

Charity Registration No: 1137463



ST CATHARINE'S COLLEGE, CAMBRIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2010

ST CATHARINE'S COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS

Governance

St Catharine's College is a College within the University of Cambridge and a Registered Charity. Its registered office is at Trumpington Street, Cambridge CB2 1RL. The Governing Body, which comprises the Master and Official and Professorial Fellows, is responsible for the governance of the College. Unless otherwise stated, throughout this Trustees Annual Report the words 'Fellow or Fellows' are synonymous with a member or members of the Governing Body.

The Objectives of the College are to advance education, religion, learning and research in the arts, social sciences and sciences.

Further information about the College can be found at www.caths.cam.ac.uk.

Trustees

The Governing Body has concluded that for the purposes of charity law, the Fellows are the Trustees of the College. The Fellows who served during the year are listed below:

Governing Body

Master	Professor Dame Jean Thomas
President (Chairman):	Professor Sir Christopher Bayly
Senior Tutor:	Dr P N Hartle
Senior Bursar:	Mr S P Summers

Professor Sir J Baker	Dr R W Dance	Dr I Scales
Professor R L Martin	Dr P D Wothers	Professor W Sutherland
Dr R S K Barnes	Professor K J Dalton	Dr L Dixon
Dr J A Little	Dr M C Elliott	Mr P Turner
Professor P Tyler	Ms I Borzým	Dr G Leon
Dr R B B Wardy	Dr A S Brundin	
Professor H Elderfield	Dr S Iyer	
Professor J A Pyle	Dr M J Mason	
Dr P R Palmer	Dr P B Faulkner	
Professor E V Ferran	Dr J N McElwaine	
Professor D M Broom	Dr F C Wardle	
Professor H Van de Ven	Dr S N Taraskin	
Dr P Oliver	Dr T W Drummond	
Dr I C Willis	Dr J R Gair	
Professor C M Clark	Dr D J Bainbridge	
Dr E G Kantaris	Dr H Wydra	
Professor J D Pickard	Dr M Johns	
Mr M F Kitson	Professor H Coles	
Dr R A Melikan	Dr L Delap	
Dr M P F Sutcliffe	Dr H Lees-Jeffries	
Dr J H Xuereb	Dr E Wickham	
Professor R P Gordon	Dr G Carr	
Dr A P Davenport	Dr M Griffin	
Dr K J Dell	Dr R Harrison	
Dr C J Gonda	The Revd A M Moore	
Dr N Berend	Dr J Dalley	
Professor R J Bennett	Dr S M Morris	
Dr D C Aldridge	Mrs D G Loveluck	

ST CATHARINE'S COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS (CONTINUED)

Finance Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Senior Bursar
Mr S McLellan	Junior Bursar
Dr P N Hartle	Senior Tutor
Mrs D G Loveluck	Development Director
Mr R B B Wardy	The Graduate Tutor (Financial)
Dr G Kantaris	
Professor H Coles	
Professor K J Dalton	
Professor H Elderfield	
Professor R J Bennett	
Dr McElwaine	
Dr S Iyer	

Investments Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Senior Bursar
Dr J McElwaine	
Dr T Drummond	
Professor J Pickard	
Professor P Tyler	
Mr N R Haynes	Advisor
Mr T Adams	Advisor

Auditors

Price Bailey LLP
The Quorum
Barnwell Road
Cambridge
CB5 8RE

Solicitors

Kester Cunningham John
Chequers House
77-81 Newmarket Road
Cambridge
CB5 8EU

Chartered Surveyors

Bidwells Property Consultants
Trumpington Road
Cambridge
CB2 2LD

Bankers

Barclays Bank Plc
Cambridge Business Centre
Cambridge
CB2 3PZ

Investment Fund Managers

UBS AG
1 Curzon Street
London
W1J 5UB

ST CATHARINE'S COLLEGE, CAMBRIDGE

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ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2010

Organisation and management

The Governing Body is responsible for all aspects of the operations of the College. A number of Committees formed primarily of Fellows monitor aspects of the College's operations and report to the Governing Body. The Committees include:

Education, which, under the chairmanship of the Senior Tutor, decides matters of educational policy (subject to Governing Body approval), and monitors the College's academic support systems and educational achievements.

Fellowships, which, under the chairmanship of the Master, makes recommendations for appointment to teaching and other fellowships, oversees appraisal systems for those in College academic employment, and manages the College's governance and committee structures, including recommendations for membership of various bodies.

Strategic Policy, which considers and recommends proposals for the strategic evolution of the College

Finance, which recommends budgets and financial actions, and reports financial outcomes, to the Governing Body, and is also responsible for Personnel matters.

Investments, which recommends investment policies and the choice of external advisors, and reports on investment performance

Buildings & Services, which recommends and monitors capital and repair projects and reports on project progress. It also reports on matters of Health & Safety and Environmental issues, which each also have their own sub-Committees.

Stipends and Allowances, which recommends individual Stipends for College Offices, and fees for teaching and tutorial services.

College Consultative Committee, which is a forum to discuss issues between the Fellows and student representatives.

Management

The Master of the College is responsible for overall supervision of the College, and for its effective governance in line with its Statutes and through the Governing Body.

The Senior Bursar is responsible for management of the day to day operations, and the finances and investments of the College.

The Senior Tutor is responsible for academic and student (both undergraduate and postgraduate) welfare provision within the College, including management of the system of appointment and oversight of Directors of Studies and Supervisors, and of pastoral Tutors. S/he also has overall charge of student admissions, although day-to-day administration is devolved to one or more Admissions Tutors.

