

**CHURCHILL COLLEGE, CAMBRIDGE**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**CHURCHILL COLLEGE, CAMBRIDGE**

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**FOR THE YEAR ENDED 30 JUNE 2010**

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## CHURCHILL COLLEGE, CAMBRIDGE

### TRUSTEES, GOVERNING BODY AND ADVISERS

#### FOR THE YEAR ENDED 30 JUNE 2010

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The College is a corporate body consisting of the Master, the Fellows and Scholars. It became a registered charity on 13 August 2010, having previously been an exempt charity, with its registered office at Storey's Way, Cambridge, CB3 0DS.

The Trustees of the College, since 13 August 2010, are the members of the College Council.

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, two external members with financial expertise, 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

#### Trustees (from 13 August 2010)

|  |                                       |                  |
|--|---------------------------------------|------------------|
| Sir David Wallace, Master                    | Mr S Rabin, MCR President             | Dr R H Bracewell |
| Professor A M Finch, Vice-Master             | Mr S Jones, MCR Council Member        | Dr C Hicks       |
| Mr R Partington, Senior Tutor                | Mr A Cruickshank, JCR President       | Miss M Kendall   |
| Mrs J M Brook, Bursar                        | Mr N Light-Hilary, JCR Council Member | Prof M Kramer    |
| Dr I B Kingston, Tutor for Advanced Students | Mrs N Caulfield, Staff Member         | Dr P Russell     |
| Dr S Boss                                    | Mrs S Parsons, Staff Member           | Dr A W Taylor    |
|  |                                       | Dr N Treanor     |

The names of the voting Members of the Governing Body, the Council and the Finance Committee at 30 June 2010 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                      | Mrs J M Brook, MA, MBA                 |                       |
| Tutor for Advanced Students | Dr I B Kingston PHD                    |                       |
| Amaratunga, Prof G          | Day, Dr G M                            | Harris, Dr P A        |
| Ashburner, Prof M           | DeMarrais, Dr E                        | Haustein, Dr K,       |
| Barbrook, Dr A C            | Dicken, Dr P                           | Hawthorne, Prof Sir W |
| Barnes, Prof J A            | Ducati, Dr C                           | Hey, Dr R W           |
| Birney, Dr E                | Echenique, Prof M                      | Hicks, Dr C           |
| Bolton, Prof M D            | Englund, Dr H M                        | Hines, Prof M         |
| Boss, Dr S                  | Fawcett, Dr J                          | Holroyd, Dr J         |
| Boyd, Sir John, KCMG        | Fox, Mr J                              | Hovius, Dr N          |
| Bracewell, Dr R H           | Frayling, Sir Christopher              | Hurst, Mr H R         |
| Broers, Rt Hon Lord         | Ghobrial, Dr J-P                       | Jacobus, Prof M       |
| Bukh, Dr B                  | Goldie, Dr M A                         | Kendall, Miss M       |
| Caulfield, Dr C P           | Goldstein, Prof R E                    | Kennicutt, Prof R C   |
| Cavalcanti, Dr T            | Gopal, Dr P                            | King, Mrs A N         |
| Chatterjee, Prof V K K      | Green, Dr D A                          | King, Dr F H          |
| Crisp, Dr A J               | Gregory, Prof M J                      | King, Prof J E        |
| Dawes, Prof W N             | Grimmett, Prof G R                     | Kinsella, Prof J      |

## CHURCHILL COLLEGE, CAMBRIDGE

### TRUSTEES, GOVERNING BODY AND ADVISERS (Cont)

#### FOR THE YEAR ENDED 30 JUNE 2010

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|                           |   |                       |
|---------------------------|---|-----------------------|
| Knight, Mr N V            | O'Kane, Dr C  | Strathern, Dr A       |
| Knowles, Dr K M           | Ozanne, Dr S E  | Sunikka-Blank, Dr M M |
| Kraft, Dr M               | Packwood, Mr A  | Taylor, Dr A W        |
| Kramer, Prof M H          | Pedersen, Prof R  | Thom, Dr A            |
| Laughlin, Prof S B, FRS   | Phalan, Dr B  | Thomas, Ms M          |
| Leader-williams, Prof N   | Phipps, Mr B  | Thornton, Prof J M    |
| Liang, Dr D               | Ralph, Prof D   | Tosca, Dr N J         |
| Ludlam, Dr J              | Reid, Dr A  | Tout, Dr C A          |
| Mascie-Taylor, Prof C G N | Richer, Dr J  | Treanor, Dr N         |
| Mathur, Dr N              | Robertson, Prof J   | Van Houten, Dr P      |
| Maurice, Ms S D           | Russell, Dr P   | Vorley, Dr T          |
| McEniery, Dr C            | Schultz, Prof W   | Wassell, Dr I         |
| Miller, Dr M A            | Siddle, Prof K  | Webb, Dr A R          |
| Milne, Prof W I           | Singh, Dr S   | Webber, Dr A J        |
| Mosbach, Dr S             | Sirringhaus, Prof H   | Wickramasekera, Dr N  |
| Murray-Rust, Dr P         | Soga, Prof K  | Wyse, Dr D            |
| Newbery, Prof D M G, FBA  | Spiegelhalter, Prof D   | Yuan, Dr B            |
| Norris, Prof J R          | Stevens, Dr M   |                       |
| MCR President             | Rayward-Smith, W (to Feb 2010); Rabin, S (from February 2010) |                       |
| MCR Council Member        | Jones, S  |                       |
| JCR President             | Webb, G (to Nov 2009); Cruickshank, A (from Nov 2009)         |                       |
| JCR Council Member        | Davies, M (to Feb 2010); Light-Hilary, N (from Feb 2010)      |                       |

#### Council

|  |                                       |                  |
|--|---------------------------------------|------------------|
| Sir David Wallace, Master                    | Mr S Rabin, MCR President             | Dr R H Bracewell |
| Professor A M Finch, Vice-Master             | Mr S Jones, MCR Council Member        | Dr C Hicks       |
| Mr R Partington, Senior Tutor                | Mr A Cruickshank, JCR President       | Miss M Kendall   |
| Mrs J M Brook, Bursar                        | Mr N Light-Hilary, JCR Council Member | Prof M Kramer    |
| Dr I B Kingston, Tutor for Advanced Students | Mrs N Caulfield, Staff Member         | Dr P Russell     |
| Dr S Boss                                    | Mrs S Parsons, Staff Member           | Dr A W Taylor    |
|  |                                       | Dr N Treanor     |

#### Finance Committee

|  |                                       |                    |
|--|---------------------------------------|--------------------|
| Sir David Wallace, Master                    | Dr C Caulfield, Inspector of Accounts | Dr T Cavalcanti    |
| Professor A M Finch, Vice-Master             | Mrs S McMeekin, Finance Manager       | Mr N V Knight      |
| Mr R Partington, Senior Tutor                | Prof R Goldstein                      | Dr C A Tout        |
| Mrs J M Brook, Bursar                        | Dr N Hovius                           | MCR Representative |
| Dr I B Kingston, Tutor for Advanced Students |                                       | JCR Representative |

#### Auditors

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

#### Bankers

Lloyds TSB  
3 Sidney Street  
Cambridge  
CB2 3HG

#### Investment Fund Managers

Evercore Pan-Asset Capital  
Management Ltd  
Vestry House  
Laurence Pountney Hill  
London

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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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 was an exempt charity during the year to June 2010, but was registered with the Charity Commission on August 13<sup>th</sup> 2010. The Charity name is “Churchill College in the University of Cambridge” and its registered number is 1137476.

The charitable objectives are:

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

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 Fellows elected from the Governing Body, four elected student representatives, and two elected non-academic staff representatives. The College Council is the trustee body for the newly registered charity. The College Officers and members of the Governing Body and College Council are listed at the start of the annual report and accounts.

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 Council receives copies of the minutes of their meetings.

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.

The College Council reviews an updated risk management matrix annually and also receives annual reports on Health and Safety. It monitors Health and Safety through the House Committee and financial risk through the Finance Committee.

This year, the College has been celebrating its 50<sup>th</sup> anniversary, with a series of academic and social events, involving College Members, alumni and friends of the College. There has also been the launch of a capital fund-raising campaign, the primary objective of which was to raise funds for a new building to house students.

