CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

CHURCHILL COLLEGE, CAMBRIDGE

INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

CHURCHILL COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISERS

FOR THE YEAR ENDED 30 JUNE 2008

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 2008 were as follows:

Governing Body:

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

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

Robertson, Prof J
Robinson, Prof C V, FRS
Sandeman, Dr K G
Schultz, Prof W
Siddle, Prof K
Singh, Dr S
Sirringhaus, Prof H
Soga, Prof K
Spiegelhalter, Prof D
Squire, Dr P S
Stancliffe, Dr R J
Sunikka, Dr M M
Taylor, Dr A W

Thom, Dr A
Thomas, Ms M
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
Wickramasekera, Dr N
Wyse, Dr D
Yuan, Dr B

Council

Sir David Wallace, Master
Dr A G Tristram, Vice-Master
Mr R Partington, Senior Tutor
Ms J M Rigby, Bursar
Dr I B Kingston, Tutor for Advanced Students
Prof M D Bolton

Dr C Caulfield
Prof A M Finch
Dr C Hicks
Mr H R Hurst
Prof M Kramer
Dr T Lovas
Dr P van Houten

MCR President
MCR Council Member
JCR President
JCR Council Member
Mrs C Hosmer, Staff Member
Mr R Mee, Staff Member

Finance Committee

Sir David Wallace, Master
Dr A G Tristram, Vice-Master
Mr R Partington, Senior Tutor
Ms J M Rigby, Bursar
Dr I B Kingston, Tutor for Advanced Students

Prof D Ralph (Inspector of Accounts)
Dr K M Knowles (Inspector of Accounts)
Mrs S McMeekin (Finance Manager)

Prof R Goldstein
Dr N Hovius
Dr C A Tout
MCR Representative
JCR Representative

Auditors

Prentis & Co LLP
115c Milton Road
Cambridge
CB4 1XE

Bankers

Lloyds TSB
3 Sidney Street
Cambridge
CB2 3HG

Investment Fund Managers

HSBC
78 St James Street
London
SW1A 1EJ

CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2008

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 accounts of Møller Centre for Continuing Education Ltd and Churchill Conferences Ltd have been consolidated with the accounts of the College.

The Directors of the subsidiary companies review their financial performance annually and may make donations to the College out of their pre-tax profits.

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 eight non-stipendiary Junior Research Fellows.

Through its full-time Development Director, the College aims to increase its endowment and its income from donations and benefactions and to continue to build the College's relationships with its alumni, and with the wider world outside Cambridge, particularly in industry.

FINANCIAL RESULTS 2007/08 FOR CHURCHILL COLLEGE (excl subsidiaries)

The retained deficit for the year was £(255,501) against a deficit of £(195,939) in 2006/07 and a budgeted deficit for the year of £(82,989).

The budgeted deficit of £(82,989), took 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. Following the decision last year to close the Churchill College section of the CCFPS pension scheme for future service as well as to new members, the College has continued to make payments towards the deficit of the fund. In spite of this, the actuarial valuation as at 30 June 2008 showed a significantly worse position than last year with an actuarial loss of £761,000 during the year.

The donation to the College from its Møller Centre for Continuing Education subsidiary increased to £400,196. However, this was significantly less than budgeted because of slower than anticipated recovery and growth in revenues after the completion of the Study Centre extension in 2007, with its associated increase in costs. Significant donations to the Archives Centre capital appeal were received but they were less than in the previous year and some pledges have not yet been fulfilled.

The College's depreciation amounts to more than £1.4 million and there was a net cash outflow for the College of £(481,457) against £(576,944) in 2006/07.

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 2008 or £1,740,413 compared with £1,599,405 in 2006/07. The College's investments suffered from the downturn in the commercial property market and equities worldwide during the year. Outside the operational buildings of the College, which make up 60% of its fixed assets, the College directly owns commercial properties valued at £8,225,000, 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 -10.1% 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 received a grant of £85,000 from the Colleges Fund this year specifically towards the Wolfson Flat refurbishment. The College paid a contribution into the fund, set up in 1998 to move towards equalisation of capital resources between the Colleges, of £22,637 compared with £30,689 in 2006/07. A correction to the contribution calculation in respect of funds credited to income under the Colleges "total return" policy will lead to a total refund next year of contribution of about £40,000 in respect of 2006/07 and 2005/06.

The College's total fee income rose by 2.1% to £2,012,636 in 2007/08. This was lower than budgeted because of a shortfall in graduate student numbers.