The Development Director is responsible for relations with Alumni and the College Society, and the Development Campaign.

Transactions between the College and Members of the Governing Body

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by the Governing Body on the advice of the Finance and the Stipends & Allowances Committees. A College Ordinance sets out the College's policy on Conflicts of Interest in this and other matters.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

Activities

During the year, the College has continued to pursue its Objective by providing education and tutorial support leading to the awarding of degrees by the University of Cambridge to Undergraduate and Graduate students, and providing financial and other support for the research projects of Students, Research Fellows and Fellows. It has also continued to provide opportunities for Students, Fellows, and Staff to participate in sports, theatrical and other artistic and similar activities, and for Alumni and the general public to join with those members in enjoying College music, theatre and Chapel services.

Admissions

The student admissions processes are closely aligned with those of the University of Cambridge. The College seeks the highest quality students through a process which includes interviewing a high proportion of undergraduate applicants. Another year of high academic achievement, success in cultural and sporting fields and high completion rates justifies the investment we make in this area.

Student support

The College offers accommodation to all Undergraduate students in their first three years and to approximately half of its Graduate students. The College considers that its accommodation offers very good value for money.

In order to assist undergraduates entitled to Student Support, the College continues to provide, through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust, bursary support for those of limited financial means.

To support the costs of graduate students, the College provides further financial support. This includes scholarships to fund fees and research and living costs, and 'top-up' funding to fill funding shortfalls in students' funding packages.

The College also supports students through a grant scheme to assist with the purchase of books and equipment, and travel grants. The College awards prizes to those most successful in University examinations.

In addition to its other programmes, the College operates hardship schemes for students in financial hardship.

As well as financial assistance, the College offers pastoral advice and support via the network of Tutors and Graduate Tutors, and the Chaplaincy. It also offers academic guidance through the Directors of Studies, as well as a full programme of supervisions and other small-group teaching.

Outreach

The College operates an extensive outreach programme at its own expense. This programme includes a substantial programme of visits to schools, including many without a tradition of pupils applying to Oxbridge, visits by schools to the College, open days, admissions symposia for teachers as well as guidance and information on the College website for prospective applicants. The College maintains a successful Girls Choir with members drawn from local schools.

Risk Management

The Governing Body considers that it has identified the key risks facing the College, and has in place methods of monitoring the risks, and policies for managing them.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

Achievements of 2009-10

The academic year 2009-2010 was one of much success for the College. Although we slipped a little in the academic league tables (being ranked eighth/ninth of all colleges), we remained within our target zone, the top third, and have elected a hundred scholars, about one quarter of eligible students. Happily, the majority of the Firsts were the results of the efforts of cohorts who will again be with us in 2011 Tripos (including a remarkable seventeen of the twenty-eight first-year Natural Scientists), so the College appears set to improve in 2011, if our new undergraduate intake do well. Particularly striking this year was the number of students topping their Tripos, in subjects as diverse as Engineering, Geography, Land Economy and Management Studies.

The overwhelming majority of our postgraduate students obtained their degrees successfully, several with marks of Distinction on Masters' courses. The award of two of the University's rare and prestigious Pilkington Teaching prizes to St Catharine's Fellows Dr Mark Elliott and Dr Richard Harrison recognises the strong commitment of the College not only to excellence in research but also in pedagogy.

Cultural and Sporting

The College's culture of academic aspiration has not damaged its extracurricular life or sporting commitment (in this year's Mens' Hockey Intercollegiate Cup, for example, both the finalist teams were from the College), and we were proud to have an undergraduate of standard age in the victorious Blue Boat, a remarkable achievement given the near-professionalization of rowing at the highest level. College women were also well represented in University Hockey, Rowing and Athletics, in the last of which we were Intercollegiate victors. More unusual sports at which the College had University champions, either men or women, were cycling, ice hockey, real tennis and (indoor) climbing. The College makes available to external institutions both its cricket pitch and its popular all-weather hockey pitch.

College music is extremely strong, under the guidance of the professional Director of College Music (financially supported wholly by the College), Dr Edward Wickham, and was this year particularly distinguished by Ben Cox's ambitious *Sursum Corda*, an opera based on the life of St Catharine with music by Mr Cox (the Senior Organ Scholar) and libretto by Edward Herring, a second-year English student, which was performed in the University's Music School Concert Hall to a large audience and much justified acclaim. The joint choral Christmas Concert in London with our Oxford sister college Worcester (where St Catharine's alumnus Professor Jonathan Bate has just been elected Provost) was another highlight, as were two of the annual series of (usually six) Kellaway concerts organised by the College, one of virtuoso Iranian music and the other of Stravinsky's *Soldier's Tale*. Music remains an important resource in providing outreach and community activities; the College's Girls' Choir draws for its membership on children aged 8-15 from a variety of state and independent schools, giving them an opportunity to perform to the highest standards; in the summer members of the student choir gave concerts in several local hospitals and care homes to patients with dementia; and both choirs were involved in charity concerts in aid of Macmillan Cancer Care and Great Ormond Street Hospital.

Financial Review by the Senior Bursar

The College's consolidated results, which are discussed in this section of the Report, are the net effect of the College's own business and that of two subsidiary companies which are described in Note 8 to the Accounts.

