

**CHURCHILL COLLEGE, CAMBRIDGE**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

**CHURCHILL COLLEGE, CAMBRIDGE**

**INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

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## CHURCHILL COLLEGE, CAMBRIDGE

### GOVERNING BODY AND ADVISERS

#### FOR THE YEAR ENDED 30 JUNE 2009

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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 2009 were as follows:

#### Governing Body:

Master	Prof Sir David Wallace, CBE, FRS, FEng
Vice-Master	Professor A M Finch, 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	Fawcett, Dr J	Keynes, Prof R D
Ashburner, Prof M	Finch, Prof A M	King, Mrs A N
Barbrook, Dr A C	Frayling, Sir Christopher	King, Dr F H
Barnes, Prof J A	Goldie, Dr M A	King, Prof J E
Bertone, Dr P	Goldstein, Prof R E	Kinsella, Prof J
Birney, Dr E	Gopal, Dr P	Knight, Mr N V
Bolton, Prof M D	Green, Dr D A	Knowles, Dr K M
Boss, Dr S	Gregory, Prof M J	Kraft, Dr M
Boyd, Sir John, KCMG	Grimmett, Prof G R	Kramer, Prof M H
Bracewell, Dr R H	Harris, Dr P A	Kruger, Dr O
Broers, Rt Hon Lord	Haustein, Dr K, PHD	Laughlin, Prof S B, FRS
Caulfield, Dr C P	Hawthorne, Prof Sir W	Liang, Dr D
Cavalcanti, Dr T	Hey, Dr R W	Loeffler, Dr D
Chatterjee, Prof V K K	Hicks, Dr C	Long, Dr M D
Crisp, Dr A J	Hines, Prof M	Ludlam, Dr J
Dawes, Prof W N	Holroyd, Dr J	Mascie-Taylor, Prof C G N
DeMarrais, Dr E	Hovius, Dr N	Mathur, Dr N
Dicken, Dr P	Hurst, Mr H R	Maurice, Mrs S
Ducati, Dr C	Jacobus, Prof M	McEniery, Dr C
Echenique, Prof M	Kendall, Miss M	Miller, Dr M A
Englund, Dr H M	Kennicutt, Prof R C	Milne, Prof W I

## CHURCHILL COLLEGE, CAMBRIDGE

### GOVERNING BODY AND ADVISERS (Cont)

FOR THE YEAR ENDED 30 JUNE 2009

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Mitchell, Dr J B O  
Mosbach, Dr S  
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  
Phipps, Mr B  
Ralph, Prof D  
Reid, Dr A  
Richer, Dr J

Robertson, Prof J  
Robinson, Prof C V  
Russell, Dr P  
Schultz, Prof W  
Siddle, Prof K  
Singh, Dr S  
Sirringhaus, Prof H  
Soga, Prof K  
Spiegelhalter, Prof D  
Strathern, Dr A  
Sunikka, Dr M M  
Taylor, Dr A W  
Thom, Dr A

Thomas, Ms M  
Thornton, Prof J M  
Tout, Dr C A  
Treasor, Dr N  
Van Houten, Dr P  
Vorley, Dr T  
Wassell, Dr I  
Webb, Dr A R  
Webber, Dr A J  
Wickramasekera, Dr N  
Wyse, Dr D  
Yuan, Dr B

MCR President  
MCR Council Member  
JCR President  
JCR Council Member

van Heerden, O (to February 09), Rayward-Smith, W (from March 09)  
de Ranieri, E  
Bullivant, H (to November 08), Webb, G (November 08-October 09)  
Webb, G (to November 08), Davies M (from January 09)

#### Council

Sir David Wallace, Master  
Professor A M Finch, 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 S Boss  
Dr C Hicks  
Miss M Kendall  
Prof M Kramer  
Dr O Kruger  
Dr P Russell  
Dr A W Taylor

MCR President  
MCR Council Member  
JCR President  
JCR Council Member  
Mr D Milton, Staff Member  
Mr R Mee, Staff Member

#### Finance Committee

Sir David Wallace, Master  
Professor A M Finch, 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)  
Mrs S McMeekin (Finance  
Manager)  
Prof R Goldstein  
Dr N Hovius

Mr N V Knight  
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 2009**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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.

The College itself is an exempt charity and is currently preparing for registration with the Charity Commission, along with the other university colleges at Cambridge.

The College is a self-governing institution; its Fellows make up the Governing Body of the College, along with four student representatives, two from the Junior Combination Room and two from the Middle Combination Room. The Governing Body delegates the day-to-day supervision of the College's operations to the College Council which includes the College officers, ex-officio, eight elected Fellows, four student representatives, and two non-academic staff representatives. The College Council will be the trustee body for the registered charity.

A number of committees report to the College Council: these include the Estates (Buildings) Committee, Finance Committee, Investment Advisory Committee, Education Committee, Tutorial Committee and House Committee.

The College operates a policy for managing conflicts of interest, maintaining a register of interests and seeking declarations of potential conflicts at the start of any meeting.

During the year, training has been given to the Governing Body and in greater depth, to the College Council about the duties of Trustees. The Council has also been reviewing governance to ensure compliance with Charity Commission guidelines.

### **COLLEGE ACADEMIC REPORT**

In the year ending June 2009, the College came 7th in the Tompkins Table which ranks the 29 undergraduate Colleges of Cambridge by academic performance. Performance in the Sciences and the Arts was equally strong. The College's first year undergraduates were 4th in the University.

This is all the more notable because the College takes such a high proportion of students (75%) from state schools and colleges and from 'non-traditional' backgrounds; the College takes more such students than any other Cambridge college (the University average last year was 58%). The total number of applications is also rising. In the year ending June 2009, the College received the second highest number of applications for graduate study among the Cambridge colleges.