The College's income from commercial activities were static: £651,796 in 2006/07 to £651,570 in 2007/08 after a Christmas and Easter vacation. Most of this business is carried out, outside of University term, using the facilities of the College. Catering income from operations (excluding conferences) fell by 2.5% in part due to lower numbers in formal halls. Rents increased by 5.7%.

Personnel and related expenditure increased by 4.1 % to £4,187,617 (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 and the HERA pay and grading system in May 2008. A cost of living pay increase of 3% was implemented on 1st August 2007 and a further 3% in May 2008, 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 £1,360,628 was capitalised. Major projects undertaken this year including:

- the rewiring and refurbishment of two large staircases
- replacement furniture for 90 undergraduate bedrooms
- upgrading of fire alarm systems
- replacement of locks and extension of electronic locking system
- completion of trial refurbishment of student family flat and project work to extend over whole building
- first phase contribution to replacement of university telephone network.
- replacement of main building roof and installation of safe working at heights system
- new conference web site, software to manage junior research fellowship competition, Cambridge student database, Haven till software, upgrade to payroll system.
- Installation of disabled access lift

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 £481,457 against an outflow of £576,944 in 2006/07.

CREDITORS AND DEBTORS

Creditors amount to £1,917,760 compared with £2,398,898 last year. 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;
- Inland Revenue and HM Customs & Excise
- Fees due to the University
- Suppliers

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

Debtors amounted to £2,040,177 compared with £2,331,694 at year end and the College has made a provision of £nil (£25,315 in 2006/07) against bad debts.

FUTURE DEVELOPMENTS

The College's programme of rolling improvements and repairs will continue with the refurbishment of a further 3 large staircases of undergraduate rooms, the refurbishment of the Wolfson Flats for students with partners and families, the redecoration of the exterior of the main buildings, signs around the site, improved access to the Wolfson Hall, the continued upgrading of fire detection and lock systems, and complete refurbishment of a large 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 were offered free language classes on site.

RISK ASSESSMENT

The College has a 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 Republic Bank.

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: 5 December 2008

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 2008

We have audited the financial statements which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated 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 2008 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.

In our opinion the financial statements:

- give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the state of the College's affairs as at 30 June 2008 and of its results for the year then ended;

- have been properly prepared in accordance with the accounting policies set out therein and statutes of the College and of the University of Cambridge; and

- the information in the financial review is consistent with the financial statements

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

Date: 17 December 2008

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 consolidated financial statements consolidate the financial statements of the College and it subsidiary undertakings for the year ended 30 June 2008. 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.

The Endowment in 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 13.

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% 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. 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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated 2008 £'000	College 2008 £'000	Consolidated 2007 £'000	College 2007 £'000
INCOME	Note				
Academic Fees and Charges	1	2,096	2,096	2,054	2,054
Residences Catering, and Conferences	2	6,876	3,713	6,499	3,707
Endowment Income	3	3,403	3,750	4,044	4,414
Total Income		12,375	9,559	12,597	10,175
EXPENDITURE					
Education	4	3,278	3,278	3,090	3,090
Residences, Catering and Conferences	5	7,477	4,838	7,171	4,785
Other	6	1,141	981	847	818
Total Expenditure		11,896	9,097	11,108	8,693
Operating Surplus/(Deficit)		479	462	1,489	1,482
Contribution Under Statute G,II	7	(23)	(23)	(31)	(31)
NET SURPLUS		456	439	1,458	1,451
Transfer to/(from) accumulated income within restricted expendable capital		(694)	(694)	(1,647)	(1,647)
RETAINED DEFICIT FOR YEAR		(238)	(256)	(189)	(196)

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 2008

	Restricted Funds		Unrestricted Funds			
	Collegiate Purposes £'000	**Non-Collegiate Purposes** £'000	**Designated Funds** £'000	**Undesignated Funds** £'000	**Total 2008** £'000	**Total 2007** £'000
Balance at 1 July 2007	8,000	6,206	2,741	99,917	116,864	110,643
Appreciation of Investment Assets	(618)	(753)	(229)	(3,778)	(5,378)	4,283
Unspent Restricted Fund Income Retained by Funds	359	221	114		694	1,647
Retained Deficit for the Year	-	-	-	(238)	(238)	(189)
Benefactions and Donations	-	-	-	-	-	538
Capital Grant from Colleges Fund	85	-	-	-	85	-
Actuarial Gain/(Loss) on Pension Fund	-	-	-	(761)	(761)	(14)
Release of Deferred Capital Donations	(44)	-	-	-	(44)	(44)
Total Recognised Gains/(Losses) for the Year	(218)	(532)	(115)	(4,777)	(5,641)	6,222
Balance at 30 June 2008	7,782	5,674	2,626	95,140	111,222	116,864