The College has continued to operate at a loss before unrestricted donations and legacies received from Members. However in 2009-10, such donations and legacies received were sufficient to record an overall surplus, unlike the prior year.

Fee income from Students rose by 7.7% and rental income by 9.3%, the latter in part because new rooms were brought into service. In addition we are most grateful to have continued to receive valuable support for our teaching costs from Trinity College and the Newton Trust.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

Following an internal review, this year's consolidated accounts reflect a revised attribution of catering income between internal and external sources. Our income from external conference and catering activity, which provides in the Vacations an invaluable supplement to our normal income from academic sources, continued to grow, by a further 15% on a consistently measured basis, an impressive achievement during the recession.

Turning to the College's investments, rents and dividends earned from property holdings rose, as did income from the securities portfolio. However interest on cash deposits inevitably fell. In addition to the income generated by investments, and gifts received as discussed below, the year also saw a return to capital growth after the awful results of 2008-9. The value of the endowment rose by almost £7 million to £39.4 million. Total return on the portfolio was 13.8%, compared to -10.9% last year. Over the rolling three year period which is our usual measurement period, returns were minus 0.8% per annum, a small improvement on last year but, for the third consecutive year, far short of our target rolling average return, which is currently equivalent to 6.7% per annum.

Operating expenses were well controlled, with increases largely relating to greater levels of activity as outlined above. As a result, the loss before unrestricted donation and legacy income reduced from £1.35 million last year to £858,000 in 2009-10. This reflects a strong focus on cost control and external revenue across the whole College, in preparation for the challenging financial climate ahead.

The College was fortunate to receive two substantial legacies in 2009-10, and a large number of generous unrestricted gifts, mostly from Members. As a result it returned to surplus after several years of deficits. In addition, a further £804,000 was donated by Members and others for specific restricted purposes, and further substantial pledges were made to the College's Development Campaign. In particular, the Wolfson Foundation contributed £80,000 towards a College building project, the fourth time we have been fortunate enough to receive such support.

The nature of donation and legacy income is that it is both unpredictable as to timing and amount, and cannot be relied upon in any one year. However we are encouraged by many other expressions of support and are confident that members who have benefitted from studying at the College will continue to help us to provide the full Cambridge educational experience to current and future students. The College is extremely grateful to all its donors.

As a major enhancement to the College's fixed assets, we completed the extension of the Russell Street accommodation for graduate students, which was successfully re-occupied in time for the start of the Academic year. We have also invested in upgrading our student accommodation, and have plans to invest in new teaching space on the main Island Site. Within the investment portfolio, we continue to retain a high level of liquidity in our investments, in the belief that risks remained finely balanced in the short term. However in the long term we must continue to invest wisely to generate at least the 4% per annum real return on which our financial forecasts are founded. The College has a £6 million long term fixed rate loan, repayable in 2048. It has begun to use the proceeds to invest in its operating properties, alongside funds raised by the Development Campaign.

The St Catharine's Campaign, which has a £30 million target to enhance our buildings, to underwrite teaching posts and to increase the general endowment, has had another successful year. A total of £3.6 million was pledged or donated during the year, and the total raised by the year-end reached almost £12 million. In addition several substantial new legacy pledges have been made to the College.

We referred earlier to the recurring support of the Wolfson Foundation. The College was saddened by the death of Lord Wolfson last May. Under his leadership the Foundation continued its long track record of supporting the highest standards of teaching and research across the UK.

It is also sad to record the death last August after a short illness of Tom Langley, who worked in the College bar for over twelve years, and made many friends amongst staff, students and fellows in that time.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) *FOR THE YEAR ENDED 30 JUNE 2010*

Overall Summary

Both in terms of our academic mission and financially, 2009-10 was a successful year. The Trustees are very grateful to all the staff, students and members of the college for their contributions to this outcome.

The Colleges and the University of Cambridge look to the longer term future with enthusiasm and confidence, and a belief that we can and will enhance our world-class reputation. However it is quite clear that the next few years will be ones of a degree of austerity, and without wishing to end a report of a good year on a downbeat note, we will all need to continue to improve the efficiency of the College's operations if it is to emerge from the next few years in solid financial health.

S P Summers
Senior Bursar
On behalf of the Trustees
October 19th 2010

ST CATHARINE'S COLLEGE, CAMBRIDGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF RESPONSIBILITIES OF THE GOVERNING BODY

The Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The College's Statutes require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing those financial statements the Governing Body is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ST CATHARINE'S COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF ST CATHARINE'S COLLEGE, CAMBRIDGE

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

This report is made solely to the College's Governing Body, as a body, in accordance with the 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 in an auditor's 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditors

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Governing Body.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Annual Report to the Trustees 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 to 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 financial section of the Annual Report to the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the 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 information in the financial statements.

ST CATHARINE'S COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF ST CATHARINE'S COLLEGE, CAMBRIDGE

Opinion

In our opinion the financial statements give a true and fair view of the state of the College and Group's affairs as at 30 June 2010 and of the surplus of the Group 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 as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II of the University of Cambridge.



Price Bailey LLP

**Chartered Accountants
Statutory Auditors**

**The Quorum
Cambridge
Barnwell Road
CB5 8RE**

30 November 2010

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2010

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 accord with the Statement of Recommended Practice for accounting in Further and Higher Education (the SORP) with the exception of the balance sheet which has been presented in the 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 certain investment and fixed assets.