The College's success in attracting applications can be attributed to a combination of its informality combined with ambition and outstanding facilities. In the last two years, the College has updated its publicity material and the Admissions team have spent a great deal of time visiting schools and colleges and welcoming many prospective students, teachers and parents to the College. During the year, the Admissions Fellows participated in 15 conferences around the UK for potential students and their teachers, and made an additional 140 individual visits to schools and colleges, speaking to an estimated 10,000 prospective students.

The academic performance of the undergraduates marks something of a return to form - and to the College's mission - after some years in the 1990s and the early 2000s when academic performance declined somewhat and the proportion of state-educated undergraduates fell below 60%.

The College benefits from the bursary support for its students provided by donations from the Winston Churchill Foundation of the US (for graduate students on MPhil programmes), the Newton Trust (for undergraduates) and the Winston Churchill Memorial Trust (for UK undergraduates). Many graduate students in particular benefit from funding provided by the Cambridge Trusts and the Gates Foundation. The College also provides studentships for graduate students from its own endowment benefitting 28 graduate students. The total expenditure by the College on support for undergraduate students was £175,171 and for graduate students was £270,769. Travel grants, grants to take part in research conferences and to support individual sporting and musical endeavour increased the total support for individuals to £499,979.

The graduate student numbers fell slightly this year but the proportion of students on one year Master's programmes compared to PhD programmes has increased. The graduate students who make up the MCR are a thriving community. The Fellowship act as mentors to the students and the MCR itself organises research talks and an annual "Conference on Everything" to showcase their achievements.

## **CHURCHILL ARCHIVES CENTRE**

The Churchill Archives Centre continues its work to conserve and make available to researchers, the papers of over 600 politicians, scientists, diplomats and military leaders from the 20<sup>th</sup> and 21<sup>st</sup> centuries. This has been a record breaking year for the Churchill Archives Centre, with researcher numbers rising to 476 different individuals making 1344 daily visits, an average of over 5 people per working day. This is a figure that does not include the many remote enquiries being handled by the Archives Centre staff by email, telephone or letter.

Another important theme has been the Centre's support for educational initiatives: including hosting the North American Churchill Centre's successful Summer Institute for US High School Teachers, and working to support the new OCR examination board A/VAS Level GCE unit on Churchill from 1920-45.

As in recent years, significant progress on the conservation and cataloguing of collections has been accompanied by high profile events, in Cambridge and London, and by the arrival of exciting new material.

## **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.

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 2008/09, the College employed seven stipendiary College Teaching Officers, for two of whom Trinity College provided funding for a proportion of the stipend. Two 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 2008/09 FOR CHURCHILL COLLEGE (excluding subsidiaries)**

The retained deficit for the year was £(253,090) against a deficit of £(255,501) in 2007/08 and a budgeted deficit for the year of £(486,151).

The donation to the College from its Møller Centre for Continuing Education subsidiary increased to £669,031.

The College agreed a £4 million loan from Unity Trust Bank repayable over 15 years, from June 2009 to pay for the refurbishment of the graduate student Wolfson Flats. The initial draw down from the loan of £2 million was received in June 2009. A donation was also received from the Wolfson Foundation towards the cost of the project which commenced in November 2008 and will be completed in August 2010.

The College's depreciation amounts to more than £1.5 million and there was a net cash inflow for the College of £1,432,877 (due to the drawdown of £2 million of bank borrowing in June 2009) against the net outflow of £(481,457) in 2007/08.

The draw down of 5.53% of the value of investments at the end of June 2009 or £1,837,066 is based on a formula taking into account rolling returns and capital values over several years, and inflation. This total return basis for accounting for investments smoothes the returns from the portfolio and also allows the College to invest in assets which do not deliver income, within the constraints of charity law.

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 £5,435,000 in the balance sheet, together with a number of equity and fixed interest holdings. The commercial properties were revalued at 30 June 2009 after three years from the last valuation on the balance sheet. 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 £34,300 from the Colleges' Fund towards Corporate Capital. The College paid a contribution into the fund, set up in 1998 to move towards equalisation of capital resources between the Colleges, of £11,000

The College's total fee income rose by 2.4% to £2,060,621 in 2008/09. This was lower than budgeted because of a shortfall in graduate student numbers.

The College's income from commercial activities fell in 2008/09 to £532,597 from £651,570 in 2007/08. Most of this business is carried out, outside of University term, using the facilities of the College. Rents from College members increased by 6.5%.

Personnel and related expenditure increased by 4.76% to £4,387,153 (note 16) 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 in May 2008 and November 2008.

## **CAPITAL EXPENDITURE**

The College spent more than £3.2 million on repairing and maintaining its operational buildings and grounds of which £2.54 million was capitalised. Major projects undertaken this year including:

- the rewiring and refurbishment of three staircases
- upgrading of fire alarm systems
- replacement of locks and extension of electronic locking system
- first phase of refurbishment of the Wolfson student flats (graduate student families)
- second phase contribution to replacement of university telephone network.
- Treatment of all the wooden windows of the College
- Signage system for the whole site

## **CASH FLOW MANAGEMENT**

The College has used secure deposits and Fixed Interest Funds for medium term cash holdings. The College drew down the first £2 million from a £4 million facility agreed with Unity Trust Bank in June 2009 to fund the refurbishment of its graduate family flats. As a result there was a net inflow of funds of £481,457 against an outflow of £481,457 in 2007/08.

## **CREDITORS AND DEBTORS**

Creditors amount to £4,553,824 compared with £1,917,760 last year. The largest elements of this relate to:

- The bank loan of £2 million drawn down in June
- 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
- Commercial deposits
- Fees due to the University
- Suppliers

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

Debtors amounted to £2,292,711 compared with £2,040,177 at year end and the College has made a provision of £15K 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 final two phases of refurbishment of the Wolfson Flats for students with partners and families, the installation of a disabled access lift to the back of the College theatre and re-wiring of lighting in the dining hall.