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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### **COLLEGE ACADEMIC REPORT**

In the year ending June 2010, the College came 3rd 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 2<sup>nd</sup> in the University.

This is all the more notable because the College takes such a high proportion of students (65% in October 2010) 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 2010, the College received the second highest number of applications for graduate study among the Cambridge colleges and twice as many applications as any other post-war undergraduate college in Cambridge.

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 over 850 prospective students, teachers and parents to the College. During the year, the Schools Liaison Officer and the Admissions Fellows participated in 12 conferences around the UK for potential students and their teachers, and made over 150 individual visits to schools and colleges, speaking to an estimated 10,000 prospective students.

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), the Winston Churchill Memorial Trust (for UK undergraduates) and the Bill Brown (1989) charitable trust for engineering undergraduates. Many graduate students in particular benefit from funding provided by the Cambridge Trusts and the Gates Foundation. The College also provided studentships for graduate students from its own endowment benefitting 32 graduate students. The College also provided travel grants, grants to take part in research conferences and to support individual sporting and musical endeavour. The total expenditure by the College on support for individual undergraduate students was £236,164 and for graduate students was £300,450.

The proportion of graduate students on one year Master's programmes compared to PhD programmes has again increased. The graduate community which makes up the MCR is 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 further record breaking year for the Churchill Archives Centre, with researcher numbers rising to 536 different individuals making 1602 daily visits: a figure that does not include the many remote enquiries being handled by the Archives Centre staff by email, telephone or letter.

As in recent years, significant progress on the conservation and cataloguing of collections has been accompanied by high profile events, such as an international conference on "The Cold War and its Legacy", and the thirteenth Stephen Roskill Memorial Lecture. The year saw the Centre begin the digitisation of Lady Thatcher's archive, along side the opening of the personal papers relating to the first few months of her premiership. New collections continued to arrive, and notable new accessions in 2009/10 included the papers of Winston Churchill (grandson of Sir Winston), Lord Howell, Peter Jay and Lord Wakeham.

### **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.

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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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 to 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 2009/10, 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 three stipendiary Junior Research Fellows and offered accommodation and benefits to these and a further nine 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.

The College maximises on the use of its facilities during university vacations through access initiatives and commercial conferences and meetings, many of which are of an academic nature.

#### **FINANCIAL RESULTS 2009/10 FOR CHURCHILL COLLEGE (excluding subsidiaries)**

Financially, the College had a better year than forecast and budget. The Income and Expenditure Account showed an operating surplus of £326K after University contribution and depreciation, before transfers to restricted funds. The retained surplus for the year was £177K against a deficit of £(253)K in 2008/09.

The improved outcome reflects measures taken over the year to contain expenditure and grow income. In particular, the revenue from commercial business in the College was £349K above budget, but with a very reasonable increase in variable costs and there was a saving of £105K in energy costs despite the very cold winter, because of new contracts and energy-saving measures.

The College's balance sheet shows an increase in asset values of approximately £7.3 million, reversing the downturn in the previous year. Of this approximately £1million was new capital from a donation. Payments to the now-closed CCFPS (pension scheme for non-academic staff) are shown in the balance sheet along with the actuarial re-valuation, which is undertaken annually. Changes to actuarial assumptions, combined with the investment performance have increased the deficit in the scheme again this year. The trustees of the scheme have extended the period of time over which the College is making annual capital payments into the scheme to address the deficit and the pensions regulator has accepted the recovery plan put forward by the trustees.

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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The College's depreciation amounts to more than £1.5 million and there was a net cash inflow of £318K against an inflow of £1,432K in 2008/09. The movement between years was due to the timing of the loan and expenditure on refurbishment of the Wolfson Flats. 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 final draw down from the loan was completed just before the end of the financial year. The project, which commenced in November 2008, was completed in August 2010.

The draw down of 4.38% of the value of investments at the end of June 2010 or £1,817K 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 actual total return (income and capital growth) of the College's investment assets was 23.8%

The College's investments recovered somewhat over the year and the total value increased by 20.2% with the injection of £1,007K of new capital also. Without the new capital, the balance sheet valuation improved by 17.17%. Outside the operational buildings of the College, which make up 60% of its fixed assets, the College directly owns commercial properties valued at £5,985,000 in the balance sheet, together with a number of equity and fixed interest holdings. There was a desk revaluation of the commercial properties at 30 June 2010. 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 £52,700 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 £15,000

The College's total fee income rose by 9.9% as there were 44 more fee-paying students (20 undergraduate and 24 graduate students) than the previous year.

The College's income from commercial activities rose substantially as the College's investment in better IT systems and sales staff paid off. After a number of years of static sales there was an improvement of 67% in 2009/10. Most of this business is carried out, outside of University term, using the facilities of the College. If the business of the College's subsidiary is included, the commercial turnover increased by 7% but this contributed over £1.2 million of essential income to enable the College's infrastructure to be properly maintained and for it to fulfil its academic objectives.

Personnel and related expenditure increased by 7% reflecting the increased costs of pensions and national insurance and a small increase in staff numbers. The cost of casual and agency staff, to meet the needs of the increased commercial business was kept to a very reasonable level and some additional staff were brought in to help with the fund-raising and other activities associated with the 50<sup>th</sup> Anniversary of the College.

### **CAPITAL EXPENDITURE**

The College spent more than £3.2 million on repairing and maintaining its operational buildings and grounds of which £2.6 million was capitalised. Major projects undertaken this year include:

- the rewiring and refurbishment of three staircases
- installation of additional snack kitchens to comply with housing regulations
- second phase of refurbishment of flats for students with families (third phase completed in August 2010)
- installation of electronic door locks on the student residential accommodation entrances
- improvements to disabled access to the College's lecture theatre



## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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### **CASH FLOW MANAGEMENT**

The College has used secure deposits and Fixed Interest Funds for medium term cash holdings. The College drew down the second £2 million from a £4 million facility agreed with Unity Trust Bank in June 2009 to fund the refurbishment of its graduate family flats. Since the major expenditure on this project took place during the year 2009/10 there was a net inflow of funds across the group of £99K compared with £1,672K in 2008/09.

### **CREDITORS AND DEBTORS**

Creditors to the College amount to £5,592K compared with £4,554K last year. The largest elements of this relate to:

- The bank loan (£4 million in total for the college)
- 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

In the consolidated accounts there is also a substantial bank loan taken out by the Møller Centre in 2006 to fund the extension to its facilities.

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

Debtors amounted to £2,409K compared with £2,293K the previous year, which is impressive in the light of the increase in commercial business.

### **FUTURE DEVELOPMENTS**

The College's programme of rolling improvements and repairs will continue with the refurbishment of a further 2 large staircases of undergraduate rooms, the completion of the refurbishment of the Wolfson Flats for students with partners and families, and refurbishment of some graduate accommodation.

### **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 spent £19,984 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.

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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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 College Council and the Governing Body unless it wishes to bring before the College Council any proposed changes in investment policy.
- 5) The Investment Advisory Committee advises the College Council and Governing Body on overall asset allocation. The main equity investments, exchange-traded funds and the property investments of the College are managed by a small number of investment fund managers and form the amalgamated investment fund. The College has a discretionary exchange traded fund portfolio managed by Evercore Pan Asset Capital management and also invests in funds managed by: Heronbridge, Brandes Investment Partners, CIM Investment Management and CCLA Investment Management. There are a very small number of direct equity holdings held by Charles Stanley stockbrokers.
- 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 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 Brook  
Bursar

Date: 3 December 2010

## **CHURCHILL COLLEGE, CAMBRIDGE**

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

**FOR THE YEAR ENDED 30 JUNE 2010**

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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 2010, this amounted to 110 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 elected student representatives and two elected 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. From August 2010, the College Council forms the trustee body for the newly-registered Charity, "Churchill College in the University of Cambridge".

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 mis-statement or loss.

