assets	6,245,338	5,726,833
Present value of scheme liabilities	(6,868,867)	(6,636,151)
Net pension liability	(623,529)	(909,318)

The following amounts have been included within the accounts:

Analysis of amounts charged to operating profit	2007 12 Months	2006 15 Months
#	£	£
Current service cost	131,926	208,948
Life assurance premium	29,709	36,220
Gains on curtailments	(165,770)	-
Total operating charge	(4,135)	245,168

Analysis of amount credited to other finance income	2007 £	2006 £
Expected return on pension scheme assets	384,790	418,511
Interest on pension scheme liabilities	(343,314)	(412,194)
Net return	41,476	6,317

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18 PENSION SCHEMES (CONT)

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	2007 12 Months £	2006 15 Months £
Actual return less expected return on pension scheme assets	181,648	306,786
Experience gains and losses arising on scheme liabilities	(336,361)	124,519
Changes in assumptions underlying the present value of the scheme liabilities	141,014	(214,741)
Actuarial gain/(loss) recognised in STRGL	(13,699)	216,564

Movement in surplus during the year	2007 £	2006 £
Surplus in scheme at beginning of the year	(909,318)	(1,126,655)
Movement in year:		
Current service costs including life assurance	(161,635)	(245,168)
Contributions	253,877	239,624
	165,770	-
Other finance income	41,476	6,317
Actuarial gain/(loss)	(13,699)	216,564
Surplus/(deficit) in scheme at end of the year	(623,529)	(909,318)

The FRS17 actuarial valuation at 30 June 2007 showed a deficit of £623,529 (£909,318 at 30 June 2006).

History of experience gains and losses	2007 £	2006 £
Difference between expected and actual return on scheme assets:		
Amount	181,648	306,786
Percentage of scheme assets	3.0%	5.0%
Experience gains and losses on scheme liabilities:		
Amount	(336,361)	124,519
Percentage of scheme liabilities	-5.0%	5.0%
Total amount recognised in statement of total recognised gains and losses:		
Amount	(13,699)	216,564
Percentage of scheme liabilities	0.0%	3.0%

19a CONTRIBUTION ASSESSMENT

	2007 £	2006 £
External Revenue:		
Rent of Land and Freehold Property	76,245	74,883
Dividends and Interest Gross	1,161,222	1,173,109
	1,237,467	1,247,992

19a CONTRIBUTION ASSESSMENT (CONT)

	2007		2006
	£	#	£
Less:			
Agency and management charges	207,035		222,616
Sinking Fund Payments under Statute GII,4(iv)	-		98,992
Insurance	12,565		14,475
	219,600		336,083
Revenue from Trust & Other Funds subject to contribution	311,404		299,994
ASSESSABLE INCOME	1,329,271		1,211,903

19b DEDUCTIBLE ITEMS

	2007	2006
Half sums paid to Scholars, Exhibitioners and Research Students	58,354	54,484
Prizes	2,700	3,725
Building A/C (Stat G,II,4)	278,400	231,500
Research Fellows	76,648	115,454
Stipendiary College Teaching Officers	144,629	154,832
College Library	80,206	83,902
Insurance	21,147	23,752
University Counselling Service	11,446	9,833
	673,530	677,482
NET ASSESSABLE INCOME	655,741	534,421

20 BUILDING FUND UNDER STATUTE GII,4(vii)

	2007	2006
	£	£
Balance at 1 July 2006	-	-
Transfer for 2006/07 approved under GII,4(vii)	278,400	231,500
Improvements	(278,400)	(231,500)
Balance as at 30 June 2007	Nil	Nil

21 ESTATES REPAIRS AND IMPROVEMENTS FUND

	2007	2006
	£	£
Balance at 1 July 2006	2,142,541	1,905,903
Revaluation Surplus	168,171	182,125
Income	62,688	62,688
Less: Repairs and Improvements on Estates	(3,109)	(3,910)
University Contribution 2006/07	(3,220)	(4,265)
Balance as at 30 June 2007	2,367,071	2,142,541

22 RELATED PARTY TRANSACTIONS

The College owns the whole of the ordinary share capital of three companies all of which are registered in England and Wales.

The principal activity of The Moller Centre for Continuing Education Limited and Churchill Conferences Limited is the provision of facilities for residential training courses and day courses. The principal activity of Churchill Residences II Limited is that of general construction.

	Churchill Conferences	Churchill Residences II	Moller Centre
Share Capital			
At 30 June 2006 and 30 June 2005	100	100	1,300,100
Reserves			
At 30 June 2007	986	163	1,541,144
At 30 June 2006	975	82	1,534,511
Profit/(Loss)			
Year ended 30 June 2007	11	81	6,633
Year ended 30 June 2006	975	(28)	(21,230)
Gift Aid Donation from Subsidiary Companies			
Year ended 30 June 2007	8,100	400	373,552
Year ended 30 June 2006	700	-	490,532
Sales to Subsidiary Companies (excl gift aid)			
Year ended 30 June 2007	385,188	-	1,343,174
Year ended 30 June 2006	430,097	-	1,146,573
Purchases made from Subsidiary Companies			
Year ended 30 June 2007	6,812	26,084	54,052
Year ended 30 June 2006	1,722	1,391	39,721
Amounts due from Subsidiary Companies			
At 30 June 2007	86,085	400	476,289
At 30 June 2006	102,967	-	603,196
Amounts due to Subsidiary Companies			
At 30 June 2007	-	-	1,520
At 30 June 2006	2,023	-	1,885

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.