## **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 £28,591 on staff training during the year, including contributions to vocational qualifications. In addition, staff were offered free English language classes on site and there is considerable formal training delivered by members of the management team.

## **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.

The Governing Body appoints two Fellows each year (who are not members of Council or Finance Committee and who are not College officers) to act as Inspectors of Accounts or internal auditors.

## **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 three 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 was managed by HSBC Investment Management with a discretionary mandate and with one specific exclusion, of tobacco shares, until December 2008. The investments were then transferred to Charles Stanley stockbrokers to liquidate over a period of nine months and the proceeds have since been re-invested with Evercore Pan Asset Management and Heronbridge Investment Management LLP. Charles Stanley retain the custodianship of one large shareholding. The College also invests in funds managed by: Brandes Investment Partners, 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) 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.
- 9) 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 managed by Savills. The portfolio is invested for long term real return of income and capital commensurate with the preservation of capital.
- 10) 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: 4 December 2009

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **RESPONSIBILITIES OF THE GOVERNING BODY**

**FOR THE YEAR ENDED 30 JUNE 2009**

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#### **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 2009, this amounted to 106 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 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.

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF CHURCHILL COLLEGE**

#### **FOR THE YEAR ENDED 30 JUNE 2009**

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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.

**CHURCHILL COLLEGE, CAMBRIDGE**

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF CHURCHILL COLLEGE (CONT)  
FOR THE YEAR ENDED 30 JUNE 2009**

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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 2009 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 2009 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: 16 December 2009

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 30 JUNE 2009**

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#### **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 its subsidiary undertakings for the year ended 30 June 2009. 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 is invested on a Total Return basis. The total actual income and gains/losses in the year are taken to a reserve, from which the planned Endowment drawdown is released to the Income and Expenditure account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within reserves as set out in Note 13d.

## CHURCHILL COLLEGE, CAMBRIDGE

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

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#### 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.

## CHURCHILL COLLEGE, CAMBRIDGE

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

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#### **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 Savills on 30 June 2009. They are revalued every 3 years.

#### **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.

**CHURCHILL COLLEGE, CAMBRIDGE**

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2009**

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**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 2009

		Consolidated 2009 £'000	College 2009 £'000	Consolidated 2008 £'000	College 2008 £'000
<b>INCOME</b>	Note				
Academic Fees and Charges	1	2,189	2,189	2,096	2,096
Residences Catering, and Conferences	2	7,729	3,651	6,876	3,713
Endowment Income	3	3,318	3,995	3,403	3,750
Total Income		13,236	9,835	12,375	9,559
<b>EXPENDITURE</b>					
Education	4	3,458	3,458	3,278	3,278
Residences, Catering and Conferences	5	8,175	4,940	7,477	4,838
Other	6	1,353	1,194	1,141	981
Total Expenditure		12,986	9,592	11,896	9,097
Operating Surplus/(Deficit)		250	243	479	462
Contribution Under Statute G,II	7	(11)	(11)	(23)	(23)
<b>NET SURPLUS</b>		239	232	456	439
Transfer to/(from) accumulated income within restricted expendable capital		(485)	(485)	(694)	(694)
<b>RETAINED DEFICIT FOR YEAR</b>		<u>(246)</u>	<u>(253)</u>	<u>(238)</u>	<u>(255)</u>

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 2009

	Restricted Funds		Unrestricted Funds		Total 2009 £'000	Total 2008 £'000
	Collegiate Purposes £'000	Non- Collegiate Purposes £'000	Designated Funds £'000	Undesignated Funds £'000		
Balance at 1 July 2008	7,782	5,674	2,626	95,140	111,222	116,864
Appreciation of Investment Assets	(849)	(969)	(294)	(4,834)	(6,945)	(5,378)
Income Retained by Funds	270	64	152	-	485	694
Retained Deficit for the Year	-	-	-	(246)	(246)	(238)
Benefactions and Donations	-	-	-	-	-	-
Capital Grant from Colleges Fund	34	-	-	-	34	85
Actuarial Gain/(Loss) on Pension Fund	-	-	-	(690)	(690)	(761)
Release of Deferred Capital Donations	(44)	-	-	-	(44)	(44)
Total Recognised Gains/(Losses) for the Year	<u>(589)</u>	<u>(905)</u>	<u>(142)</u>	<u>(5,770)</u>	<u>(7,406)</u>	<u>(5,641)</u>
Balance at 30 June 2009	<u>7,193</u>	<u>4,769</u>	<u>2,484</u>	<u>89,370</u>	<u>103,816</u>	<u>111,222</u>