## **CHURCHILL COLLEGE, CAMBRIDGE**

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

#### **FOR THE YEAR ENDED 30 JUNE 2010**

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We have audited the financial statements of the College 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 for the year ended 30 June 2010 on pages 12 to 38. These financial statements have been prepared under 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 (United Kingdom Generally Accepted Accounting Practice) 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 United Kingdom Generally Accepted Accounting Practice, 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 and the Audit Code of Practice issued by the Higher Education Funding Council for England. 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 2010**

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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 2010 and of the surplus 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 2010 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 2010

## **CHURCHILL COLLEGE, CAMBRIDGE**

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

**FOR THE YEAR ENDED 30 JUNE 2010**

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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 2010. 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 2010**

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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 2010

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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 2010**

|   |      | <b>Consolidated<br/>2010<br/>£'000</b> | <b>College<br/>2010<br/>£'000</b> | <b>Consolidated<br/>2009<br/>£'000</b> | <b>College<br/>2009<br/>£'000</b> |
|---|------|--|-----------------------------------|--|-----------------------------------|
| <b>INCOME</b>   | Note |  |                                   |  |                                   |
| Academic Fees and Charges   | 1    | 2,411                                  | 2,411                             | 2,189                                  | 2,189                             |
| Residences Catering, and Conferences  | 2    | 8,482                                  | 4,429                             | 7,729                                  | 3,651                             |
| Endowment Income  | 3    | 3,283                                  | 3,929                             | 3,318                                  | 3,995                             |
| Total Income  |      | <u>14,176</u>                          | <u>10,769</u>                     | <u>13,236</u>                          | <u>9,835</u>                      |
| <b>EXPENDITURE</b>  |      |  |                                   |  |                                   |
| Education   | 4    | 3,706                                  | 3,706                             | 3,458                                  | 3,458                             |
| Residences, Catering and Conferences  | 5    | 8,442                                  | 5,187                             | 8,175                                  | 4,940                             |
| Other   | 6    | 1,686                                  | 1,535                             | 1,353                                  | 1,194                             |
| Total Expenditure   |      | <u>13,834</u>                          | <u>10,428</u>                     | <u>12,986</u>                          | <u>9,592</u>                      |
| Operating Surplus   |      | 342                                    | 341                               | 250                                    | 243                               |
| Contribution Under Statute G,II   | 7    | (15)                                   | (15)                              | (11)                                   | (11)                              |
| <b>NET SURPLUS</b>  |      | <u>327</u>                             | <u>326</u>                        | <u>239</u>                             | <u>232</u>                        |
| Transfer (to)/from accumulated income within<br>restricted expendable capital |      | (149)                                  | (149)                             | (485)                                  | (485)                             |
| <b>RETAINED SURPLUS/( DEFICIT) FOR YEAR</b>                                   |      | <u><u>178</u></u>                      | <u><u>177</u></u>                 | <u><u>(246)</u></u>                    | <u><u>(253)</u></u>               |

**CHURCHILL COLLEGE, CAMBRIDGE**

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 30 JUNE 2010**

|  | Restricted Funds                |   | Unrestricted Funds           |                                | Total<br>2010<br>£'000 | Total<br>2009<br>£'000 |
|--|---------------------------------|---|------------------------------|--------------------------------|------------------------|------------------------|
|  | Collegiate<br>Purposes<br>£'000 | Non-<br>Collegiate<br>Purposes<br>£'000 | Designated<br>Funds<br>£'000 | Undesignated<br>Funds<br>£'000 |                        |                        |
| Balance at 1 July 2009                             | <u>7,194</u>                    | <u>4,768</u>                            | <u>2,484</u>                 | <u>89,370</u>                  | <u>103,816</u>         | <u>111,222</u>         |
| Appreciation of<br>Investment Assets               | 691                             | 790                                     | 240                          | 4,097                          | 5,818                  | (6,945)                |
| Income Retained by<br>Funds                        | 83                              | 69                                      | (3)                          | -                              | 149                    | 485                    |
| Retained Deficit for the<br>Year                   | -                               | -                                       | -                            | 178                            | 178                    | (246)                  |
| Benefactions and<br>Donations                      | 1,259                           | -                                       | -                            | -                              | 1,259                  | -                      |
| Capital Grant from<br>Colleges Fund                | 53                              | -                                       | -                            | -                              | 53                     | 34                     |
| Actuarial Gain/(Loss) on<br>Pension Fund           | -                               | -                                       | -                            | (98)                           | (98)                   | (690)                  |
| Release of Deferred<br>Capital Donations           | (44)                            | -                                       | -                            | -                              | (44)                   | (44)                   |
| Total Recognised<br>Gains/(Losses) for the<br>Year | <u>2,042</u>                    | <u>859</u>                              | <u>237</u>                   | <u>4,177</u>                   | <u>7,315</u>           | <u>(7,406)</u>         |
| Balance at 30 June 2010                            | <u><u>9,236</u></u>             | <u><u>5,627</u></u>                     | <u><u>2,721</u></u>          | <u><u>93,547</u></u>           | <u><u>111,131</u></u>  | <u><u>103,816</u></u>  |

**CHURCHILL COLLEGE, CAMBRIDGE**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 30 JUNE 2010**

|   |      | <b>Consolidated<br/>2010</b>                    | <b>College<br/>2010</b>            | <b>Consolidated<br/>2009</b> | <b>College<br/>2009</b> |
|---|------|---|------------------------------------|------------------------------|-------------------------|
|   | Note | £'000   | £'000                              | £'000                        | £'000                   |
| <b>FIXED ASSETS</b>                                   | 8    |   |                                    |                              |                         |
| Tangible Assets                                       |      | 76,970  | 72,055                             | 76,013                       | 70,984                  |
| Investments   |      | 40,198  | 41,484                             | 33,373                       | 34,659                  |
|   |      | <u>117,167</u>                                  | <u>113,539</u>                     | <u>109,386</u>               | <u>105,643</u>          |
| <b>CURRENT ASSETS</b>                                 |      |   |                                    |                              |                         |
| Stock   |      | 56  | 37                                 | 53                           | 34                      |
| Cash  | 9    | 2,548   | 2,257                              | 2,449                        | 1,938                   |
| Debtors   | 10   | 2,259   | 2,409                              | 2,121                        | 2,293                   |
|   |      | <u>4,863</u>                                    | <u>4,703</u>                       | <u>4,623</u>                 | <u>4,265</u>            |
| Creditors: Amounts Falling Due Within<br>One Year     | 11   | (2,707)   | (2,030)                            | (3,440)                      | (2,658)                 |
| <b>NET CURRENT ASSETS</b>                             |      | <u>2,156</u>                                    | <u>2,673</u>                       | <u>1,183</u>                 | <u>1,607</u>            |
| Creditors: Amounts Falling Due After<br>One Year      |      | (6,406)   | (3,562)                            | (4,950)                      | (1,898)                 |
| <b>NET ASSETS EXCLUDING PENSION<br/>LIABILITY</b>     |      | <u>112,917</u>                                  | <u>112,650</u>                     | <u>105,619</u>               | <u>105,352</u>          |
| Pension Liability                                     |      | (1,787)   | (1,787)                            | (1,803)                      | (1,803)                 |
| <b>NET ASSETS INCLUDING PENSION<br/>LIABILITY</b>     |      | <u>111,130</u>                                  | <u>110,863</u>                     | <u>103,816</u>               | <u>103,549</u>          |
| <b>CAPITAL AND RESERVES</b>                           | 13   | <b>Income/<br/>expendable<br/>capital funds</b> | <b>Permanent<br/>capital funds</b> | <b>Total<br/>2010</b>        | <b>Total<br/>2009</b>   |
| Restricted funds held for collegiate<br>purposes      |      | 3,605   | 5,631                              | 9,236                        | 7,194                   |
| Restricted funds held for non-<br>collegiate purposes |      | 502   | 5,125                              | 5,627                        | 4,768                   |
| Unrestricted Funds (excluding pension liability)      |      | 17,827  | 79,960                             | 97,787                       | 93,390                  |
| Pension reserve                                       |      | (1,787)   |                                    | (1,787)                      | (1,803)                 |
| <b>TOTAL COLLEGE RESERVES</b>                         |      | <u>20,147</u>                                   | <u>90,716</u>                      | <u>110,863</u>               | <u>103,549</u>          |
| Reserves of Subsidiary Companies                      |      | 268   |                                    | 268                          | 267                     |
| <b>TOTAL CONSOLIDATED RESERVES</b>                    |      | <u>20,415</u>                                   | <u>90,716</u>                      | <u>111,131</u>               | <u>103,816</u>          |

The financial statements on pages 1 to 36 were approved by the Governing Body on 3 December 2010 and signed on their behalf by:

Sir D Wallace  
Master

Mrs J M Brook  
Bursar

CHURCHILL COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

|   |      | <b>2010</b>           | <b>2009</b>           |
|---|------|-----------------------|-----------------------|
|   |      | £'000                 | £'000                 |
| <b>A. OPERATING ACTIVITIES</b>  |      |                       |                       |
| Operating Surplus Before Tax  | Note | 342                   | 250                   |
| Depreciation  | 8a   | 1,830                 | 1,807                 |
| Less Total Investment Income  | 3    | (1,839)               | (1,867)               |
| Interest Payable  |      | 218                   | 159                   |
| (Decrease)/Increase in Stocks   |      | (3)                   | 10                    |
| (Increase)/Decrease in Debtors  |      | (138)                 | (19)                  |
| (Decrease)/Increase in Creditors  |      | (950)                 | 778                   |
| Pension Deficit (Decrease)/Increase   |      | (115)                 | (85)                  |
| <b>Net Cash Inflow/(Outflow) from Operating Activities</b>                  |      | <b><u>(656)</u></b>   | <b><u>1,033</u></b>   |
| <b>B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>                   |      |                       |                       |
| Endowment Investment Income Received  | 13d  | 1,348                 | 1,225                 |
| Other Investment Income Received  |      | 22                    | 30                    |
| Interest Paid   |      | (218)                 | (159)                 |
| <b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b> |      | <b><u>1,152</u></b>   | <b><u>1,097</u></b>   |
| <b>C. CONTRIBUTION TO COLLEGES FUND</b>                                     |      | <b><u>(15)</u></b>    | <b><u>(11)</u></b>    |
| <b>D. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS</b>                     |      |                       |                       |
| Purchase of Tangible Fixed Assets   | 8a   | (2,786)               | (2,784)               |
| Purchase of Investment Assets   | 8b   | (16,172)              | (5,133)               |
| Sale of Investment Assets   | 8b   | 15,165                | 5,013                 |
| Drawdown of Investment Capital  |      | 469                   | 612                   |
| <b>Total Capital Payments</b>   |      | <b><u>(3,324)</u></b> | <b><u>(2,292)</u></b> |
| Capital Grant received from Colleges Fund                                   |      | 53                    | 34                    |
| Capital Donations Received  |      | 1,259                 | -                     |
| Less: Capital donations released  |      | (44)                  | (44)                  |
| <b>Total Capital Receipts</b>   |      | <b><u>1,268</u></b>   | <b><u>(10)</u></b>    |
| <b>Net Cash Outflow from Investing Activities</b>                           |      | <b><u>(2,056)</u></b> | <b><u>(2,302)</u></b> |
| <b>Net Cash Outflow before Financing</b>                                    |      | <b><u>(1,575)</u></b> | <b><u>(184)</u></b>   |
| <b>E. FINANCING</b>   |      |                       |                       |
| Long Term Loans Received  |      | 2,000                 | 2,000                 |
| Long Term Loans Repaid  |      | (326)                 | (144)                 |
| <b>Net Movement in Long Term Loans</b>                                      |      | <b><u>1,674</u></b>   | <b><u>1,856</u></b>   |
| <b>F. INCREASE/(DECREASE) IN CASH</b>                                       |      |                       |                       |
| Net funds Brought Forward at 1 July   |      | 99                    | 1,672                 |
|   |      | 2,449                 | 777                   |
| <b>Net Funds Carried Forward at 30 June</b>                                 |      | <b><u>2,548</u></b>   | <b><u>2,449</u></b>   |

**CHURCHILL COLLEGE, CAMBRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

| <b>1 ACADEMIC FEES AND CHARGES</b>  | <b>2010</b>         | <b>2009</b>         |
|---|---------------------|---------------------|
|   | £'000               | £'000               |
| Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,744) | 1,580               | 1,409               |
| Privately-funded Undergraduate Fee Income (per Capita Fee £4,440)   | 300                 | 246                 |
| Fee Income received at the Graduate fee rate (per Capita Fee £2,184)  | 388                 | 406                 |
|   | <u>2,268</u>        | <u>2,061</u>        |
| Teaching/Research/Training Grants   | 93                  | 73                  |
| Supervisors Income  | 50                  | 55                  |
| Total   | <u><b>2,411</b></u> | <u><b>2,189</b></u> |

**2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES**

|               |                          | <b>Consolidated</b> | <b>College</b>      | <b>Consolidated</b> | <b>College</b>      |
|---------------|--------------------------|---------------------|---------------------|---------------------|---------------------|
|               |                          | <b>2010</b>         | <b>2010</b>         | <b>2009</b>         | <b>2009</b>         |
|               |                          | £'000               | £'000               | £'000               | £'000               |
| Accommodation | College Members          | 2,632               | 2,632               | 2,363               | 2,363               |
|               | Conferences              | 2,218               | 348                 | 2,010               | 185                 |
|               | International Programmes | 779                 | 118                 | 527                 | 41                  |
| Catering      | College Members          | 918                 | 918                 | 755                 | 755                 |
|               | Conferences              | 1,727               | 355                 | 1,964               | 271                 |
|               | International Programmes | 208                 | 58                  | 110                 | 36                  |
| Total         |                          | <u><b>8,482</b></u> | <u><b>4,429</b></u> | <u><b>7,729</b></u> | <u><b>3,651</b></u> |

**3 ENDOWMENT INCOME**

|                                    | <b>2010</b>       | <b>2010</b>        | <b>2010</b>         | <b>2010</b>         | <b>2009</b>         |
|------------------------------------|-------------------|--------------------|---------------------|---------------------|---------------------|
|                                    | Income from       | Income from        | Income              | <b>Total</b>        | <b>Total</b>        |
|                                    | Restricted Funds  | Restricted Funds   | from                |                     |                     |
|                                    | for Collegiate    | for non-Collegiate | Unrestricted        |                     |                     |
|                                    | Purposes          | Purposes           | Funds               |                     |                     |
|                                    | £'000             | £'000              | £'000               | £'000               | £'000               |
| <b>CONSOLIDATED</b>                |                   |                    |                     |                     |                     |
| Transfer from Endowment (Note 13d) | 233               | 250                | 1,334               | 1,817               | 1,837               |
| Cash and Other                     | 1                 |                    | 21                  | 22                  | 30                  |
| Donations and Benefactions         | 603               | 685                | 156                 | 1,444               | 1,450               |
|                                    | <u><b>837</b></u> | <u><b>935</b></u>  | <u><b>1,511</b></u> | <u><b>3,283</b></u> | <u><b>3,318</b></u> |

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

| 3 ENDOWMENT INCOME (Cont)          | 2010   | 2010   | 2010   | 2010           | 2009           |
|------------------------------------|--|--|--|----------------|----------------|
|                                    | Income from<br>Restricted Funds<br>for Collegiate<br>Purposes<br>£'000 | Income from<br>Restricted Funds<br>for non-Collegiate<br>Purposes<br>£'000 | Income<br>from<br>Unrestricted<br>Funds<br>£'000 | Total<br>£'000 | Total<br>£'000 |
| <b>COLLEGE</b>                     |  |  |  |                |                |
| Transfer from Endowment (Note 13d) | 233  | 250  | 1,334  | 1,817          | 1,837          |
| Cash and Other                     | 1  |  | 20   | 21             | 24             |
| Donations and Benefactions         | 603  | 685  | 803  | 2,091          | 2,135          |
|                                    | <b>837</b>   | <b>935</b>   | <b>2,157</b>                                     | <b>3,929</b>   | <b>3,995</b>   |

| 4 EDUCATION EXPENDITURE      | 2010         | 2009         |
|------------------------------|--------------|--------------|
|                              | £'000        | £'000        |
| Teaching                     | 1,848        | 1,742        |
| Tutorial                     | 598          | 555          |
| Admissions                   | 348          | 331          |
| Research                     | 255          | 217          |
| Scholarships and Awards      | 363          | 326          |
| Other Educational Facilities | 294          | 287          |
|                              | <b>3,706</b> | <b>3,458</b> |

