

Charity Registration No: 01137463

ST CATHARINE'S COLLEGE, CAMBRIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2012

ST CATHARINE'S COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS

Governing Body and advisors

The College is a corporate body consisting of the Master, the Fellows and the Scholars. It is an exempt charity with its registered office at Trumpington Street, Cambridge CB2 1RL.

The Governing Body consists of the Master and Professorial and Official Fellows and exercises control over all matters concerning the College. The Finance Committee consists of the Master, Bursar, Senior Tutor, Development Director and eight Fellows appointed by the Governing Body. It meets at least once each term and monitors income and expenditure against the Budget and reports to the Governing Body at the next College meeting thereafter. The Finance Committee also acts as the internal auditors to the accounts as required by the Statutes of the College. The Investments Committee consist of the Master, the Bursar and four Fellows appointed by the Governing Body. There are also two Members of the College who have offered their services as advisors to the Committee and attend its meetings which are held once each term. The Investments Committee oversees the management of the College's estates and investments and reports to the Governing Body.

The names of the Governing Body, the Finance Committee and the Investments Committee during the year were:

Governing Body

Master	Professor Dame Jean Thomas
President:	Professor Ronald Martin
Senior Tutor:	Dr P N Hartle
Bursar:	Mr S P Summers

Professor Sir J Baker	Professor K J Dalton	Dr S Althorpe
Professor Sir C Bayly	Dr M C Elliott	Dr M DeJong
Dr R S K Barnes	Ms I Borzym	Dr A Onatski
Dr J A Little	Dr A S Brundin	Dr F Santos
Professor P Tyler	Dr S Iyer	Dr J Neufeld
Dr R B B Wardy	Dr M J Mason	Dr S Marciniak
Professor J A Pyle	Dr J N McElwaine	
Dr P R Palmer	Dr S N Taraskin	
Professor E V Ferran	Dr J R Gair	
Professor H van de Ven	Dr D J Bainbridge	
Dr P Oliver	Dr H Wydra	
Dr I C Willis	Dr M Johns	
Professor C M Clark	Professor H Coles	
Dr E G Kantaris	Dr L Delap	
Professor J D Pickard	Dr H Lees-Jeffries	
Mr M F Kitson	Dr E Wickham	
Dr R A Melikan	Dr G Carr	
Dr M P F Sutcliffe	Dr M Griffin	
Dr J H Xuereb	Dr R Harrison	
Professor R P Gordon	The Revd Dr A M Moore	
Dr A P Davenport	Dr J Dalley	
Dr K J Dell	Dr S M Morris	
Dr C J Gonda	Mrs DG Loveluck	
Dr N Berend	Dr I Scales	
Dr D C Aldridge	Professor W Sutherland	
Dr R W Dance	Mr P Turner	
Dr P D Wothers	Dr G Leon	

ST CATHARINE'S COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS (CONTINUED)

Finance Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Bursar
Dr P N Hartle	Senior Tutor
Mrs D G Loveluck	Development Director
Dr P Wothers	Graduate Tutor (Financial)
Professor Sir C Bayly	
Professor J Pyle	
Professor R Martin	
Mr M Kitson	
Dr G Leon	
Dr A Onatski	
Dr J Dalley	

Investments Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Bursar
Professor R Martin	
Dr G Leon	
Professor P Tyler	
Mr M Kitson	
Mr N R Haynes	Advisor
Mr T Adams	Advisor

Charity Registration Number 01137463

Auditors Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

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 Finsbury Avenue
London
EC2M 2AN

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONTENTS

	Page
Annual Report of the Trustees	1 - 5
Statement of Responsibilities of the Governing Body	6
Independent auditors' report	7 - 8
Statement of principal accounting policies	9 - 11
Consolidated income and expenditure account	12
Consolidated statement of total recognised gains and losses	13
Balance sheets	14 - 15
Consolidated cash flow statement	16
Notes to the accounts	17 - 36

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2012

Operating and Financial Review

Introduction

This Review provides an explanation of the mission of the College, an overview of the achievements during the Academic Year 2011-12, of the financial performance for the twelve months ending June 30th 2012, and the financial condition of the College at that date.

Aims and objectives of the College

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.

Public benefit

The College provides, in conjunction with the University of Cambridge, an education for approximately 600 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group undergraduate supervision, as well as pastoral, administrative and academic support through its tutorial system for all students;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through:

- providing Junior Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period as they prepare to undertake the full teaching and administrative duties of an academic post;
- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics from the UK and abroad;
- and encouraging the dissemination of research undertaken by members of the College through research seminars, supporting the publication of books and papers in academic journals, or other suitable means.