Recognition of income

Income from the investment of trust and other restricted reserves is included in the Income and Expenditure Account to the extent of the expenditure incurred during the year. All income from short-term deposits and the investment of unrestricted College reserves is credited to the Income and Expenditure Account on a receivable basis. Unrestricted donations and benefactions are credited to the Income and Expenditure Account when received.

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.

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

Donations and benefactions of an income nature are shown as income in the year in which they become receivable.

Benefactions and donations accepted on the condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from the permanent capital funds is shown as income in the year that it is receivable. Income from the permanent capital funds 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.

Pension schemes

The College participates in the Universities Superannuation Scheme (USS), 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 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

Capital and reserves

The various types of funds are defined as follows:

a. Restricted

Restricted funds of the College, the income of which may only be used for a particular purpose, i.e. subject to a legally binding restriction such as a trust deed or will, or an implied trust.

b. Unrestricted

Unrestricted funds of the College, the income of which may be used for any purpose.

c. Designated

Unrestricted funds of the College, the income of which the Governing Body has decided to use for a particular purpose.

d. Permanent capital

Capital of the College which the Governing Body has no power to convert to income and apply as such.

Fixed assets

a. Land and buildings

The main College buildings are stated at depreciated replacement cost, as determined by professional valuers every five years. An amount has been deducted from the replacement cost to reflect their accumulated obsolescence in use depending on the age of the property to give a sum for their depreciated replacement cost. All College buildings on the main site are depreciated on a straight-line basis over 50 years. Freehold land is capitalised at its estimated market value and is not depreciated.

When land and buildings are acquired with the aid of specific bequests or donations, monies received are credited to a deferred capital grant account and income released to the Income and Expenditure Account over the same period as the land or building to which it relates is depreciated.

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.

Land held specifically for development, investment and subsequent sale is included in current assets at the lower of cost and net realisable value.

b. Maintenance of buildings

The cost of routine maintenance is charged to the Income and Expenditure Account as it is incurred.

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

c. Furniture and equipment

Furniture and equipment including books in the College's working library are not capitalised as they are deemed to be immaterial. Such expenditure is written off in the year of acquisition.

d. Rare books, silver and works of art

These are stated at their insurance value, which is reviewed annually. They are depreciated on a straight-line basis over 30 years.

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.

Investment properties are shown at open market value, being valued every year by a professional valuer, and shown on the balance sheet accordingly.

Stocks

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

Provisions

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

Foreign currencies

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

Taxation

The College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 until registered as a Charity on 12 August 2010. It 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

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.

Subsidiary companies

The college has two wholly owned subsidiaries.

The College has consolidated St Catharine's College Development Limited and St Catharine's College Events Limited.

Investments in subsidiaries are carried in the College Balance Sheet at cost with a review for impairment undertaken every year.

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 £000	2009 £000
Income			
Academic fees and charges	1	2,280	2,027
Residences, catering and conferences	2	3,515	3,216
Endowment income	3	3,424	2,226
Other income		61	58
Total income		<u>9,280</u>	<u>7,527</u>
Expenditure			
Education	4	4,046	3,831
Residences, catering and conferences	5	4,096	3,952
Other expenditure		109	435
Total expenditure		<u>8,251</u>	<u>8,218</u>
Operating surplus/(deficit)		1,029	(691)
Contribution under Statute G II		(11)	(11)
		<u>1,018</u>	<u>(702)</u>
Transfers to accumulated income within restricted expendable capital		(244)	(408)
Net surplus/(deficit)		<u>774</u>	<u>(1,110)</u>
Transfers to designated funds		-	-

All of the above results derive from continuing operations.

The accompanying notes are an integral part of this income and expenditure account.

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2010

	Note	Restricted Funds		Unrestricted Funds		Total 2010 £000	Total 2009 £000
		Collegiate Purposes £000	Designated Funds £000	Undesignated Funds £000			
At 1 July 2009		14,278	6,231	49,925		70,434	73,789
Appreciation/(depreciation) of investment assets		1,750	670	1,537		3,957	(5,113)
Retained surplus/(deficit) for the year		-	-	774		774	(1,110)
Unspent restricted fund income retained by funds		120	124	-		244	408
Benefactions and donations		702	101	-		803	2,494
Capital grant from Colleges Fund		-	-	16		16	99
Use of expendable funds		(20)	(87)	-		(107)	(109)
Capital distributions		-	-	-		-	287
Actuarial losses	18	-	-	(275)		(275)	(470)
Other		-	-	-		-	159
Total recognised gains/(losses) for the year		2,552	808	2,052		5,412	(3,355)
At 30 June 2010		16,830	7,039	51,977		75,846	70,434