5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

|               |                          | Consolidated<br>2010<br>£'000 | College<br>2010<br>£'000 | Consolidated<br>2009<br>£'000 | College<br>2009<br>£'000 |
|---------------|--------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| Accommodation | College Members          | 3,081                         | 3,081                    | 3,198                         | 3,198                    |
|               | Conferences              | 1,881                         | 408                      | 1,611                         | 263                      |
|               | International Programmes | 506                           | 139                      | 316                           | 43                       |
| Catering      | College Members          | 1,075                         | 1,075                    | 1,022                         | 1,022                    |
|               | Conferences              | 1,547                         | 415                      | 1,779                         | 372                      |
|               | International Programmes | 352                           | 69                       | 249                           | 42                       |
| Total         | <b>8,442</b>             | <b>5,187</b>                  | <b>8,175</b>             | <b>4,940</b>                  |                          |

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

| 6 OTHER   | 2010<br>£'000 | 2009<br>£'000 |
|---|---------------|---------------|
| Archives Centre   | 425           | 371           |
| Fundraising Costs (including costs of alumni relations) | 149           | 138           |
| Investment Management Costs                             | 209           | 59            |
| Student Hardship Awards                                 | 214           | 168           |
| Bank Loan Interest                                      | 67            | -             |
| Other   | 471           | 458           |
| <b>COLLEGE</b>  | <b>1,535</b>  | <b>1,194</b>  |
| Bank Loan Interest                                      | 151           | 159           |
| <b>CONSOLIDATED</b>                                     | <b>1,686</b>  | <b>1,353</b>  |

7a ANALYSIS OF 2009/10 EXPENDITURE BY ACTIVITY

|   | <u>Staff<br/>Costs<br/>(Note 16)</u><br>£'000 | <u>Other<br/>Operating<br/>Expenses</u><br>£'000 | <u>Depreciation</u><br>£'000 | <u>Total</u><br>£'000 |
|---|---|--|------------------------------|-----------------------|
| <b>CONSOLIDATED</b>                           |   |  |                              |                       |
| Education (Note 4)                            | 2,178   | 1,198  | 330                          | 3,706                 |
| Residences, Catering and Conferences (Note 5) | 6,061   | 882  | 1,500                        | 8,442                 |
| Other (Note 6)                                | 364   | 1,322  | -                            | 1,686                 |
|   | <b>8,603</b>                                  | <b>3,401</b>                                     | <b>1,830</b>                 | <b>13,834</b>         |
| <b>COLLEGE</b>                                |   |  |                              |                       |
| Education (Note 4)                            | 2,178   | 1,198  | 330                          | 3,706                 |
| Residences, Catering and Conferences (Note 5) | 2,172   | 1,805  | 1,210                        | 5,187                 |
| Other (Note 6)                                | 364   | 1,171  | -                            | 1,535                 |
|   | <b>4,714</b>                                  | <b>4,174</b>                                     | <b>1,540</b>                 | <b>10,428</b>         |



CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

7b ANALYSIS OF 2008/09 EXPENDITURE BY ACTIVITY

| <b>CONSOLIDATED</b>                            | <b>Staff<br/>Costs<br/>(Note 16)<br/>£'000</b> | <b>Other<br/>Operating<br/>Expenses<br/>£'000</b> | <b>Depreciation<br/>£'000</b> | <b>Total<br/>£'000</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)                                 | 337  | 1,016   | -                             | 1,353                  |
|  | <b>8,064</b>                                   | <b>3,115</b>                                      | <b>1,807</b>                  | <b>12,986</b>          |
| <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)                                 | 337  | 857   | -                             | 1,194                  |
|  | <b>4,387</b>                                   | <b>3,687</b>                                      | <b>1,519</b>                  | <b>9,593</b>           |

8 FIXED ASSETS

| <b>a Tangible Assets - Consolidated</b> | <b>College Site<br/>Flats &amp;<br/>Buildings<br/>£'000</b> | <b>College<br/>Hostels &amp;<br/>Houses<br/>£'000</b> | <b>Fixtures<br/>Fittings<br/>Equipment<br/>£'000</b> | <b>Moller<br/>Centre<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|---|---|--|------------------------------------|------------------------|
| <b>COST/VALUATION</b>                   |   |   |  |                                    |                        |
| At 1 July 2009                          | 60,734  | 7,188   | 4,612  | 15,403                             | 87,937                 |
| Additions                               | 2,485   | -   | 292  | 9                                  | 2,786                  |
| Disposals                               | -   | -   | (504)  | -                                  | (504)                  |
| Cost/valuation as at 30 June 2010       | <b>63,219</b>   | <b>7,188</b>  | <b>4,400</b>   | <b>15,412</b>                      | <b>90,219</b>          |
| <b>DEPRECIATION</b>                     |   |   |  |                                    |                        |
| At 1 July 2009                          | 6,611   | 828   | 2,737  | 1,748                              | 11,924                 |
| Provided for the year                   | 1,054   | 120   | 332  | 324                                | 1,830                  |
| Eliminated on Disposal                  | -   | -   | (504)  | -                                  | (504)                  |
| Depreciation at 30 June 2009            | <b>7,665</b>  | <b>948</b>  | <b>2,565</b>   | <b>2,072</b>                       | <b>13,250</b>          |
| <b>NET BOOK VALUE</b>                   |   |   |  |                                    |                        |
| At 30 June 2010                         | <b>55,554</b>   | <b>6,240</b>  | <b>1,835</b>   | <b>13,340</b>                      | <b>76,970</b>          |
| At 30 June 2009                         | <b>54,123</b>   | <b>6,360</b>  | <b>1,875</b>   | <b>13,655</b>                      | <b>76,013</b>          |

The Insured Value of Freehold Land and Buildings as at 30 June 2010 was £95,039,156.

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2010**

| <b>Tangible Assets - College</b>  | <b>College Site<br/>Flats &amp;<br/>Buildings<br/>£'000</b> | <b>College<br/>Hostels &amp;<br/>Houses<br/>£'000</b> | <b>Fixtures<br/>Fittings<br/>Equipment<br/>£'000</b> | <b>Moller<br/>Centre<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-----------------------------------|---|---|--|------------------------------------|------------------------|
| <b>COST/VALUATION</b>             |   |   |  |                                    |                        |
| At 1 July 2009                    | 60,734  | 7,188   | 2,319  | 11,105                             | 81,346                 |
| Additions                         | 2,485   | -   | 126  | -                                  | 2,611                  |
| Disposals                         | -   | -   | (485)  | -                                  | (485)                  |
| Cost/valuation as at 30 June 2010 | <u>63,219</u>   | <u>7,188</u>  | <u>1,960</u>   | <u>11,105</u>                      | <u>83,472</u>          |
| <b>DEPRECIATION</b>               |   |   |  |                                    |                        |
| At 1 July 2009                    | 6,611   | 828   | 1,627  | 1,296                              | 10,362                 |
| Provided for the year             | 1,054   | 120   | 181  | 185                                | 1,540                  |
| Eliminated on Disposal            | -   | -   | (485)  | -                                  | (485)                  |
| Depreciation at 30 June 2009      | <u>7,665</u>  | <u>948</u>  | <u>1,323</u>   | <u>1,481</u>                       | <u>11,417</u>          |
| <b>NET BOOK VALUE</b>             |   |   |  |                                    |                        |
| At 30 June 2010                   | <u>55,554</u>   | <u>6,240</u>  | <u>637</u>   | <u>9,624</u>                       | <u>72,055</u>          |
| At 30 June 2009                   | <u>54,123</u>   | <u>6,360</u>  | <u>692</u>   | <u>9,809</u>                       | <u>70,984</u>          |

| <b>8b Investment Assets</b>                          | <b>Consolidated<br/>2010<br/>£'000</b> | <b>College<br/>2010<br/>£'000</b> | <b>Consolidated<br/>2009<br/>£'000</b> | <b>College<br/>2009<br/>£'000</b> |
|--|--|-----------------------------------|--|-----------------------------------|
| Balance at 1 July 2009                               | 33,373                                 | 34,659                            | 40,198                                 | 41,499                            |
| Additions  | 16,172                                 | 16,172                            | 5,133                                  | 5,118                             |
| Disposals  | (14,524)                               | (14,524)                          | (4,130)                                | (4,130)                           |
| Appreciation/(Depreciation) on Revaluation/Disposals | 5,818                                  | 5,818                             | (6,945)                                | (6,945)                           |
| (Decrease) in Cash Balances held at Fund Managers    | (641)                                  | (641)                             | (883)                                  | (883)                             |
| Balance as at 30 June 2010                           | <u>40,198</u>                          | <u>41,484</u>                     | <u>33,373</u>                          | <u>34,659</u>                     |