**CHURCHILL COLLEGE, CAMBRIDGE**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated 2009 £'000	College 2009 £'000	Consolidated 2008 £'000	College 2008 £'000
<b>FIXED ASSETS</b>	8				
Tangible Assets		76,014	70,984	75,037	69,988
Investments		33,373	34,659	40,199	41,499
		<u>109,387</u>	<u>105,643</u>	<u>115,236</u>	<u>111,487</u>
<b>CURRENT ASSETS</b>					
Stock		54	33	63	46
Cash	9	2,448	1,938	775	505
Debtors	10	2,121	2,293	2,102	2,040
		<u>4,623</u>	<u>4,264</u>	<u>2,940</u>	<u>2,591</u>
Creditors: Amounts Falling Due Within One Year	11	(3,440)	(2,657)	(2,502)	(1,918)
<b>NET CURRENT ASSETS</b>		<u>1,183</u>	<u>1,607</u>	<u>438</u>	<u>673</u>
Creditors: Amounts Falling Due After One Year		(4,951)	(1,897)	(3,255)	-
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>105,619</u>	<u>105,353</u>	<u>112,419</u>	<u>112,160</u>
Pension Liability		(1,803)	(1,803)	(1,197)	(1,197)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>103,816</u>	<u>103,550</u>	<u>111,222</u>	<u>110,963</u>
<b>CAPITAL AND RESERVES</b>	13	<b>Income/ expendable capital funds</b>	<b>Permanent capital funds</b>	<b>Total 2009</b>	<b>Total 2008</b>
Restricted funds held for collegiate purposes		2,027	5,166	7,193	7,782
Restricted funds held for non- collegiate purposes		242	4,527	4,769	5,674
Unrestricted Funds (excluding pension liability)		14,871	78,520	93,391	98,704
Pension reserve		(1,803)	-	(1,803)	(1,197)
<b>TOTAL COLLEGE RESERVES</b>		<u>15,337</u>	<u>88,213</u>	<u>103,550</u>	<u>110,963</u>
Reserves of Subsidiary Companies		266	-	266	259
<b>TOTAL CONSOLIDATED RESERVES</b>		<u>15,603</u>	<u>88,213</u>	<u>103,816</u>	<u>111,222</u>

The financial statements on pages 1 to 36 were approved by the Governing Body on 4 December 2009 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 2009**

		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>A. OPERATING ACTIVITIES</b>	Note		
Operating Surplus Before Tax		250	479
Depreciation	8a	1,807	1,733
Less Investment Income		(1,868)	(1,875)
Interest Payable		159	160
Decrease/(Increase) in Stocks		10	9
(Increase)/Decrease in Debtors		(19)	271
Increase/(Decrease) in Creditors		3,239	1,156
Pension Deficit (Decrease)/Increase		(690)	(761)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b><u>2,888</u></b>	<b><u>1,172</u></b>
<b>B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Investment Income		1,868	1,875
Interest Paid		(159)	(160)
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>		<b><u>1,709</u></b>	<b><u>1,715</u></b>
<b>C. CONTRIBUTION TO COLLEGES FUND</b>		<b><u>(11)</u></b>	<b><u>(23)</u></b>
<b>D. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS</b>			
Purchase of Tangible Fixed Assets		(2,784)	(2,751)
Purchase of Investment Assets		(391)	(1,237)
Sale of Investment Assets		272	540
<b>Total Capital Payments</b>		<b><u>(2,904)</u></b>	<b><u>(3,448)</u></b>
Capital Grant received from Colleges Fund		34	85
Less: Capital donations released		(44)	(44)
<b>Total Capital Receipts</b>		<b><u>(10)</u></b>	<b><u>41</u></b>
<b>Net Cash Outflow from Investing Activities</b>		<b><u>(2,913)</u></b>	<b><u>(3,407)</u></b>
<b>NET CASH INFLOW</b>		<b><u>1,673</u></b>	<b><u>(543)</u></b>
<b>E. INCREASE/(DECREASE IN CASH)</b>		1,673	(543)
Net funds Brought Forward at 1 July		775	1,318
<b>Net Funds Carried Forward at 30 June</b>		<b><u>2,448</u></b>	<b><u>775</u></b>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1 ACADEMIC FEES AND CHARGES	2009	2008
	£'000	£'000
Fee Income paid on behalf of Undergraduate eligible for Student Support	1,409	1,362
Other Undergraduate Fee Income (per Capita Fee £3,940)	246	232
Graduate Fee Income (per Capita Fee £2,073)	406	419
	<u>2,061</u>	<u>2,013</u>
Teaching/Research/Training Grants	73	37
Supervisors Income	55	46
Total	<u><u>2,189</u></u>	<u><u>2,096</u></u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		Consolidated 2009	College 2009	Consolidated 2008	College 2008
		£'000	£'000	£'000	£'000
Accommodation	College Members	2,363	2,363	2,354	2,354
	Conferences	2,537	226	2,055	247
Catering	College Members	755	755	707	707
	Conferences	2,074	307	1,760	405
Total		<u><u>7,729</u></u>	<u><u>3,651</u></u>	<u><u>6,876</u></u>	<u><u>3,713</u></u>

3 ENDOWMENT INCOME

	2009	2009	2009	2009	2008
	Income from Restricted Funds for Collegiate Purposes £'000	Income from Restricted Funds for non-Collegiate Purposes £'000	Income from Unrestricted Funds £'000	Total £'000	Total £'000
<b>CONSOLIDATED</b>					
Transfer from Endowment (Note 13d)	218	255	1,364	1,837	1,740
Cash and Other	-	2	29	31	135
Donations and Benefactions	756	524	170	1,450	1,528
	<u><u>974</u></u>	<u><u>781</u></u>	<u><u>1,563</u></u>	<u><u>3,318</u></u>	<u><u>3,403</u></u>
<b>COLLEGE</b>					
Transfer from Endowment (Note 13d)	218	255	1,364	1,837	1,740
Cash and Other	-	2	22	24	67
Donations and Benefactions	756	524	854	2,134	1,943
	<u><u>974</u></u>	<u><u>781</u></u>	<u><u>2,240</u></u>	<u><u>3,995</u></u>	<u><u>3,750</u></u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

<b>4 EDUCATION EXPENDITURE</b>	<b>2009</b>	<b>2008</b>
	£'000	£'000
Teaching	1,742	1,619
Tutorial	555	510
Admissions	331	312
Research	217	253
Scholarships and Awards	326	312
Other Educational Facilities	287	272
	<b>3,458</b>	<b>3,278</b>

**5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE**

		<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
		<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
		£'000	£'000	£'000	£'000
Accommodation	College Members	3,198	3,198	3,067	3,067
	Conferences	1,927	306	1,645	321
Catering	College Members	1,022	1,022	922	922
	Conferences	2,028	414	1,843	528
Total		<b>8,175</b>	<b>4,940</b>	<b>7,477</b>	<b>4,838</b>