CHURCHILL COLLEGE, CAMBRIDGE

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 £'000	College 2008 £'000	Consolidated 2007 £'000	College 2007 £'000
FIXED ASSETS	9				
Tangible Assets		75,037	69,988	74,020	70,094
Investments		40,199	41,499	44,878	46,179
		115,236	111,487	118,898	116,273
CURRENT ASSETS					
Stock		63	46	72	53
Cash	10	775	505	1,318	986
Debtors	11	2,102	2,040	2,374	2,332
		2,940	2,591	3,764	3,371
Creditors: Amounts Falling Due Within One Year	12	(2,502)	(1,918)	(2,808)	(2,399)
NET CURRENT ASSETS		438	673	956	972
Creditors: Amounts Falling Due After One Year		(3,255)	-	(2,367)	-
NET ASSETS EXCLUDING PENSION LIABILITY		112,420	112,160	117,487	117,245
Pension Liability		(1,197)	(1,197)	(623)	(623)
NET ASSETS INCLUDING PENSION LIABILITY		111,222	110,963	116,864	116,622

CAPITAL AND RESERVES	14	**Income/ expendable capital funds**	**Permanent capital funds**	**Total 2008**	**Total 2007**
Restricted funds held for collegiate purposes		2,059	5,723	7,782	8,000
Restricted funds held for non-collegiate purposes		341	5,333	5,674	6,206
Unrestricted Funds (excluding pension liability)		18,677	80,027	98,704	103,039
Pension reserve		(1,197)	-	(1,197)	(623)
TOTAL COLLEGE RESERVES		19,880	91,083	110,963	116,622
Reserves of Subsidiary Companies		259	-	259	242
TOTAL CONSOLIDATED RESERVES		20,139	91,083	111,222	116,864

The financial statements on pages 1 to 36 were approved by the Governing Body on 5 December 2008 and signed on their behalf by:

Sir D Wallace
Master

Ms J M Rigby
Bursar

CHURCHILL COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 £'000	2007 £'000
A. OPERATING ACTIVITIES			
Operating Surplus Before Tax		479	1,489
Depreciation	9	1,733	1,613
Less Investment Income		(1,875)	(1,671)
Interest Payable		160	30
(Increase)/Decrease in Stocks		9	(6)
(Increase)/Decrease in Debtors		271	288
Increase/(Decrease) in Creditors		1,155	2,010
Pension Deficit Increase/(Decrease)		(761)	(15)
Net Cash Inflow/(Outflow) from Operating Activities		**1,172**	**3,739**
B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Investment Income		1,875	1,671
Interest Paid		(160)	(30)
Net Cash Inflow from Returns on Investments and Servicing of Finance		**1,715**	**1,640**
C. CONTRIBUTION TO COLLEGES FUND		**(23)**	**(31)**
D. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of Tangible Fixed Assets		(2,751)	(3,956)
Purchase of Investment Assets		(1,237)	(5,898)
Sale of Investment Assets		540	3,307
Total Capital Payments		(3,448)	(6,547)
Capital Grant received from Colleges Fund		85	-
Capital Donations Received		-	538
Less: Capital donations released		(44)	(44)
Total Capital Receipts		41	494
Net Cash Outflow from Investing Activities		**(3,407)**	**(6,053)**
NET CASH INFLOW		**(543)**	**(704)**
E. INCREASE/(DECREASE IN CASH)		(543)	(704)
Net funds Brought Forward at 1 July		1,318	2,023
Net Funds Carried Forward at 30 June		**775**	**1,319**

1 ACADEMIC FEES AND CHARGES

	2008	2007
	£'000	£'000
Fee Income paid on behalf of Undergraduate eligible for Student Support	1,362	1,350
Other Undergraduate Fee Income (per Capita Fee £3,940)	232	192
Graduate Fee Income (per Capita Fee £2,073)	419	430
	2,013	1,972
Teaching/Research/Training Grants	37	41
Supervisors Income	46	41
Total	**2,096**	**2,054**

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		Consolidated 2008	College 2008	Consolidated 2007	College 2007
		£'000	£'000	£'000	£'000
Accommodation	College Members	2,354	2,354	2,330	2,330
	Conferences	2,055	247	1,904	300
Catering	College Members	707	707	725	725
	Conferences	1,760	405	1,540	352
Total		**6,876**	**3,713**	**6,499**	**3,707**