**Represented by:**

|                                    |               |               |               |               |
|------------------------------------|---------------|---------------|---------------|---------------|
| Freehold Land and Buildings        | 6,437         | 6,437         | 5,842         | 5,842         |
| Quoted Securities - Equities       | 27,488        | 27,488        | 24,290        | 24,290        |
| Quoted Securities - Fixed Interest | 4,582         | 4,582         | 1,579         | 1,579         |
| Unquoted Securities - equities*    | 14            | 1,300         | 14            | 1,300         |
| Cash Held For Reinvestment         | 1,677         | 1,677         | 1,648         | 1,648         |
|                                    | <u>40,198</u> | <u>41,484</u> | <u>33,373</u> | <u>34,659</u> |

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

| <b>9 CASH</b>                | <b>Consolidated<br/>2010</b> | <b>College<br/>2010</b> | <b>Consolidated<br/>2009</b> | <b>College<br/>2009</b> |
|------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
|                              | £'000                        | £'000                   | £'000                        | £'000                   |
| Bank Deposits                | 2,216                        | 2,216                   | 2,266                        | 1,924                   |
| Current Accounts and in Hand | 332                          | 41                      | 183                          | 14                      |
|                              | <b><u>2,548</u></b>          | <b><u>2,257</u></b>     | <b><u>2,449</u></b>          | <b><u>1,938</u></b>     |

| <b>10 DEBTORS</b>                    | <b>Consolidated<br/>2010</b> | <b>College<br/>2010</b> | <b>Consolidated<br/>2009</b> | <b>College<br/>2009</b> |
|--------------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
|                                      | £'000                        | £'000                   | £'000                        | £'000                   |
| Trade Debtors                        | 831                          | 452                     | 688                          | 470                     |
| Students                             | 690                          | 690                     | 702                          | 702                     |
| Other                                | 679                          | 1,208                   | 668                          | 1,058                   |
| Debtors due in greater than one year | 59                           | 59                      | 63                           | 63                      |
|                                      | <b><u>2,259</u></b>          | <b><u>2,409</u></b>     | <b><u>2,121</u></b>          | <b><u>2,293</u></b>     |

| <b>11 CREDITORS: AMOUNTS FALLING DUE<br/>WITHIN ONE YEAR</b> | <b>Consolidated<br/>2010</b> | <b>College<br/>2010</b> | <b>Consolidated<br/>2009</b> | <b>College<br/>2009</b> |
|--|------------------------------|-------------------------|------------------------------|-------------------------|
|  | £'000                        | £'000                   | £'000                        | £'000                   |
| Students' Deposits   | 930                          | 930                     | 902                          | 902                     |
| Suppliers  | 599                          | 325                     | 749                          | 418                     |
| University Fees  | 44                           | 44                      | 160                          | 160                     |
| Other  | 477                          | 322                     | 1,142                        | 922                     |
| Bank Loans   | 423                          | 263                     | 254                          | 103                     |
| Social Security and other Taxation payable                   | 234                          | 146                     | 233                          | 153                     |
|  | <b><u>2,707</u></b>          | <b><u>2,030</u></b>     | <b><u>3,440</u></b>          | <b><u>2,658</u></b>     |

| <b>12 CREDITORS: AMOUNTS FALLING DUE<br/>AFTER ONE YEAR</b> | <b>Consolidated<br/>2010</b> | <b>College<br/>2010</b> | <b>Consolidated<br/>2009</b> | <b>College<br/>2009</b> |
|---|------------------------------|-------------------------|------------------------------|-------------------------|
|   | £'000                        | £'000                   | £'000                        | £'000                   |
| Bank Loans  | 1,615                        | 882                     | 1,237                        | 542                     |
| Other Creditors   | 300                          | -                       | 350                          | -                       |
|   | <b><u>1,915</u></b>          | <b><u>882</u></b>       | <b><u>1,587</u></b>          | <b><u>542</u></b>       |

Amounts payable wholly or partly after 5 years

|            |                     |                     |                     |                     |
|------------|---------------------|---------------------|---------------------|---------------------|
| Bank Loans | <b><u>4,490</u></b> | <b><u>2,680</u></b> | <b><u>3,363</u></b> | <b><u>1,356</u></b> |
|------------|---------------------|---------------------|---------------------|---------------------|

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2010**

**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. Tranche two is for £1 million and is repayable over 8 years.

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

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

**13 CAPITAL AND RESERVES**

|  | Income/<br>Expendable<br>Capital Funds<br>£'000 | Permanent<br>Capital Funds<br>£'000 | Total<br>2010<br>£'000 | Total<br>2009<br>£'000 |
|--|---|-------------------------------------|------------------------|------------------------|
| <b>Restricted Funds:</b>                 |   |                                     |                        |                        |
| <u>Funds for Collegiate Purposes *</u>   |   |                                     |                        |                        |
| Trust Funds                              | 3,605   | -                                   | 3,605                  | 2,028                  |
| Permanent Capital Funds                  | -   | 5,631                               | 5,631                  | 5,166                  |
|  | <u>3,605</u>                                    | <u>5,631</u>                        | <u>9,236</u>           | <u>7,194</u>           |
| <u>Funds for Non-Collegiate Purposes</u> |   |                                     |                        |                        |
| Trust Funds                              | <u>502</u>                                      | <u>5,125</u>                        | <u>5,627</u>           | <u>4,768</u>           |
| <b>Unrestricted Funds:</b>               |   |                                     |                        |                        |
| <u>Designated Funds</u>                  |   |                                     |                        |                        |
| Special Funds                            | <u>2,720</u>                                    | <u>-</u>                            | <u>2,720</u>           | <u>2,484</u>           |
| <u>Undesignated Funds</u>                |   |                                     |                        |                        |
| Corporate Capital                        | -   | 79,960                              | 79,960                 | 78,520                 |
| General Capital                          | (1,125)   | -                                   | (1,125)                | (1,463)                |
| Pension Liability                        | (1,787)   | -                                   | (1,787)                | (1,803)                |
| Donations & Benefactions                 | 16,232  | -                                   | 16,232                 | 13,849                 |
|  | <u>13,320</u>                                   | <u>79,960</u>                       | <u>93,280</u>          | <u>89,103</u>          |
| <b>COLLEGE</b>                           | <b>20,147</b>                                   | <b>90,716</b>                       | <b>110,863</b>         | <b>103,549</b>         |
| Reserves of Subsidiary Companies         | 268   | -                                   | 268                    | 267                    |
| <b>CONSOLIDATED</b>                      | <b><u>20,415</u></b>                            | <b><u>90,716</u></b>                | <b><u>111,131</u></b>  | <b><u>103,816</u></b>  |

\* as defined by University Statute G,II

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

a) Reconciliation of Movements in Capital and Reserves:

|  | Balance at<br>start of year | Increase      | Reduction       | Balance at<br>end of year |
|--|-----------------------------|---------------|-----------------|---------------------------|
|  | £'000                       | £'000         | £'000           | £'000                     |
| <b>Restricted Funds:</b>                 |                             |               |                 |                           |
| <u>Funds for Collegiate Purposes *</u>   |                             |               |                 |                           |
| Income/Expendable Capital Funds          | 2,028                       | 2,048         | (471)           | 3,605                     |
| Permanent Capital Funds                  | 5,166                       | 465           | -               | 5,631                     |
|  | <u>7,194</u>                | <u>2,513</u>  | <u>(471)</u>    | <u>9,236</u>              |
| <u>Funds for Non-Collegiate Purposes</u> |                             |               |                 |                           |
| Income/Expendable Capital Funds          | 242                         | 679           | (419)           | 502                       |
| Permanent Capital Funds                  | 4,526                       | 599           | -               | 5,125                     |
|  | <u>4,768</u>                | <u>1,278</u>  | <u>(419)</u>    | <u>5,627</u>              |
| <b>Unrestricted Funds:</b>               |                             |               |                 |                           |
| <u>Designated Funds</u>                  |                             |               |                 |                           |
| Special Funds                            | 2,484                       | 434           | (198)           | 2,720                     |
|  | <u>2,484</u>                | <u>434</u>    | <u>(198)</u>    | <u>2,720</u>              |
| <u>Undesignated Funds</u>                |                             |               |                 |                           |
| Income/Expendable Capital Funds          | 12,386                      | 12,328        | (9,607)         | 15,107                    |
| Pension Liability                        | (1,803)                     | 114           | (98)            | (1,787)                   |
| Permanent Capital Funds                  | 78,520                      | 1,440         | -               | 79,960                    |
|  | <u>89,103</u>               | <u>13,882</u> | <u>(9,705)</u>  | <u>93,280</u>             |
| <b>COLLEGE</b>                           | <b>103,549</b>              | <b>18,107</b> | <b>(10,794)</b> | <b>110,863</b>            |
| Reserves of Subsidiary Companies         | 267                         | 4,432         | (4,430)         | 268                       |
| <b>CONSOLIDATED</b>                      | <b>103,816</b>              | <b>22,539</b> | <b>(15,224)</b> | <b>111,131</b>            |