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2010

	Note	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Fixed assets					
Tangible Assets	7	38,887	38,388	38,597	35,722
Investments	8	39,419	39,419	32,603	32,603
		<u>78,306</u>	<u>77,807</u>	<u>71,200</u>	<u>68,325</u>
Current assets					
Stock		187	187	174	174
Investments (deposits)		2,250	2,250	4,600	4,600
Debtors	9	1,236	1,669	835	3,584
Cash	10	4,253	4,195	3,461	3,460
		<u>7,926</u>	<u>8,301</u>	<u>9,070</u>	<u>11,818</u>
Creditors: amounts falling due within one year	11	<u>(1,878)</u>	<u>(1,740)</u>	<u>(1,486)</u>	<u>(1,484)</u>
Net current assets		<u>6,048</u>	<u>6,561</u>	<u>7,584</u>	<u>10,334</u>
Total assets less current liabilities		<u>84,354</u>	<u>84,368</u>	<u>78,784</u>	<u>78,659</u>
Creditors: amounts falling due after more than one year	12	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,125)</u>	<u>(6,000)</u>
Provisions for liabilities and charges	13	<u>(888)</u>	<u>(888)</u>	<u>(814)</u>	<u>(814)</u>
Net assets excluding pension liability		<u>77,466</u>	<u>77,480</u>	<u>71,845</u>	<u>71,845</u>
Pension liability	18	<u>(1,620)</u>	<u>(1,620)</u>	<u>(1,411)</u>	<u>(1,411)</u>
Net assets including pension liability		<u><u>75,846</u></u>	<u><u>75,860</u></u>	<u><u>70,434</u></u>	<u><u>70,434</u></u>

		Income/ Expendable Capital Funds £000	Permanent Capital Funds £000	Group Total 2010 £000	College Total 2010 £000	Group Total 2009 £000	College Total 2009 £000
Capital and Reserves							
Restricted funds held for collegiate purposes	14	4,352	12,478	16,830	16,830	14,278	14,278
Designated funds	14	7,039	-	7,039	7,039	6,231	6,231
Unrestricted funds	14	16,931	35,046	51,977	51,991	49,925	49,925
Total	14	<u><u>28,322</u></u>	<u><u>47,524</u></u>	<u><u>75,846</u></u>	<u><u>75,860</u></u>	<u><u>70,434</u></u>	<u><u>70,434</u></u>

The accompanying notes are an integral part of this balance sheet.

The accounts on pages 9 to 33 were approved by the Governing Body on 12/11/10 and signed on their behalf by:


Professor Dame J Thomas


S.P. Summers

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	2010 £000	2009 £000
Operating Activities		
Operating surplus/(deficit)	1,129	(702)
Depreciation	804	750
FRS 17 pension adjustment	(177)	(188)
(Increase) in stock	(13)	-
(Increase) in debtors	(401)	(226)
Increase in creditors	267	469
Other	(34)	299
Net cash inflow from operating activities	<u>1,575</u>	<u>402</u>
Capital expenditure and financial investment		
Receipts from sale of investment assets	2,564	20,477
Donations and benefactions	803	2,494
Capital grants received from Colleges Fund	16	99
Total capital receipts	<u>3,383</u>	<u>23,070</u>
Payments to acquire tangible fixed assets	(1,095)	(3,595)
Payments to acquire investment assets	(3,071)	(20,734)
Total capital expenditure	<u>(4,166)</u>	<u>(24,329)</u>
Net cash outflow from capital transactions	<u>(783)</u>	<u>(1,259)</u>
Increase/(decrease) in cash	<u>792</u>	<u>(857)</u>
Reconciliation of net cash flow to movement in net liquid assets		
Increase/(decrease) in cash in period	792	(857)
Net funds at 1 July 2009	<u>3,461</u>	<u>4,318</u>
Net funds at 30 June 2010	<u>4,253</u>	<u>3,461</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2010

1. Academic fees and charges

	2010 £000	2009 £000
College Fees		
Fee income paid on behalf of undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,744)	1,477	1,406
Privately-funded undergraduate fee income (per capita fee £4,800)	147	132
Fee income received at the Graduate fee rate (per capita fee £2,184)	441	379
Other income	215	110
Total	<u>2,280</u>	<u>2,027</u>

2. Residence, catering and conference income

	2010 £000	2009 £000
Accommodation		
College Members	1,614	1,477
Conferences	578	493
Catering		
College Members	899	678
Conferences	424	568
Total	<u>3,515</u>	<u>3,216</u>

3. Endowment income

	Income from restricted funds for collegiate purposes £000	Income from unrestricted funds £000	Total 2010 £000	Total 2009 £000
Transfers from endowment				
Income from:				
Freehold land and buildings	257	350	607	523
Unit trusts	72	99	171	210
Quoted securities	209	284	493	472
Donations and benefactions	-	1,972	1,972	644
Cash	77	104	181	377
	<u>615</u>	<u>2,809</u>	<u>3,424</u>	<u>2,226</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

3. Endowment income (continued)

	2010 £000	2009 £000
Investment management costs:		
Freehold land and buildings	28	32
Unit Trusts	3	3
Quoted securities	51	114
Total	<u>82</u>	<u>149</u>

4. Education expenditure

	2010 £000	2009 £000
Teaching	2,290	2,071
Tutorial	631	628
Admissions	281	239
Research	381	410
Scholarships and awards	202	194
Other educational facilities	261	289
Total	<u>4,046</u>	<u>3,831</u>

5. Residences, catering and conferences expenses

	2010 £000	2009 £000
Accommodation		
College members	2,331	2,174
Conferences	347	379
Catering		
College members	897	761
Conferences	521	638
Total	<u>4,096</u>	<u>3,952</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

6a. Analysis of 2010 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education	2,446	1,068	532	4,046
Residences, catering and conferences	1,596	2,229	271	4,096
Other	11	98	-	109
	<u>4,053</u>	<u>3,395</u>	<u>803</u>	<u>8,251</u>

6b. Analysis of 2009 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education	2,271	1,264	296	3,831
Residences, catering and conferences	1,994	1,504	454	3,952
Other	11	424	-	435
	<u>4,276</u>	<u>3,192</u>	<u>750</u>	<u>8,218</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