<b>6 OTHER</b>	<b>2009</b>	<b>2008</b>
	£'000	£'000
Archives Centre	371	372
Fundraising Costs (including costs of alumni relations)	138	114
Investment Management Costs	59	88
Student Hardship Awards	168	102
Other	458	305
<b>COLLEGE</b>	<b>1,194</b>	<b>981</b>
Bank Loan Interest	159	160
<b>CONSOLIDATED</b>	<b>1,353</b>	<b>1,141</b>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

7a ANALYSIS OF 2008/09 EXPENDITURE BY ACTIVITY

	<u>Staff Costs (Note 16)</u>	<u>Other Operating Expenses</u>	<u>Depreciation</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
<b>CONSOLIDATED</b>				
Education (Note 4)	1,993	1,143	322	3,458
Residences, Catering and Conferences (Note 5)	5,734	956	1,485	8,175
Other (Note 6)	336	1,017	-	1,353
	<u>8,063</u>	<u>3,116</u>	<u>1,807</u>	<u>12,986</u>
<b>COLLEGE</b>				
Education (Note 4)	1,993	1,143	322	3,458
Residences, Catering and Conferences (Note 5)	2,057	1,686	1,197	4,940
Other (Note 6)	336	858	-	1,194
	<u>4,386</u>	<u>3,687</u>	<u>1,519</u>	<u>9,592</u>

7b ANALYSIS OF 2007/08 EXPENDITURE BY ACTIVITY

	<u>Staff Costs (Note 16)</u>	<u>Other Operating Expenses</u>	<u>Depreciation</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
<b>CONSOLIDATED</b>				
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
	<u>5,590</u>	<u>4,573</u>	<u>1,733</u>	<u>11,896</u>
<b>COLLEGE</b>				
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
	<u>4,189</u>	<u>3,441</u>	<u>1,467</u>	<u>9,097</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

8 FIXED ASSETS

a Tangible Assets - Consolidated	College Site Flats & Buildings £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Moller Centre £'000	Total £'000
<b>COST/VALUATION</b>					
At 1 July 2008	58,604	7,119	4,145	15,334	85,202
Additions	2,216	29	469	70	2,784
Disposals	-	-	(30)	(3)	(33)
Cost/valuation as at 30 June 2009	<u>60,820</u>	<u>7,148</u>	<u>4,584</u>	<u>15,401</u>	<u>87,953</u>
<b>DEPRECIATION</b>					
At 1 July 2008	5,599	708	2,431	1,427	10,165
Provided for the year	1,012	120	354	321	1,807
Eliminated on Disposal	-	-	(30)	(3)	(33)
Depreciation at 30 June 2009	<u>6,611</u>	<u>828</u>	<u>2,755</u>	<u>1,745</u>	<u>11,939</u>
<b>NET BOOK VALUE</b>					
At 30 June 2009	<u><u>54,209</u></u>	<u><u>6,320</u></u>	<u><u>1,829</u></u>	<u><u>13,655</u></u>	<u><u>76,014</u></u>
At 30 June 2008	<u><u>53,005</u></u>	<u><u>6,411</u></u>	<u><u>1,714</u></u>	<u><u>13,907</u></u>	<u><u>75,037</u></u>

The Insured Value of Freehold Land and Buildings as at 30 June 2009 was £95,039,156.

Tangible Assets - College	College Site Flats & Buildings £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Moller Centre £'000	Total £'000
<b>COST/VALUATION</b>					
At 1 July 2008	58,604	7,119	2,003	11,105	78,831
Additions	2,216	29	270	-	2,515
Cost/valuation as at 30 June 2009	<u>60,820</u>	<u>7,148</u>	<u>2,273</u>	<u>11,105</u>	<u>81,346</u>
<b>DEPRECIATION</b>					
At 1 July 2008	5,599	708	1,426	1,110	8,843
Provided for the year	1,012	120	201	186	1,519
Depreciation at 30 June 2009	<u>6,611</u>	<u>828</u>	<u>1,627</u>	<u>1,296</u>	<u>10,362</u>
<b>NET BOOK VALUE</b>					
At 30 June 2009	<u><u>54,209</u></u>	<u><u>6,320</u></u>	<u><u>646</u></u>	<u><u>9,809</u></u>	<u><u>70,984</u></u>
At 30 June 2008	<u><u>53,005</u></u>	<u><u>6,411</u></u>	<u><u>577</u></u>	<u><u>9,995</u></u>	<u><u>69,988</u></u>



CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

8b Investment Assets	Consolidated	College	Consolidated	College
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Balance at 1 July 2008	40,199	41,499	44,879	46,179
Additions	5,133	5,119	4,696	4,696
Disposals	(6,397)	(6,397)	(5,142)	(5,142)
Appreciation/(Depreciation) on Revaluation	(4,679)	(4,679)	(4,999)	(4,999)
Appreciation/(Depreciation) on Disposals held at Fund Managers	(883)	(883)	765	765
Balance as at 30 June 2009	<u>33,373</u>	<u>34,659</u>	<u>40,199</u>	<u>41,499</u>

**Represented by:**

Freehold Land and Buildings	5,842	5,842	8,332	8,332
Quoted Securities - Equities	24,290	24,290	27,255	27,255
Quoted Securities - Fixed Interest	1,579	1,579	1,977	1,977
Unquoted Securities - equities*	15	1,300	-	1,300
Cash Held For Reinvestment	1,647	1,647	2,635	2,635
	<u>33,373</u>	<u>34,659</u>	<u>40,199</u>	<u>41,499</u>