b) Analysis of Restricted and Designated Funds:

|                            | Restricted<br>Funds | Designated<br>Funds | Total         |               |
|----------------------------|---------------------|---------------------|---------------|---------------|
|                            | 2010                | 2010                | 2010          | 2009          |
|                            | £'000               | £'000               | £'000         | £'000         |
| Archives                   | 5,510               | -                   | 5,510         | 4,660         |
| Bursary                    | 294                 | -                   | 294           | 237           |
| Development Office         | 88                  | 20                  | 108           | 99            |
| Endowment                  | 141                 | -                   | 141           | 121           |
| Fellowship                 | 939                 | -                   | 939           | 821           |
| JRF                        | 1,025               | -                   | 1,025         | 856           |
| Library                    | 164                 | -                   | 164           | 145           |
| Other                      | 645                 | 494                 | 1,139         | 972           |
| Prize                      | 75                  | -                   | 75            | 52            |
| Building/Repair Funds      | 1,252               | 2,206               | 3,458         | 2,023         |
| Research Funds             | 19                  | -                   | 19            | 17            |
| Studentship/Scholarship    | 2,354               | -                   | 2,354         | 2,053         |
| Travel Fund                | 76                  | -                   | 76            | 65            |
| Deferred Capital Donations | 2,281               | -                   | 2,281         | 2,325         |
|                            | <u>14,863</u>       | <u>2,720</u>        | <u>17,583</u> | <u>14,446</u> |

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

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

| CONSOLIDATED                             | Fixed<br>Assets<br>£'000 | Investment<br>Assets<br>£'000 | Net Current<br>Assets<br>£'000 | Due after<br>One Year<br>£'000 | Total<br>£'000 |
|--|--------------------------|-------------------------------|--------------------------------|--------------------------------|----------------|
| <b>Restricted Funds:</b>                 |                          |                               |                                |                                |                |
| <u>Funds for Collegiate Purposes *</u>   |                          |                               |                                |                                |                |
| Income/Expendable Capital Funds          | -                        | 2,833                         | 772                            | -                              | 3,605          |
| Permanent Capital Funds                  | -                        | 3,105                         | 2,526                          | -                              | 5,631          |
|  | -                        | 5,938                         | 3,298                          | -                              | 9,236          |
| <u>Funds for Non-Collegiate Purposes</u> |                          |                               |                                |                                |                |
| Income/Expendable Capital Funds          | -                        | 257                           | 244                            | -                              | 502            |
| Permanent Capital Funds                  | -                        | 5,125                         | -                              | -                              | 5,125          |
|  | -                        | 5,382                         | 244                            | -                              | 5,627          |
| <b>Unrestricted Funds:</b>               |                          |                               |                                |                                |                |
| <u>Designated Funds</u>                  |                          |                               |                                |                                |                |
| Income/Expendable Capital Funds          | -                        | 1,630                         | 1,090                          | -                              | 2,720          |
|  | -                        | 1,630                         | 1,090                          | -                              | 2,720          |
| <u>Undesignated Funds</u>                |                          |                               |                                |                                |                |
| Income/Expendable Capital Funds          | 2,536                    | 18,174                        | (3,940)                        | (1,663)                        | 15,107         |
| Subsidiary Companies                     | 4,915                    | 15                            | (518)                          | (2,844)                        | 1,568          |
| Pension Liability                        | -                        | -                             | -                              | (1,787)                        | (1,787)        |
| Permanent Capital Funds                  | 69,519                   | 9,059                         | 1,981                          | (1,899)                        | 78,660         |
|  | 76,970                   | 27,248                        | (2,477)                        | (8,193)                        | 93,548         |
| <b>TOTAL 2010</b>                        | <b>76,970</b>            | <b>40,198</b>                 | <b>2,156</b>                   | <b>(8,193)</b>                 | <b>111,131</b> |
| <b>TOTAL 2009</b>                        | <b>76,013</b>            | <b>33,373</b>                 | <b>1,183</b>                   | <b>(6,753)</b>                 | <b>103,816</b> |

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

| COLLEGE                                  | Fixed Assets<br>£'000 | Investment Assets<br>£'000 | Net Current Assets<br>£'000 | Due After 1 Year<br>£'000 | Total<br>£'000 |
|--|-----------------------|----------------------------|-----------------------------|---------------------------|----------------|
| <b>Restricted Funds:</b>                 |                       |                            |                             |                           |                |
| <u>Funds for Collegiate Purposes *</u>   |                       |                            |                             |                           |                |
| Income/Expendable Capital Funds          | -                     | 2,833                      | 772                         | -                         | 3,605          |
| Permanent Capital Funds                  | -                     | 3,105                      | 2,526                       | -                         | 5,631          |
|  | -                     | 5,938                      | 3,298                       | -                         | 9,236          |
| <u>Funds for Non-Collegiate Purposes</u> |                       |                            |                             |                           |                |
| Income/Expendable Capital Funds          | -                     | 258                        | 244                         | -                         | 502            |
| Permanent Capital Funds                  | -                     | 5,125                      | -                           | -                         | 5,125          |
|  | -                     | 5,383                      | 244                         | -                         | 5,627          |
| <b>Unrestricted Funds:</b>               |                       |                            |                             |                           |                |
| <u>Designated Funds</u>                  |                       |                            |                             |                           |                |
| Income/Expendable Capital Funds          | -                     | 1,630                      | 1,090                       | -                         | 2,720          |
|  | -                     | 1,630                      | 1,090                       | -                         | 2,720          |
| <u>Undesignated Funds</u>                |                       |                            |                             |                           |                |
| Income/Expendable Capital Funds          | 2,536                 | 18,174                     | (3,940)                     | (1,663)                   | 15,107         |
| Pension Liability                        | -                     | -                          | -                           | (1,787)                   | (1,787)        |
| Permanent Capital Funds                  | 69,519                | 10,359                     | 1,981                       | (1,899)                   | 79,960         |
|  | 72,055                | 28,533                     | (1,959)                     | (5,349)                   | 93,280         |
| <b>TOTAL 2010</b>                        | <b>72,055</b>         | <b>41,484</b>              | <b>2,673</b>                | <b>(5,349)</b>            | <b>110,863</b> |
| <b>TOTAL 2009</b>                        | <b>70,984</b>         | <b>34,659</b>              | <b>1,607</b>                | <b>(3,700)</b>            | <b>103,549</b> |

d) Memorandum of Unapplied Total Return

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

|   | 2010<br>£'000 | 2009<br>£'000 |
|---|---------------|---------------|
| Balance as at 1 July 2009                           | 13,116        | 20,673        |
| Revaluation of Investment Assets during year        | 5,818         | (6,945)       |
| Income Receivable from Endowment Assets             | 1,348         | 1,225         |
| Transfer to Income and Expenditure Account (Note 3) | (1,817)       | (1,837)       |
| Balance as at 30 June 2010                          | 18,465        | 13,116        |