3 ENDOWMENT INCOME

	2008 Income from Restricted Funds for Collegiate Purposes	2008 Income from Restricted Funds for non-Collegiate Purposes	2008 Income from Unrestricted Funds	2008 Total	2007 Total
CONSOLIDATED	£'000	£'000	£'000	£'000	£'000
Transfer from Endowment (Note 14d)	197	239	1,304	1,740	1,599
Cash and Other	-	1	134	135	71
Donations and Benefactions	711	644	173	1,528	2,374
	908	**884**	**1,611**	**3,403**	**4,044**
COLLEGE					
Transfer from Endowment (Note 14d)	197	239	1,304	1,740	1,599
Cash and Other	-	1	66	67	60
Donations and Benefactions	711	644	588	1,943	2,755
	908	**884**	**1,958**	**3,750**	**4,414**

Liability to Contribution under Statute G,II	Note	**2008**	**2007**
		£'000	£'000
Endowment Income liable to Contribution	7	1,381	1,473
Endowment Income not liable to Contribution		2,369	2,941
		3,750	**4,414**

4 EDUCATION EXPENDITURE

	2008	**2007**
	£'000	£'000
Teaching	1,619	1,579
Tutorial	510	477
Admissions	312	282
Research	253	266
Scholarships and Awards	312	223
Other Educational Facilities	272	263
	3,278	**3,090**

5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

		Consolidated 2008	**College 2008**	**Consolidated 2007**	**College 2007**
		£'000	£'000	£'000	£'000
Accommodation	College Members	3,067	3,067	3,007	3,007
	Conferences	1,645	321	1,634	388
Catering	College Members	922	922	936	936
	Conferences	1,843	528	1,594	454
Total		**7,477**	**4,838**	**7,171**	**4,785**

6 OTHER

	2008	**2007**
	£'000	£'000
Archives Centre	372	384
Fundraising Costs (including costs of alumni relations)	114	92
Investment Management Costs	88	62
Other	407	279
COLLEGE	**981**	**817**
Bank Loan Interest Payable	160	30
CONSOLIDATED	**1,142**	**847**

7 CONTRIBUTION UNDER STATUTE G,II

	Note	2008 £'000	2007 £'000
Endowment Income as per Income and Expenditure Account		3,750	4,414
Less: Items not Assessable to Contribution			
Donations and Bequests		(1,943)	(2,755)
Total Return Income not Received		(217)	-
Income from Funds held for non-Collegiate purposes		(209)	(186)
Endowment Income Liable to Contribution		1,381	1,473
Less: Agency & Management & Other Expenses		(165)	(143)
Assessable Income	19a	1,216	1,330
Less: Deductible Items	19b	(639)	(674)
Net Assessable Income		**577**	**656**

		2008 £'000	2007 £'000
Assessment:	£300,000 @ 2%	6	6
	£277,276 @ 6% (2007: £300,000 @ 6%)	17	18
	£Nil @ 11% (2007: £55,741 @ 12%)	-	7
Contribution Payable		**23**	**31**

8a ANALYSIS OF 2007/08 EXPENDITURE BY ACTIVITY

CONSOLIDATED	Staff Costs (Note 17) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
Education (Note 4)	1,846	1,118	314	3,278
Residences, Catering and Conferences (Note 5)	3,428	2,630	1,419	7,477
Other (Note 6)	316	825	-	1,141
	5,590	**4,573**	**1,733**	**11,896**
COLLEGE				
Education (Note 4)	1,846	1,118	314	3,278
Residences, Catering and Conferences (Note 5)	2,027	1,658	1,153	4,838
Other (Note 6)	316	665	-	981
	4,189	**3,441**	**1,467**	**9,097**

8b ANALYSIS OF 2006/07 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 17)	Other Operating Expenses	Depreciation	Total
CONSOLIDATED	£'000	£'000	£'000	£'000
Education (Note 4)	1,751	1,029	310	3,090
Residences, Catering, and Conferences (Note 5)	3,286	2,582	1,303	7,171
Other (Note 6)	289	558	-	847
	5,326	**4,169**	**1,613**	**11,108**
COLLEGE				
Education (Note 4)	1,751	1,029	310	3,090
Residences, Catering, and Conferences (Note 5)	1,981	1,687	1,117	4,785
Other (Note 6)	289	529	-	818
	4,021	**3,245**	**1,427**	**8,692**