7. Fixed assets Group

	College Buildings and Site £000	College Houses and Hostels £000	Rare Books £000	Silver and Works of Art £000	Total £000
Cost/valuation					
At 1 July 2009	34,001	6,960	866	1,826	43,653
Additions	210	883	-	-	1,093
At 30 June 2010	<u>34,211</u>	<u>7,843</u>	<u>866</u>	<u>1,826</u>	<u>44,746</u>
Depreciation					
At 1 July 2009	3,854	572	202	428	5,056
Provided for the year	583	130	29	61	803
At 30 June 2010	<u>4,437</u>	<u>702</u>	<u>231</u>	<u>489</u>	<u>5,859</u>
Net book value					
At 30 June 2010	<u>29,774</u>	<u>7,141</u>	<u>635</u>	<u>1,337</u>	<u>38,887</u>
At 30 June 2009	<u>30,147</u>	<u>6,388</u>	<u>664</u>	<u>1,398</u>	<u>38,597</u>

Included in the group fixed assets are operational buildings of £498,000 (2009: £2,875,000) which are under construction and have not been depreciated.

College

	College Buildings and Site £000	College Houses and Hostels £000	Rare Books £000	Silver and Works of Art £000	Total £000
Cost/valuation					
At 1 July 2009	34,001	4,085	866	1,826	40,778
Additions	210	3,260	-	-	3,470
At 30 June 2010	<u>34,211</u>	<u>7,345</u>	<u>866</u>	<u>1,826</u>	<u>44,248</u>
Depreciation					
At 1 July 2009	3,854	572	202	428	5,056
Provided for the year	583	131	29	61	804
At 30 June 2010	<u>4,437</u>	<u>703</u>	<u>231</u>	<u>489</u>	<u>5,860</u>
Net book value					
At 30 June 2010	<u>29,774</u>	<u>6,642</u>	<u>635</u>	<u>1,337</u>	<u>38,388</u>
At 30 June 2009	<u>30,147</u>	<u>3,513</u>	<u>664</u>	<u>1,398</u>	<u>35,722</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

7. Fixed assets (continued)

The College buildings, site, houses and hostels were valued by Gerald Eve, Chartered Surveyors, at replacement cost at 30 September 2003. Also included within College Buildings and Site is freehold land valued by Bidwells Property Consultants, Chartered Surveyors, at £5 million; this is not depreciated.

8. Investments

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
At 1 July 2009	32,603	32,603	36,558	36,558
Additions	3,071	3,071	20,734	20,734
Disposals	(655)	(655)	(20,156)	(20,156)
Appreciation/(depreciation) on revaluation	4,400	4,400	(4,533)	(4,533)
	<u>39,419</u>	<u>39,419</u>	<u>32,603</u>	<u>32,603</u>
At 30 June 2010	<u>39,419</u>	<u>39,419</u>	<u>32,603</u>	<u>32,603</u>
Represented by:				
Freehold property	10,330	10,330	8,245	8,245
Charities property fund	2,842	2,842	1,723	1,723
Property unit trust	-	-	655	655
Quoted securities	24,789	24,789	21,439	21,439
Property income trust	948	948	161	161
Unquoted securities	510	510	380	380
	<u>39,419</u>	<u>39,419</u>	<u>32,603</u>	<u>32,603</u>
Total	<u>39,419</u>	<u>39,419</u>	<u>32,603</u>	<u>32,603</u>

Freehold property was valued by Bidwells Property Consultants, Chartered Surveyors, at open market value at 30 June 2010.

Holdings of more than 20%

The college holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
St Catharine's College Development Limited	UK	Ordinary	100.00
St Catharine's College Events Limited	UK	Ordinary	100.00

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

8. Investments (continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2010 £	Profit for the year 2010 £
St Catharine's College Development Limited	Development contractor	32,375	32,275
St Catharine's College Events Limited	Functions and Events	2,836	2,736

St Catharine's College Development Limited began trading on 1 July 2008. St Catharine's College Events Limited began trading on 1 July 2009.

9. Debtors

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Trade debtors	247	240	141	141
Taxation	205	117	69	45
Other debtors	339	339	300	300
Loan to subsidiary undertaking	-	528	-	2,773
Prepayments and accrued income	445	445	325	325
	<u>1,236</u>	<u>1,669</u>	<u>835</u>	<u>3,584</u>

Amounts falling due after more than one year and included in debtors above are:

Other debtors	<u>251</u>	<u>251</u>	<u>202</u>	<u>202</u>
	<u>251</u>	<u>251</u>	<u>202</u>	<u>202</u>

10. Cash

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Short-term deposits	3,283	3,283	2,533	2,532
Current account	964	906	922	922
Cellar deposit account	6	6	6	6
	<u>4,253</u>	<u>4,195</u>	<u>3,461</u>	<u>3,460</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

11. Creditors: amounts falling due within one year

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Trade creditors	589	452	988	988
Taxation and Social Security	87	70	67	67
Income in advance	100	94	235	235
Other creditors	1,102	1,124	196	194
	<u>1,878</u>	<u>1,740</u>	<u>1,486</u>	<u>1,484</u>

12. Creditors: amounts falling due after more than one year

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Bank loan	6,000	6,000	6,000	6,000
Trade creditors	-	-	125	-
	<u>6,000</u>	<u>6,000</u>	<u>6,125</u>	<u>6,000</u>