9 CASH	Consolidated	College	Consolidated	College
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Bank Deposits	2,209	1,868	435	435
Current Accounts and in Hand	239	70	340	70
	<u>2,448</u>	<u>1,938</u>	<u>775</u>	<u>505</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

10 DEBTORS	Consolidated	College	Consolidated	College
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Trade Debtors	688	470	786	470
Students	719	719	718	718
Other	651	1,041	530	784
Debtors due in greater than one year	63	63	68	68
	<u>2,121</u>	<u>2,293</u>	<u>2,102</u>	<u>2,040</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Consolidated	College	Consolidated	College
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Students' Deposits	787	787	787	787
Suppliers	609	279	448	279
University Fees	193	193	193	193
Other	1,378	1,157	709	521
Bank Loans	254	103	144	-
Social Security and other Taxation payable	219	138	221	138
	<u>3,440</u>	<u>2,657</u>	<u>2,502</u>	<u>1,918</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	Consolidated	College	Consolidated	College
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Bank Loans	1,237	542	659	-
Other Creditors	350	-	400	-
	<u>1,587</u>	<u>542</u>	<u>1,059</u>	<u>-</u>

Amounts payable wholly or partly after 5 years

Bank Loans	<u>3,364</u>	<u>1,355</u>	<u>2,196</u>	<u>-</u>
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CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

**12 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (CONT)**

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

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

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

**13 CAPITAL AND RESERVES**

	Income/ Expendable Capital Funds £'000	Permanent Capital Funds £'000	Total 2009 £'000	Total 2008 £'000
<b>Restricted Funds:</b>				
<u>Funds for Collegiate Purposes *</u>				
Trust Funds	2,027	-	2,027	2,059
Permanent Capital Funds	-	5,166	5,166	5,723
	<u>2,027</u>	<u>5,166</u>	<u>7,193</u>	<u>7,782</u>
<u>Funds for Non-Collegiate Purposes</u>				
Trust Funds	<u>242</u>	<u>4,527</u>	<u>4,769</u>	<u>5,674</u>
<b>Unrestricted Funds:</b>				
<u>Designated Funds</u>				
Special Funds	<u>2,484</u>	<u>-</u>	<u>2,484</u>	<u>2,626</u>
<u>Undesignated Funds</u>				
Corporate Capital	-	78,520	78,520	80,027
General Capital	(1,462)	-	(1,462)	(722)
Pension Liability	(1,803)	-	(1,803)	(1,197)
Donations & Benefactions	13,849	-	13,849	16,773
	<u>10,584</u>	<u>78,520</u>	<u>89,104</u>	<u>94,881</u>
<b>COLLEGE</b>	<b>15,337</b>	<b>88,213</b>	<b>103,550</b>	<b>110,963</b>
Reserves of Subsidiary Companies	266	-	266	259
<b>CONSOLIDATED</b>	<b>15,603</b>	<b>88,213</b>	<b>103,816</b>	<b>111,222</b>

\* as defined by University Statute G,II

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

a) Reconciliation of Movements in Capital and Reserves:

	Balance at start of year £'000	Increase £'000	Reduction £'000	Balance at end of year £'000
<b>Restricted Funds:</b>				
<u>Funds for Collegiate Purposes *</u>				
Income/Expendable Capital Funds	2,059	228	(260)	2,027
Permanent Capital Funds	5,723	54	(611)	5,166
	<u>7,782</u>	<u>282</u>	<u>(871)</u>	<u>7,193</u>
<u>Funds for Non-Collegiate Purposes</u>				
Income/Expendable Capital Funds	341	(33)	(66)	242
Permanent Capital Funds	5,333	(100)	(706)	4,527
	<u>5,674</u>	<u>(133)</u>	<u>(772)</u>	<u>4,769</u>
<b>Unrestricted Funds:</b>				
<u>Designated Funds</u>				
Special Funds	2,626	98	(240)	2,484
	<u>2,626</u>	<u>98</u>	<u>(240)</u>	<u>2,484</u>
<u>Undesignated Funds</u>				
Income/Expendable Capital Funds	16,051	7,635	(11,299)	12,387
Pension Liability	(1,197)	156	(761)	(1,803)
Permanent Capital Funds	80,027	(236)	(1,271)	78,520
	<u>94,881</u>	<u>7,554</u>	<u>(13,331)</u>	<u>89,104</u>
<b>COLLEGE</b>	<b>110,963</b>	<b>7,801</b>	<b>(15,214)</b>	<b>103,550</b>
Reserves of Subsidiary Companies	259	3,400	(3,393)	266
<b>CONSOLIDATED</b>	<b>111,222</b>	<b>11,202</b>	<b>(18,607)</b>	<b>103,816</b>

b) Analysis of Restricted and Designated Funds:

	Restricted Funds 2009 £'000	Designated Funds 2009 £'000	Total 2009 £'000	2008 £'000
Archives	4,661	-	4,661	5,526
Bursary	237	-	237	262
Development Office	79	20	99	178
Endowment	122	-	122	144
Fellowship	821	-	821	917
JRF	856	-	856	971
Library	145	-	145	173
Other	530	443	974	777
Prize	52	-	52	57
Repair Funds	-	2,021	2,021	2,218
Research Funds	17	-	17	18
Studentship/Scholarship	2,053	-	2,053	2,397
Travel Fund	65	-	65	76
Deferred Capital Donations	2,325	-	2,325	2,369
	<u>11,962</u>	<u>2,484</u>	<u>14,446</u>	<u>16,083</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