9 FIXED ASSETS

a Tangible Assets - Consolidated

	College Site Flats & Buildings	College Hostels & Houses	Fixtures Fittings Equipment	Moller Centre	Total
	£'000	£'000	£'000	£'000	£'000
COST/VALUATION					
At 1 July 2007	57,542	7,090	3,855	14,029	82,516
Additions	1,061	29	355	1,305	2,751
Disposals	-	-	(65)	-	(65)
Cost/valuation as at 30 June 2008	58,604	7,119	4,145	15,334	85,202
DEPRECIATION					
At 1 July 2007	4,623	589	2,119	1,166	8,496
Provided for the year	976	119	377	261	1,733
Eliminated on Disposal	-	-	(65)	-	(65)
Depreciation at 30 June 2008	5,599	708	2,431	1,427	10,165
NET BOOK VALUE					
At 30 June 2008	**53,005**	**6,411**	**1,714**	**13,907**	**75,037**
At 30 June 2007	**52,919**	**6,501**	**1,736**	**12,863**	**74,020**

The Insured Value of Freehold Land and Buildings as at 30 June 2008 was £90,513,545.

b **Tangible Assets - College**	**College Site Flats & Buildings** £'000	**College Hostels & Houses** £'000	**Fixtures Fittings Equipment** £'000	**Moller Centre** £'000	**Total** £'000
COST/VALUATION					
At 1 July 2007	57,542	7,090	1,733	11,105	77,470
Additions	1,062	29	270	-	1,361
Cost/valuation as at 30 June 2008	58,604	7,119	2,003	11,105	78,831
DEPRECIATION					
At 1 July 2007	4,623	589	1,239	925	7,376
Provided for the year	976	119	187	185	1,467
Depreciation at 30 June 2008	5,599	708	1,426	1,110	8,843
NET BOOK VALUE					
At 30 June 2008	**53,005**	**6,411**	**577**	**9,995**	**69,988**
At 30 June 2007	**52,919**	**6,501**	**494**	**10,180**	**70,094**

9b **Investment Assets**	**Consolidated 2008** £'000	**College 2008** £'000	**Consolidated 2007** £'000	**College 2007** £'000
Balance at 1 July 2007	44,878	46,179	38,004	39,305
Additions	4,696	4,696	8,722	8,722
Disposals	(5,142)	(5,142)	(5,027)	(5,027)
Appreciation/(Depreciation) on Revaluation	(4,999)	(4,999)	4,206	4,206
Increase/(Decrease) in Cash Balances held at Fund Managers	765	765	(1,027)	(1,027)
Balance as at 30 June 2008	40,199	41,499	44,878	46,179
Represented by:				
Freehold Land and Buildings	8,332	8,332	8,812	8,812
Quoted Securities - Equities	27,255	27,255	33,395	33,395
Quoted Securities - Fixed Interest	1,977	1,977	1,807	1,807
Unquoted Securities - equities*	-	1,300	-	1,300
Cash Held For Reinvestment	2,635	2,635	864	864
	40,199	41,499	44,878	46,179

10 CASH

	Consolidated 2008 £'000	College 2008 £'000	Consolidated 2007 £'000	College 2007 £'000
Bank Deposits	435	435	918	918
Current Accounts and in Hand	340	70	400	68
	775	**505**	**1,318**	**986**

11 DEBTORS

	Consolidated 2008 £'000	College 2008 £'000	Consolidated 2007 £'000	College 2007 £'000
Trade Debtors	786	470	757	603
Students	718	718	710	710
Other	530	784	834	946
Debtors due in greater than one year	68	68	73	73
	2,102	**2,040**	**2,374**	**2,332**

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2008 £'000	College 2008 £'000	Consolidated 2007 £'000	College 2007 £'000
Students' Deposits	787	787	795	795
Suppliers	448	279	555	402
University Fees	193	193	470	470
Other	709	521	774	594
Bank Loan	144	-	69	-
Social Security and other Taxation payable	221	138	145	138
	2,502	**1,918**	**2,808**	**2,399**

13 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Consolidated 2008 £'000	College 2008 £'000	Consolidated 2007 £'000	College 2007 £'000
Bank Loans	2,855	-	1,917	-
Other Creditors	400	-	450	-
	3,255	**-**	**2,367**	**-**
Amounts payable wholly or partly after 5 years				
Bank Loans	2,196	-	1,495	-

13 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR CONTINUED

The bank loan to the Møller Centre is unsecured and is in two tranches. Tranche one is for £'0002.1 million and is repayable over 15 years. Tranch two is for £'0001 million and is also repayable over 15 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 then at base rate plus 0.5% from then on until the end of the agreement.