The above bank loan is repayable, other than by instalments, in over five years

13. Provisions for liabilities and charges

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Balance at 1 July 2008	814	814	844	844
Movement in the period	13	13	(140)	(140)
Transferred from income and expenditure account	61	61	110	110
	<u>888</u>	<u>888</u>	<u>814</u>	<u>814</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

14. Capital and reserves

	Income/ Expendable Capital Funds £000	Permanent Capital Funds £000	Total 2010 £000	Total 2009 £000
Restricted funds:				
Capital funds	3,910	11,634	15,544	13,170
Bursaries, awards and prizes	442	844	1,286	1,108
	<u>4,352</u>	<u>12,478</u>	<u>16,830</u>	<u>14,278</u>
Unrestricted funds				
Designated funds:				
Capital funds	5,634	-	5,634	5,046
Bursaries, awards and prizes	1,405	-	1,405	1,185
	<u>7,039</u>	<u>-</u>	<u>7,039</u>	<u>6,231</u>
Undesignated funds:	<u>16,931</u>	<u>35,046</u>	<u>51,977</u>	<u>49,925</u>
Total funds	<u><u>28,322</u></u>	<u><u>47,524</u></u>	<u><u>75,846</u></u>	<u><u>70,434</u></u>

Reconciliation of movement in capital and reserves:

	Restricted Funds		Unrestricted Funds				Total 2010 £000	Total 2009 £000
	Income/ Expendable Capital Funds £000	Permanent Capital Funds £000	Designated Funds		Undesignated Funds			
			Income/ Expendable Capital Funds £000	Income/ Expendable Capital Funds £000	Permanent Capital Funds £000	Permanent Capital Funds £000		
At 1 July 2009	2,482	11,796	6,231	14,879	35,046	70,434	73,789	
(Decrease)/increase in year	1,870	682	808	2,052	-	5,412	(3,355)	
At 30 June 2010	<u><u>4,352</u></u>	<u><u>12,478</u></u>	<u><u>7,039</u></u>	<u><u>16,931</u></u>	<u><u>35,046</u></u>	<u><u>75,846</u></u>	<u><u>70,434</u></u>	

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

14. Capital and reserves (continued)

Analysis of restricted and designated funds

	Restricted Funds 2010 £000	Designated Funds 2010 £000	Total 2010 £000	Total 2009 £000
Fellowship funds	15,248	5,464	20,712	17,641
Home bursaries	858	1,575	2,433	2,098
Overseas bursaries	91	-	91	86
Graduate bursaries	150	-	150	231
Prizes	218	-	218	189
Travel awards	265	-	265	264
	<u>16,830</u>	<u>7,039</u>	<u>23,869</u>	<u>20,509</u>

Capital is invested in the following categories of assets

	Restricted Funds		Unrestricted Funds			Total 2010 £000	Total 2009 £000
	Income/ Expendable Capital Funds £000	Permanent Capital Funds £000	Designated Funds Income/ Expendable Capital Funds £000	Undesignated Funds Income/ Expendable Capital Funds £000	Permanent Capital Funds £000		
Tangible fixed assets	-	-	-	3,841	35,046	38,887	38,597
Investment assets	4,352	12,478	7,039	15,550	-	39,419	32,603
Current assets and total liabilities	-	-	-	(2,460)	-	(2,460)	(766)
Total	<u>4,352</u>	<u>12,478</u>	<u>7,039</u>	<u>16,931</u>	<u>35,046</u>	<u>75,846</u>	<u>70,434</u>

15. Policy on management of reserves

The College's reserves are invested in property, both direct property holdings and in property unit trusts, and in cash, equities and alternative instruments, according to a Statement of Investment Principles which is reviewed by the Investments Committee and the Governing Body from time to time. Cash balances are maintained at a level to fund recurring expenditure.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

16. Capital commitments

Commitments contracted for at 30 June 2010:

The group has entered into contracts for work on the College buildings at an expected total cost of £295,000 (2009: £859,000).

The group is participating in a collective investment with the University of Cambridge and other Cambridge Colleges. The maximum level of participation will not exceed US \$1,000,000 (2009: US \$1,000,000) of which US \$496,000 (2009: US \$366,000) had already been paid at 30 June 2010.

The group has entered into other collective investment schemes through investment managers.

The maximum level of participation will not exceed US \$2,250,000 (2009: \$2,000,000) and €70,000 (2009: €350,000), of which US \$962,000 (2009: \$745,000) and €45,500 (2009: €45,000) has already been paid.

17. Staff

	College Fellows 2010 £000	Non Academic 2010 £000	Total 2010 £000	Total 2009 £000
Staff costs:				
Emoluments	1,358	2,043	3,401	3,358
Social Security costs	93	134	227	216
Other pension costs	149	276	425	524
	<u>1,600</u>	<u>2,453</u>	<u>4,053</u>	<u>4,098</u>
Average number of staff (full time equivalent)				
Academic	58	-	58	60
Non academic	4	90	94	84
	<u>62</u>	<u>90</u>	<u>152</u>	<u>144</u>

Of the 62 (2009: 64) College Fellows all the non-academic and 18 (2009: 19) of the academics are employed full time.

No officer or employee of the College, including the Head of House, received emoluments of over £70,000 (2009: £70,000) during the year.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). In addition the College contributes to the Church of England Funded Pension Scheme (CEFPS) on behalf of the College chaplain. The assets of the schemes are held in separate trustee administered funds. The total pension costs for the period were £442,766 (2009 : £468,228). This includes £46,413 (2009 : £48,508) outstanding contributions at the balance sheet date.