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
<b>Restricted Funds:</b>					
<u>Funds for Collegiate Purposes *</u>					
Income/Expendable Capital Funds	-	1,308	719	-	2,027
Permanent Capital Funds	-	2,964	2,202	-	5,166
	<u>-</u>	<u>4,272</u>	<u>2,921</u>	<u>-</u>	<u>7,193</u>
<u>Funds for Non-Collegiate Purposes</u>					
Income/Expendable Capital Funds	-	220	22	-	242
Permanent Capital Funds	-	4,373	154	-	4,527
	<u>-</u>	<u>4,593</u>	<u>176</u>	<u>-</u>	<u>4,769</u>
<b>Unrestricted Funds:</b>					
<u>Designated Funds</u>					
Income/Expendable Capital Funds	-	1,391	1,093	-	2,484
	<u>-</u>	<u>1,391</u>	<u>1,093</u>	<u>-</u>	<u>2,484</u>
<u>Undesignated Funds</u>					
Income/Expendable Capital Funds	2,682	15,374	(1,782)	(3,888)	12,386
Subsidiary Companies	5,030	15	(424)	(3,053)	1,567
Pension Liability	-	-	-	(1,803)	(1,803)
Permanent Capital Funds	68,302	7,729	(802)	1,991	77,220
	<u>76,014</u>	<u>23,118</u>	<u>(3,008)</u>	<u>(6,753)</u>	<u>89,370</u>
<b>TOTAL 2009</b>	<u><b>76,014</b></u>	<u><b>33,373</b></u>	<u><b>1,183</b></u>	<u><b>(6,753)</b></u>	<u><b>103,816</b></u>
<b>TOTAL 2008</b>	<u><b>75,037</b></u>	<u><b>40,199</b></u>	<u><b>438</b></u>	<u><b>(4,452)</b></u>	<u><b>111,222</b></u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

COLLEGE	Fixed Assets £'000	Investment Assets £'000	Net Current Assets £'000	Due After 1 Year £'000	Total £'000
<b>Restricted Funds:</b>					
<u>Funds for Collegiate Purposes *</u>					
Income/Expendable Capital Funds	-	1,308	719	-	2,027
Permanent Capital Funds	-	2,964	2,202	-	5,166
	-	4,272	2,921	-	7,193
<u>Funds for Non-Collegiate Purposes</u>					
Income/Expendable Capital Funds	-	220	22	-	242
Permanent Capital Funds	-	4,373	154	-	4,527
	-	4,593	176	-	4,769
<b>Unrestricted Funds:</b>					
<u>Designated Funds</u>					
Income/Expendable Capital Funds	-	1,391	1,093	-	2,484
	-	1,391	1,093	-	2,484
<u>Undesignated Funds</u>					
Income/Expendable Capital Funds	2,682	15,374	(1,782)	(3,888)	12,387
Pension Liability	-	-	-	(1,803)	(1,803)
Permanent Capital Funds	68,302	9,029	(802)	1,991	78,520
	70,984	24,403	(2,584)	(3,700)	89,104
<b>TOTAL 2009</b>	<b>70,984</b>	<b>34,659</b>	<b>1,607</b>	<b>(3,700)</b>	<b>103,550</b>
<b>TOTAL 2008</b>	<b>69,882</b>	<b>41,499</b>	<b>673</b>	<b>(1,197)</b>	<b>110,963</b>

d) Memorandum of Unapplied Total Return

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

	2009 £'000	2008 £'000
Balance as at 1 July 2008	20,673	26,268
Revaluation of Investment Assets during year	(6,945)	(5,378)
Income Receivable from Endowment Assets	1,225	1,523
Transfer to Income and Expenditure Account (Note 3)	(1,837)	(1,740)
Balance as at 30 June 2009	13,116	20,673

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

**14 POLICY ON MANAGEMENT OF RESERVES**

The College's unrestricted funds amount to £92 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 £12 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 made it clear that the funds are to be spent on a specific project.

**15 CAPITAL COMMITMENTS**

	<b>2009</b>	<b>2008</b>
	£'000	£'000
<b>CONSOLIDATED</b>		
Building work commitments	3,105	702
Other	13	150
	<u>3,118</u>	<u>852</u>
<b>COLLEGE</b>		
Building work commitments	3,065	600
Other	13	75
	<u>3,078</u>	<u>675</u>

The above commitments were contracted as at 30 June 2009.

**16 STAFF**

	<b>Academic</b>	<b>Academic</b>	<b>Non -</b>	<b>Total</b>	<b>Total</b>
	<b>2009</b>	<b>Related</b>	<b>Academic</b>	<b>2009</b>	<b>2008</b>
	£'000	£'000	£'000	£'000	£'000
<b>CONSOLIDATED</b>					
Staff Costs:					
Emoluments	801	599	3,559	4,959	4,917
Social Security Costs	38	46	290	374	359
Other Pension Costs	61	59	281	401	314
	<u>900</u>	<u>704</u>	<u>4,130</u>	<u>5,734</u>	<u>5,590</u>
<b>Staff Numbers</b>					
Academic				25	23
Academic Related				26	25
Non-Academics				176	171
				<u>227</u>	<u>219</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

16 STAFF (CONT)	Academic 2009 £'000	Academic Related 2009 £'000	Non - Academic 2009 £'000	Total 2009 £'000	Total 2008 £'000
<b>COLLEGE</b>					
Staff Costs:					
Emoluments	801	599	2,354	3,754	3,664
Social Security Costs	38	46	177	261	249
Other Pension Costs	61	59	252	372	275
	<u>900</u>	<u>704</u>	<u>2,783</u>	<u>4,387</u>	<u>4,188</u>
<b>Staff Numbers</b>					
Academic				25	23
Academic Related				26	25
Non-Academics				118	116
				<u>169</u>	<u>164</u>

There are 106 fellows on the Governing Body of which 29 are stipendiary. Their remuneration is included in the above figures.

17 PENSION SCHEMES

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

**Universities Superannuation Scheme**

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is 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. USS has over 130,000 active members and the College has 118 active members participating in the scheme.

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.

Because of the mutual nature of the scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.



CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

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17 PENSION SCHEMES (CONT)

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. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% RPI per annum).

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

Standard mortality tables were used as follows:

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

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

At the valuation date, the market value of the assets of the scheme was £28,872.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets were therefore sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

## CHURCHILL COLLEGE, CAMBRIDGE

### NOTES TO FINANCIAL STATEMENTS (CONT)

#### FOR THE YEAR ENDED 30 JUNE 2009

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#### 17 PENSION SCHEMES (CONT)

The College contribution rate required for future service benefits alone at the date of the valuation was 14% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the College contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

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

<b>Assumption</b>	<b>Change in Assumption</b>	<b>Impact on scheme liabilities</b>
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 £1.5 billion
Rate of salary growth	Increase/Decrease by 0.5%	Increase/Decrease by £0.7 billion
Rate of mortality	More prudent assumption (Move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a 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 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.

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2009**

**17 PENSION SCHEMES (CONT)**

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2009, the USS had over 130,000 active members and the College had 118 active members participating in the scheme.

The total USS pension cost for the College was £312,088 (2008: £302,156). 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 were contracted-out of the State Second Pension (S2P) until 31 March 2007 when the College section closed for all pension accrual.

The contribution made by the College in respect of the year ended 30 June 2009 was £154,248, excluding PHI contributions. The agreed contributions to be paid by the College for the forthcoming year are £229,911 pa from 1 July 2009, subject to review at future actuarial valuations. This rate excludes PHI.

The major assumptions used by the actuary were:

	<b>30/06/09</b>	<b>30/06/08</b>
	<b>% pa</b>	<b>% pa</b>
Discount rate	6.20%	6.70%
Expected long-term rate of return on Scheme assets	6.10%	6.60%
Salary inflation assumption	N/A	N/A
Inflation assumption	3.50%	3.90%
Pension Increases (mortality linked)	3.50%	3.90%

The underlying mortality assumption is based upon the standard table known as PA92 on a year of birth usage with medium cohort future improvement factor with the base table adjusted by a 20% uplift to reflect higher scheme mortality rates than the standard tables. (2008: PA92 on a year of birth usage with medium cohort improvement factors).

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

	<b>2009</b>	<b>2008</b>
Equities & Hedge Funds	49%	52%
Cash, Bonds & Net Current Assets	42%	37%
Property	9%	11%
	<u>100%</u>	<u>100%</u>

The expected long-term rate of return on the scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.1% (2008: 7.5%), property 6.1% (2008: 6.5%) and an expected rate of return on bonds & cash of 5.0% (2008: 5.4%).

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

17 PENSION SCHEMES (CONT)

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

	<b>2009</b> £'000	<b>2008</b> £'000
Actual return less expected return on scheme assets	(835)	(710)
Experience gains and losses arising on scheme liabilities	(16)	(68)
Changes in assumptions underlying the present value of scheme liabilities	161	18
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(690)</u>	<u>(761)</u>

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

	<b>2009</b> £'000	<b>2008</b> £'000
Cumulative actuarial loss at beginning of year	(866)	(105)
Recognised during the year	(690)	(761)
Cumulative actuarial loss at end of year	<u>(1,556)</u>	<u>(866)</u>

Movements in the deficit during the year are as follows:

	<b>2009</b> £'000	<b>2008</b> £'000
Deficit in scheme at beginning of year	(1,197)	(623)
Service Cost (Employer only) *	15	(30)
Contributions paid by the College	154	205
Finance cost	(85)	12
Actuarial loss	(690)	(761)
Cumulative actuarial loss at end of year	<u>(1,803)</u>	<u>(1,197)</u>

\* 2009 figure is positive due to receipt of a refund of overpaid death in service premiums

The amounts recognised in the balance sheet are as follows:

	<b>2009</b> £'000	<b>2008</b> £'000
Total market value of assets	5,026	5,759
Present value of scheme liabilities	(6,829)	(6,956)
Net pension liability	<u>(1,803)</u>	<u>(1,197)</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

17 PENSION SCHEMES (CONT)

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

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Analysis of amounts charged to operating profit		
Current service cost	(15)	30
Interest on pension scheme liabilities	452	388
Expected return on pension scheme assets	(367)	(400)
Total operating charge	<u>70</u>	<u>18</u>
Actual return on scheme assets	<u>(468)</u>	<u>(311)</u>

Changes in the present value of the scheme liabilities are as follows:

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Present value of scheme liabilities at beginning of period	6,956	6,869
Service cost (including employers contributions)	(15)	30
Interest cost	452	388
Actuarial Losses (Gains)	(146)	50
Benefits paid	(418)	(381)
Closing defined benefit obligation	<u>6,829</u>	<u>6,956</u>

Changes in the fair value scheme assets are as follows:

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Market value of scheme assets at beginning of period	5,759	6,245
Expected return	367	400
Actuarial Losses (Gains)	(836)	(710)
Contributions by Employer	154	205
Benefits and expenses paid	(418)	(381)
Closing fair value of scheme assets	<u>5,026</u>	<u>5,759</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2009

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17 PENSION SCHEMES (CONT)

Amounts for the current and previous periods are as follows:

	2009 12 months £'000	2008 12 months £'000	2007 12 months -	2006 15 months -
Defined benefit obligation	(6,829)	(6,956)	(6,869)	(6,636)
Plan Assets	5,026	5,759	6,245	5,727
Surplus/(deficit)	<u>(1,803)</u>	<u>(1,197)</u>	<u>(624)</u>	<u>(909)</u>
Experience adjustments on scheme liabilities	(16)	(68)	(336)	125
Experience adjustments on scheme liabilities	(836)	(710)	182	307
Changes in assumptions underlying present value of scheme liabilities	<u>161</u>	<u>18</u>	<u>141</u>	<u>(215)</u>

18 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.