14 CAPITAL AND RESERVES

	Income/ Expendable Capital Funds £'000	Permanent Capital Funds £'000	Total 2008 £'000	Total 2007 £'000
Restricted Funds:				
Funds for Collegiate Purposes *				
Trust Funds	2,059	-	2,059	1,833
Permanent Capital Funds	-	5,723	5,723	6,167
	2,059	5,723	7,782	8,000
Funds for Non-Collegiate Purposes				
Trust Funds	341	5,333	5,674	6,206
Unrestricted Funds:				
Designated Funds				
Special Funds	2,626	-	2,626	2,741
Undesignated Funds				
Corporate Capital	-	80,027	80,027	81,121
General Capital	(722)	-	(722)	127
Pension Liability	(1,197)	-	(1,197)	(623)
Donations & Benefactions	16,773	-	16,773	19,050
	14,854	80,027	94,881	99,675
COLLEGE	**19,880**	**91,083**	**110,963**	**116,622**
Reserves of Subsidiary Companies	259	-	259	242
CONSOLIDATED	**20,139**	**91,083**	**111,222**	**116,864**

* as defined by University Statute G,II

a) Reconciliation of Movements in Capital and Reserves:

Restricted Funds:	**Balance at start of year** £'000	**Increase** £'000	**Reduction** £'000	**Balance at end of year** £'000
Funds for Collegiate Purposes *				
Income/Expendable Capital Funds	1,833	486	(260)	2,059
Permanent Capital Funds	6,167	167	(611)	5,723
	8,000	653	(871)	7,782
Funds for Non-Collegiate Purposes				
Income/Expendable Capital Funds	329	78	(66)	341
Permanent Capital Funds	5,877	162	(706)	5,333
	6,206	240	(772)	5,674
Unrestricted Funds:				
Designated Funds				
Special Funds	2,741	125	(240)	2,626
	2,741	125	(240)	2,626
Undesignated Funds				
Income/Expendable Capital Funds	19,177	8,173	(11,299)	16,051
Pension Liability	(623)	187	(761)	(1,197)
Permanent Capital Funds	81,121	177	(1,271)	80,027
	99,675	8,537	(13,331)	94,881
COLLEGE	**116,622**	**9,555**	**(15,214)**	**110,963**
Reserves of Subsidiary Companies	242	3,641	(3,624)	259
CONSOLIDATED	**116,864**	**13,196**	**(18,838)**	**111,222**

b) Analysis of Restricted and Designated Funds:

	Restricted Funds 2008 £'000	**Designated Funds 2008** £'000	**Total 2008** £'000	**2007** £'000
Archives	5,526	-	5,526	6,063
Bursary	262	-	262	267
Development Office	95	83	178	139
Endowment	144	-	144	161
Fellowship	917	-	917	1,004
JRF	971	-	971	1,055
Library	173	-	173	192
Other	452	325	777	446
Prize	57	-	57	60
Repair Funds	-	2,218	2,218	2,367
Research Funds	18	-	18	6
Studentship/Scholarship	2,397	-	2,397	2,690
Travel Fund	76	-	76	84
Deferred Capital Donations	2,368	-	2,368	2,412
	13,456	2,626	16,082	16,947

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

CONSOLIDATED	Fixed Assets £'000	Investment Assets £'000	Net Current Assets £'000	Due after One Year £'000	Total £'000
Restricted Funds:					
Funds for Collegiate Purposes *					
Income/Expendable Capital Funds	-	1,478	581	-	2,059
Permanent Capital Funds	-	3,590	2,133	-	5,723
	-	5,068	2,714	-	7,782
Funds for Non-Collegiate Purposes					
Income/Expendable Capital Funds	-	261	80	-	341
Permanent Capital Funds	-	5,296	37	-	5,333
	-	5,557	117	-	5,674
Unrestricted Funds:					
Designated Funds					
Income/Expendable Capital Funds	-	1,685	941	-	2,626
	-	1,685	941	-	2,626
Undesignated Funds					
Income/Expendable Capital Funds	2,659	18,529	(3,146)	(1,991)	16,051
Subsidiary Companies	5,049	-	(235)	(3,255)	1,559
Pension Liability	-	-	(1,197)	-	(1,197)
Permanent Capital Funds	67,329	9,360	47	1,991	78,727
	75,037	27,889	(4,531)	(3,255)	95,140
TOTAL 2008	**75,037**	**40,199**	**(759)**	**(3,255)**	**111,222**
TOTAL 2007	**73,982**	**44,878**	**371**	**(2,367)**	**116,864**