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

14 POLICY ON MANAGEMENT OF RESERVES

The College's unrestricted funds amount to £96 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 £15 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>2010</b> | <b>2009</b>  |
|---------------------------|-------------|--------------|
|                           | £'000       | £'000        |
| <b>CONSOLIDATED</b>       |             |              |
| Building work commitments | 778         | 3,105        |
| Other                     | 35          | 13           |
|                           | <u>813</u>  | <u>3,118</u> |
| <b>COLLEGE</b>            |             |              |
| Building work commitments | 715         | 3,065        |
| Other                     | 35          | 13           |
|                           | <u>750</u>  | <u>3,078</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>2010</b>     | <b>Related</b>  | <b>Academic</b> | <b>2010</b>  | <b>2009</b>  |
|                       | £'000           | £'000           | £'000           | £'000        | £'000        |
| <b>CONSOLIDATED</b>   |                 |                 |                 |              |              |
| Staff Costs:          |                 |                 |                 |              |              |
| Emoluments            | 900             | 619             | 3,660           | 5,179        | 4,959        |
| Social Security Costs | 40              | 49              | 309             | 398          | 374          |
| Other Pension Costs   | 71              | 69              | 344             | 484          | 401          |
|                       | <u>1,011</u>    | <u>737</u>      | <u>4,313</u>    | <u>6,061</u> | <u>5,734</u> |
| <b>Staff Numbers</b>  |                 |                 |                 |              |              |
| Academic              |                 |                 |                 | 26           | 25           |
| Academic Related      |                 |                 |                 | 26           | 26           |
| Non-Academics         |                 |                 |                 | 180          | 176          |
|                       |                 |                 |                 | <u>232</u>   | <u>227</u>   |



CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2010

| 16 STAFF (CONT)       | Academic<br>2010<br>£'000 | Academic<br>Related<br>2010<br>£'000 | Non -<br>Academic<br>2010<br>£'000 | Total<br>2010<br>£'000 | Total<br>2009<br>£'000 |
|-----------------------|---------------------------|--------------------------------------|------------------------------------|------------------------|------------------------|
| <b>COLLEGE</b>        |                           |                                      |                                    |                        |                        |
| Staff Costs:          |                           |                                      |                                    |                        |                        |
| Emoluments            | 900                       | 619                                  | 2,470                              | 3,989                  | 3,754                  |
| Social Security Costs | 40                        | 49                                   | 181                                | 270                    | 261                    |
| Other Pension Costs   | 71                        | 69                                   | 315                                | 455                    | 372                    |
|                       | <u>1,011</u>              | <u>737</u>                           | <u>2,966</u>                       | <u>4,714</u>           | <u>4,387</u>           |
| <b>Staff Numbers</b>  |                           |                                      |                                    |                        |                        |
| Academic              |                           |                                      |                                    | 26                     | 25                     |
| Academic Related      |                           |                                      |                                    | 26                     | 26                     |
| Non-Academics         |                           |                                      |                                    | 121                    | 118                    |
|                       |                           |                                      |                                    | <u>173</u>             | <u>169</u>             |

There are 107 fellows on the Governing Body of which 30 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 period.

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.

**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 2010**

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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<br>(Move to long cohort future improvements from the medium cohort adopted at the | 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 2010

#### 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 £342,262 (2008: £312,088). The contribution rate payable by the College was 16% 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 2010 was £229,911, 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:

|  | 30/06/10<br>% pa | 30/06/09<br>% pa |
|--|------------------|------------------|
| Discount rate                                      | 5.3%             | 6.2%             |
| Expected long-term rate of return on Scheme assets | 6.0%             | 6.1%             |
| Salary inflation assumption                        | N/A              | N/A              |
| Inflation assumption                               | 3.4%             | 3.5%             |
| Pension Increases (mortality linked)               | 3.4%             | 3.5%             |

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.

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

|                                  | 2010        | 2009        |
|----------------------------------|-------------|-------------|
| Equities & Hedge Funds           | 60%         | 49%         |
| Cash, Bonds & Net Current Assets | 31%         | 42%         |
| Property                         | 9%          | 9%          |
|                                  | <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% (2009: 7.1%), property 6.1% (2009: 6.1%) and an expected rate of return on bonds & cash of 4.7% (2009: 5.0%). This overall rate has been reduced by 0.3% per annum to allow for scheme expenses.

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2010**

**17 PENSION SCHEMES (CONT)**

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

|   | <b>2010</b> | <b>2009</b>  |
|---|-------------|--------------|
|   | £'000       | £'000        |
| Actual return less expected return on scheme assets                             | 357         | (836)        |
| Experience gains and losses arising on scheme liabilities                       | 366         | (16)         |
| Changes in assumptions underlying the present value of scheme liabilities       | (821)       | 161          |
| Actuarial loss recognised in the statement of total recognised gains and losses | <u>(98)</u> | <u>(691)</u> |

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

|  | <b>2010</b>    | <b>2009</b>    |
|--|----------------|----------------|
|  | £'000          | £'000          |
| Cumulative actuarial loss at beginning of year | (1,556)        | (866)          |
| Recognised during the year                     | (98)           | (690)          |
| Cumulative actuarial loss at end of year       | <u>(1,654)</u> | <u>(1,556)</u> |

Movements in the deficit during the year are as follows:

|  | <b>2010</b>    | <b>2009</b>    |
|--|----------------|----------------|
|  | £'000          | £'000          |
| Deficit in scheme at beginning of year   | (1,803)        | (1,197)        |
| Service Cost (Employer only) *           | -              | 15             |
| Contributions paid by the College        | 230            | 154            |
| Finance cost                             | (116)          | (85)           |
| Actuarial loss                           | (98)           | (690)          |
| Cumulative actuarial loss at end of year | <u>(1,787)</u> | <u>(1,803)</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>2010</b>    | <b>2009</b>    |
|-------------------------------------|----------------|----------------|
|                                     | £'000          | £'000          |
| Total market value of assets        | 5,536          | 5,026          |
| Present value of scheme liabilities | (7,323)        | (6,829)        |
| Net pension liability               | <u>(1,787)</u> | <u>(1,803)</u> |

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2010**

**17 PENSION SCHEMES (CONT)**

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

|   | <b>2010</b> | <b>2009</b>  |
|---|-------------|--------------|
|   | £'000       | £'000        |
| Analysis of amounts charged to operating profit |             |              |
| Current service cost                            | -           | (15)         |
| Interest on pension scheme liabilities          | 412         | 452          |
| Expected return on pension scheme assets        | (296)       | (367)        |
| Total operating charge                          | <u>116</u>  | <u>70</u>    |
| Actual return on scheme assets                  | <u>654</u>  | <u>(468)</u> |

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

|  | <b>2010</b>  | <b>2009</b>  |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Present value of scheme liabilities at beginning of period | 6,829        | 6,956        |
| Service cost (including employers contributions)           | -            | (15)         |
| Interest cost  | 412          | 452          |
| Actuarial Losses (Gains)                                   | 455          | (146)        |
| Benefits paid  | (373)        | (418)        |
| Closing defined benefit obligation                         | <u>7,323</u> | <u>6,829</u> |

Changes in the fair value scheme assets are as follows:

|  | <b>2010</b>  | <b>2009</b>  |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Market value of scheme assets at beginning of period | 5,026        | 5,759        |
| Expected return                                      | 296          | 367          |
| Actuarial Losses (Gains)                             | 357          | (836)        |
| Contributions by Employer                            | 230          | 154          |
| Benefits and expenses paid                           | (373)        | (418)        |
| Closing fair value of scheme assets                  | <u>5,536</u> | <u>5,026</u> |

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2010**

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**17 PENSION SCHEMES (CONT)**

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

|   | <b>2010</b>    | <b>2009</b>    | <b>2008</b>    | <b>2007</b>  |
|---|----------------|----------------|----------------|--------------|
|   | £'000          | £'000          | £'000          | £'000        |
| Present value of scheme liabilities                                   | (7,323)        | (6,829)        | (6,956)        | (6,869)      |
| Market value of scheme assets   | 5,536          | 5,026          | 5,759          | 6,245        |
| Surplus/(deficit) in the scheme                                       | <u>(1,787)</u> | <u>(1,803)</u> | <u>(1,197)</u> | <u>(624)</u> |
| Experience gain/(loss) on scheme liabilities                          | 366            | (16)           | (68)           | (336)        |
| Actual return less expected return on scheme assets                   | 357            | (836)          | (710)          | 182          |
| Changes in assumptions underlying present value of scheme liabilities | <u>(821)</u>   | <u>161</u>     | <u>18</u>      | <u>141</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.