The College maintains an extensive Library, with a catalogue integrated into that of the University, so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers, and the public through occasional exhibitions.

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on religious faith and its implications for the individual and society. In particular, the College:

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services on weekdays and at weekends during term, which are open to the general public and visitors.
- Supports, through the College Chaplain, the emotional, mental and spiritual well-being of all members of the College community.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

- Maintains both a student choir, and a choir formed of girls from local schools, entry to which is by competitive singing test

Achievements of 2011-12

Academic

The academic year 2011-2012 was a successful one for the College. We maintained a good position in the academic league tables (being ranked tenth of all colleges), we achieved an increase in First-class results (more than 28% of the College took Firsts, fifth-highest of all the colleges and the College's second-highest ever number). There were particularly strong results in Natural Sciences, where the exceptional cohort admitted in 2009 delivered 21 Firsts from 25 students in Part II, whilst the Part III cohort provided seven Firsts from ten examinees; there were also strong results in Geography, Modern and Medieval Languages, and Politics, Psychology and Sociology. For a College with a relatively modest endowment, which invests much of that endowment in educational support (especially in its Teaching Officers), this is an extremely strong showing. Even more striking this year than last was the number of students topping their Tripos, in subjects as diverse as Physics and Philosophy.

The overwhelming majority of our postgraduate students obtained their degrees successfully, several with marks of Distinction on Masters' courses.

Meanwhile, often through the generosity of College members past and present, we continue to offer the fullest possible welfare and pastoral support to our students.

Sporting and Cultural

The College has continued to provide excellent facilities for the sporting arenas to complement those routinely provided for the academic life of the College. College funds have been spent on much refurbishment including new hard surface tennis courts which also provide a new netball court and a major upgrade to our old Boat House. Both of these pieces of work will benefit all of the members of College, both male and female as well as sportsmen and women spanning the ability range in their chosen sports. The College Hockey teams have again triumphed with the Mens team winning 18 out of 18 matches culminating with a third successive League Cuppers Final win, with the Women emulating this also as League and Cup winners. The Boat Club had a good year where the highlight was probably seeing a St Catharine's undergraduate, George Nash, taking a year's sabbatical from his Engineering degree to train with the Olympic squad and emerging with a bronze medal. In modern pentathlon the College provided four members of the twelve members who make up the University team and Henrietta Dillon achieved a Full Blue. Further success has been achieved in sailing and swimming with College students prominent in both University teams.

The College makes available to external institutions its cricket, football 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 - both in terms of the quality and diversity of activities, but also the high degree of participation from college members and the wider community. The College's Kellaway Concert series - which brings together professional and student musicians - showcased instrumental, choral and world music concerts, the highlight being a performance of Bach's St John Passion with a period instrument orchestra and professional soloists. 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 over a dozen different state and independent schools in the area, giving them an opportunity to perform to the highest standards, and choristers from both choirs participated in important charitable concerts during the year, in aid of CamSight, Macmillan Cancer Care and the Rotary Club. Dr Wickham's schools singing initiative continues, with the help of musicians from the college, and last year culminated in choirs from two Tower Hamlets schools visiting Cambridge from a choral recital.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

Scope of the financial statements

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 10 to the Accounts.

Financial review

The College has continued to operate at a loss after unrestricted donations and legacies received from Members. Total fee income from Students rose by 2.5% and rental income grew by 4% this year. In addition we are most grateful to have continued to receive substantial support for our teaching costs from Trinity College and the Newton Trust.

Income from external conference and catering activity, which provides an invaluable supplement to our normal income from academic sources, primarily in the vacations, declined by 9% after a long period of steady growth. This was a reflection of the economic environment, coupled with extensive building works last summer on our main Site. Investment income, which is discussed in more detail below, was broadly unchanged.

Underlying operating expenses were generally well controlled, with increases of below the prevailing rate of inflation. Property maintenance costs rose, and another successful Annual Fund campaign saw both income and expenditure on educational assets and awards to students increase compared to 2010-11.

Like other Colleges, monies received for student support from the Newton Trust, of over £250,000 in the case of this College, are shown in these accounts for the first time, as both Donation income and Educational expenditure. In previous years only the College's somewhat smaller additions to the funding provided by the Newton Trust were recorded, as an expense.

Staff costs and pensions

Staff costs have not grown as quickly as College income during the current recession. Pension costs have also stabilised, after several years of rapid growth. The College will not be required to continue deficit payments of £10,000 per month during 2012-15, following an improvement in the triennial valuation of the Cambridge Colleges Federated Pension Scheme as at March 2011.