c) COLLEGE	Fixed Assets £'000	Investment Assets £'000	Net Current Assets £'000	Sinking Fund Loan £'000	Total £'000
Restricted Funds:					
Funds for Collegiate Purposes *					
Income/Expendable Capital Funds	-	1,478	581	-	2,059
Permanent Capital Funds	-	3,590	2,133	-	5,723
	-	5,068	2,714	-	7,782
Funds for Non-Collegiate Purposes					
Income/Expendable Capital Funds	-	261	80	-	341
Permanent Capital Funds	-	5,296	37	-	5,333
	-	5,557	117	-	5,674
Unrestricted Funds:					
Designated Funds					
Income/Expendable Capital Funds	-	1,685	941	-	2,626
	-	1,685	941	-	2,626
Undesignated Funds					
Income/Expendable Capital Funds	2,659	18,529	(3,146)	(1,991)	16,051
Pension Liability	-	-	(1,197)	-	(1,197)
Permanent Capital Funds	67,329	10,660	47	1,991	80,027
	69,988	29,189	(4,297)	-	94,881
TOTAL 2008	**69,988**	**41,499**	**(524)**	**-**	**110,963**
TOTAL 2007	**70,094**	**46,179**	**349**	**-**	**116,622**

d) Memorandum of Unapplied Total Return

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

	2008 £'000	**2007** £'000
Balance as at 1 July 2007	26,268	22,182
Revaluation of Investment Assets during year	(5,378)	4,283
Income Receivable from Endowment Assets	1,523	1,402
Transfer to Income and Expenditure Account (Note 3)	(1,740)	(1,599)
Balance as at 30 June 2008	20,673	26,268

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 £13 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

	2008 £'000	2007 £'000
CONSOLIDATED		
Building work commitments	702	220
Other	150	107
	852	327
COLLEGE		
Building work commitments	600	220
Other	75	107
	675	327

The above commitments were contracted as at 30 June 2008.

17 STAFF

CONSOLIDATED	Academic 2008 £'000	Academic Related 2008 £'000	Non - Academic 2008 £'000	Total 2008 £'000	Total 2007 £'000
Staff Costs:					
Emoluments	749	554	3,614	4,917	4,495
Social Security Costs	39	42	278	359	329
Other Pension Costs	54	55	205	314	503
	842	**651**	**4,097**	**5,590**	**5,327**
Staff Numbers					
Academic				23	27
Academic Related				25	26
Non-Academics				171	164
				219	**217**

17 STAFF

COLLEGE	Academic 2008 £'000	Academic Related 2008 £'000	Non - Academic 2008 £'000	Total 2008 £'000	Total 2007 £'000
Staff Costs:					
Emoluments	749	555	2,360	3,664	3,331
Social Security Costs	39	42	168	249	232
Other Pension Costs	53	55	167	275	458
	841	**652**	**2,695**	**4,188**	**4,021**

Staff Numbers	Total 2008	Total 2007
Academic	23	27
Academic Related	25	26
Non-Academics	116	111
	164	**164**

There are 106 fellows on the Governing Body of which 23 are stipendiary. Their remuneration is included in the above figures.

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 £313,328 (2007: £502,505).

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

18 PENSION SCHEMES (CONT)

be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

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

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

Males	19.8 years
Females	22.8 years

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past service liabilities 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 hhas 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, theactuary 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 sensitivies 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

18 PENSION SCHEMES (CONT)

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 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 liabilties. 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 investements. 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 multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme, in the United Kingdom. The scheme is a defined benefit final salary pension scheme that 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 contribution made by the College in respect of the year ended 30 June 2008 was £204,794, excluding PHI contributions. Contributions over the next year are expected to be at the rate of 14.14% of Contribution Pay, although this may be subject to change as a full actuarial valuation is being undertaken as at 31 March for the Management Committee.

The major assumptions used by the actuary were:	**30/06/08**	**30/06/07**	**30/06/06**
Discount rate	6.70%	5.80%	5.25%
Inflation assumption	3.90%	3.50%	3.10%
Rate of increase in salaries	N/A	N/A	3.85%
Rate of increase in pensions in deferment			
- Guaranteed minimum pension (GMP)	5.40%	4.25%	3.85%
- Excess pension over GMP and pension accrued after 5 April 1997	3.90%	3.50%	3.10%

18 PENSION SCHEMES (CONT)

	30/06/08	30/06/07	30/06/06
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	2.90%	2.80%	2.30%
- Excess pension over GMP and pension accrued after 5 April 1997			
- For service up to 31 March 2004	3.90%	3.50%	3.10%
- For service on or after 1 April 2004	3.70%	3.20%	2.60%

In addition, standard actuarial mortality tables were used, namely the PA92 Base Tables for males and females with the Medium Cohort projections based on the year of birth. This is a change from the 2007 calculations and allows for further longevity improvements.