Universities Superannuation Scheme

The college participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

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

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

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

Standard mortality tables were used as follows:

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

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes (continued)

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:

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

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

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

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

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

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes (continued)

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

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

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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

At 31 March 2010, USS had over 135,000 active members and the college had 51 active members participating in the scheme.

The total pension cost for the college was £154,111 (2009: £145,805; this figure was incorrectly stated in last year's accounts as £161,127). This includes £19,520 (2009: £16,965) outstanding contributions at the balance sheet date.

The contribution rate payable by the college was 16% of pensionable salaries.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes (continued)

Cambridge Colleges Federated Pension Scheme (CCFPS)

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

The principal actuarial assumptions (expressed as weighted averages) were:

	2010 % p.a.	2009 % p.a.
Discount rate	5.3	6.2
Expected long-term rate of return on Scheme assets	6.2	6.0
Salary inflation assumption	4.4	4.5
Inflation assumption	3.4	3.5
Pension increases (inflation 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 factors with the base table adjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables.

The assets in the Scheme as and the expected rate of return were:

	Long term rate of return expected at 30 June 2010	Value at 30 June 2010 £000	Long term rate of return expected at 30 June 2009	Value at 30 June 2009 £000
Equities and Hedge Funds	7.1%	2,618	7.1%	1,651
Cash and bonds	4.7%	1,420	5.0%	1,724
Property	6.1%	400	6.1%	293
Total		<u>4,438</u>		<u>3,668</u>

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

	2010 £000	2009 £000	2008 £000
Total value of assets	4,438	3,668	3,615
Present value of defined benefit obligation liabilities	(6,058)	(5,079)	(4,744)
Net pension liability	<u>(1,620)</u>	<u>(1,411)</u>	<u>(1,129)</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes (continued)

	2010 £000	2009 £000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	5,079	4,744
Service cost (including Member contributions)	333	326
Interest cost	318	319
Actuarial losses/(gains)	541	(57)
Benefits paid	(213)	(253)
Closing defined benefit obligation	6,058	5,079
Changes in the fair value of the Scheme assets are as follows:		
Opening fair value of Scheme assets	3,668	3,615
Expected return	224	239
Actuarial losses	267	(527)
Contributions by employer	399	520
Contributions by members (including AVCs)	93	74
Benefits and expenses paid	(213)	(253)
Closing fair value of assets	4,438	3,668
The amounts recognised in the income and expenditure account are as follows:		
Current service cost (excluding Member contributions)	239	253
Interest on pension scheme liabilities	318	319
Expected return on pension scheme assets	(224)	(240)
Total	333	332
Actual return on Scheme assets	755	(286)

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes (continued)

	2010 £000	2009 £000
Analysis of the amount recognised in the statement of Total Recognised Gains and Losses:		
Experience losses on the scheme liabilities	213	(229)
Changes in assumptions underlying the present value of scheme liabilities	(755)	286
Actuarial losses on scheme assets	267	(527)
Actuarial losses	<u>(275)</u>	<u>(470)</u>

Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses are as follows:

	2010 £000	2009 £000
Cumulative actuarial gain/(loss) at beginning of period	(809)	(340)
Recognised during the period	(275)	(470)
Cumulative actuarial loss at end of period	<u>(1,084)</u>	<u>(810)</u>

The movement in deficit during the year are as follows:

	2010 £000	2009 £000
Deficit in Scheme at beginning of year	(1,411)	(1,129)
Service cost (employer only)	(239)	(253)
Contributions paid by the College	399	520
Finance cost	(94)	(79)
Actuarial loss	(275)	(470)
Deficit in Scheme at the end of the year	<u>(1,620)</u>	<u>(1,411)</u>

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

	30 June 2010 £000	30 June 2009 £000	30 June 2008 £000	30 June 2007 £000
Defined benefit obligation	(6,058)	(5,079)	(4,744)	(4,411)
Plan Assets	4,438	3,668	3,615	3,746
Deficit	<u>(1,620)</u>	<u>(1,411)</u>	<u>(1,129)</u>	<u>(665)</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

18. Pension schemes (continued)

	30 June 2010 £000	30 June 2009 £000	30 June 2008 £000	30 June 2007 £000
Actual return less expected return on Scheme assets	267	(527)	(444)	(105)
Experience gain/(loss) arising on Scheme liabilities	213	(229)	84	(27)
Change in assumptions underlying present value of Scheme liabilities	(755)	286	163	104

Church of England Funded Pension Scheme

St Catharine's College Cambridge participates in the Church of England Funded Pension Scheme and employs 1 member of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but St Catharine's College Cambridge is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2006. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m, assessed using the following assumptions:

- An investment strategy of: a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years; and the balance of the assets in equities;
- Investment returns of 4.25% pa on gilts and 5.75% pa on equities;
- RPI inflation of 3.1% pa (and pension increases consistent with this);
- Increase in pensionable stipends 4.6% pa; and
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

For schemes such as the Church of England Funded Pension Scheme, paragraph 9(b) of FRS 17 requires St Catharine's College Cambridge to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the valuation, and some agreed changes to benefits, St Catharine's College Cambridge contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008.

19. 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 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.

No disclosure of transactions with St Catharine's College Development Limited or St Catharine's College Events Limited has been made as those financial statement at 30 June 2010 have been consolidated.