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

	Long term rate of return expected at 30/06/08	Value £'000	Long term rate of return expected at 30/06/07	Value £'000
Equities & Hedge Funds	7.5%	2,993	7.5%	3,345
Cash, Bonds & Net Current Assets	5.4%	2,108	5.2%	2,102
Property	6.5%	658	6.5%	798
		5,759		6,245

In 2008 asset values were based on the bid price of assets, in previous years this was based upon fair value of assets, as required by the revised accounting standards. The impact of this change is relatively minor as most of the investments are priced at a single rate.

The overall shceme investment return is the expected return on each of the asset type (namely equities, property and bonds) divided by the overall assets, rounded to the nearest 0.1%.

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

	2008 £'000	2007 £'000
Total market value of assets	5,759	6,245
Present value of scheme liabilities	(6,956)	(6,869)
Net pension liability	(1,197)	(624)

The following amounts have been included within the accounts:

Analysis of amounts charged to operating profit	2008 £'000	2007 £'000
Current service cost	30	162
Interest on pension scheme liabilities	388	343
Expected return on pension scheme assets	(400)	(385)
Gains on curtailments	-	(166)
Total operating charge	18	(46)
Actual return on scheme assets	(311)	566

18 PENSION SCHEMES (CONT)

Changes in the present value of the befined benefit obligation are as follows:	2008 £'000	2007 £'000
Opening defined benefit obligation	6,869	6,636
Service cost (including employers contributions)	30	231
Interest cost	388	343
Actuarial Losses (Gains)	50	195
Benefits paid	(381)	(370)
Gains or losses on curtailments	-	(166)
Closing defined benefit obligation	6,956	6,869

Changes in the fairt value scheme assets are as follows:	2008 £'000	2007 £'000
Opening fair value of scheme assets	6,245	5,727
Expected return	400	385
Actuarial Losses (Gains)	(710)	182
Contributions by Employer	205	254
Contributions by Members (incl AVCs)	-	69
Benefits and expenses paid	(381)	(371)
Closing fair value of scheme assets	5,759	6,245

Amounts for the current and previous periods are as follows:

	2008 12 months £'000	2007 12 months £'000	2006 15 months £'000	2005 9 months £'000
Defined benefit obligation	(6,956)	(6,869)	(6,636)	(6,146)
Plan Assets	5,759	6,245	5,727	5,019
Surplus/(deficit)	(1,197)	(624)	(909)	(1,127)
Experience adjustments on scheme liabilities	(68)	(336)	125	(133)
Experience adjustments on scheme liabilities	(710)	182	307	153

19a CONTRIBUTION ASSESSMENT

	2008 £'000	2007 £'000
External Revenue:		
Rent of Land and Freehold Property	83	76
Dividends and Interest Gross	1,079	1,161
	1,162	1,237
Less:		
Agency and management charges	236	207
Insurance	13	12
	249	219

19a CONTRIBUTION ASSESSMENT (CONT)

	2008 £'000	2007 £'000
Revenue from Trust & Other Funds subject to contribution	303	311
ASSESSABLE INCOME	1,216	1,329

19b DEDUCTIBLE ITEMS

	2008 £'000	2007 £'000
Half sums paid to Scholars, Exhibitioners and Research Students	88	58
Prizes	3	3
Building A/C (Stat G,II,4)	207	278
Research Fellows	82	77
Stipendiary College Teaching Officers	131	145
College Library	94	80
Insurance	22	21
University Counselling Service	12	11
	639	673
NET ASSESSABLE INCOME	**577**	**656**

20 BUILDING FUND UNDER STATUTE GII,4(vii)

	2008 £'000	2007 £'000
Balance at 1 July 2007		
Transfer for 2006/07 approved under GII,4(vii)	207	278
Improvements	(207)	(278)
Balance as at 30 June 2008	Nil	Nil

21 ESTATES REPAIRS AND IMPROVEMENTS FUND

	2008 £'000	2007 £'000
Balance at 1 July 2007	2,367	2,142
Revaluation (Deficit)/Surplus	(203)	168
Income	65	63
Less: Repairs and Improvements on Estates	(9)	(3)
University Contribution 2006/07	(2)	(3)
Balance as at 30 June 2008	**2,218**	**2,367**

22 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.