However, the College's share of the deficit in the Scheme, as measured under the terms of Financial Reporting Standard 17, has risen significantly in 2011-12, by £1 million to £1.6 million. The reasons for this disparity are that on the one hand, investment returns up to March 2011, statutory changes in deferred member revaluation rates, and changes in the assumptions made by the Scheme's independent Actuary at that date, were all favourable. Since that date investment returns and long term interest rates have declined, both acting to increase the accounting deficit as at the June 2012 balance sheet date.

Donations and legacies

New donations and legacies received during 2011-12 were lower than in the previous year, although members continued to make payments on account of earlier pledges, and several very substantial new pledges were received, mainly for the costs of the new College Centre building. The College is extremely grateful to all its donors.

The nature of donation and legacy income is that it is unpredictable as to both timing and amount, and cannot be relied upon in any one year. It is gratifying to see that, even in challenging economic times, members continue to make new pledges, and we are confident of continuing support.

Financial outcome

The net effect of the items discussed above was that the College's deficit rose from £252,000 to £547,000. The operating budgets reflect the College's intention to reduce that deficit in future years.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

Capital expenditure

During the year the College continued to invest in upgrading its student accommodation, and this will continue in the future. After the year-end we began a project to upgrade our boathouse. However the major project is the College Centre project which we expect to open early in 2013. Both of these specific projects are being funded by alumni donations.

Endowment and investment performance

Last year income from the securities portfolio was stable, though income from the investment portfolio rose significantly while rents fell due to temporary closure of the College's car park and the sale of one investment property. All investment income received is applied in pursuit of the charitable objectives of the College. The value of investments fell by £2.6 million to £43.3 million, for three main reasons. The College withdrew £1.6 million from the endowment to invest in additional student accommodation, and a further amount of cash was spent on the College Centre building programme. Finally, a capital loss of £350,000 was recorded in the year end revaluation of investments.

Total investment return on the portfolio in 2011-12 was only 1.3%, compared to 9.8% last year. Over the rolling three years which is our usual measurement period, total returns were 8.2% per annum (due to the better returns earned in 2009-11), the first time in four years that we have exceeded our rolling target, which is currently equivalent to 5.4% per annum.

Within the investment portfolio, the College has continued to increase investments in equities and reduce hedge fund holdings. Property holdings remain roughly constant. It has elected to retain a significant level of liquidity in the forms of both cash deposits with leading banks, and high quality corporate and government bonds of short duration. In the longer term we must continue to invest wisely, if we are to generate at least the 4% per annum real return on which our financial forecasts are founded, at acceptable levels of volatility.

The College has a £6 million long term fixed rate loan, repayable in 2048. It has continued to use the proceeds to invest in its operating properties, alongside funds raised by the Development Campaign.

In the first quarter of our 2011-12 financial year, investment markets have shown modestly positive returns, a rather more encouraging outcome than the significant falls of Summer 2012. However the value of investments has not risen back to the peak levels of June 2011.

Principal risks and uncertainties

The College operates in a very competitive market for the best academic talent and the most promising students. The macroeconomic climate impacts investment returns, external income and the rate of giving by our alumni. We are confident of our ability to continue to compete successfully, but are constrained by our financial resources, and are working constantly to build them.

Plans for the future

The St Catharine's College 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. The total raised by the year-end was close to £17 million.

Staff

The Fellows, as the College's charity trustees, are very grateful to all the staff, students and members of the college for their contributions to this year's achievements.

ST CATHARINE'S COLLEGE, CAMBRIDGE

**ANNUAL REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

Overall Summary

Both in terms of our academic mission and financially, 2011-12 was another successful year.

We will continue to invest for the long term success of the College within the University of Cambridge.



Simon Summers

Bursar

On behalf of the Trustees

Date: 29th October 2012

ST CATHARINE'S COLLEGE, CAMBRIDGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012 RESPONSIBILITIES OF THE GOVERNING BODY

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 (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge 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 these financial statements, the Governing Body is required to:

- select suitable accounting policies and then 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 accounting records which disclose with reasonable accuracy at any time the financial position of the College and 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.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

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

We have audited the financial statements of St Catharine's College for the year ended 30 June 2012 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the Governing Body are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 June 2012 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011 the College's Statutes and the Statutes of the University of Cambridge;
- 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Governing Body Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

CAMBRIDGE

Date: *23 November 2012*

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 7.

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 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 2012

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. 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 had 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 sites 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.

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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

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.

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 2012**

	Note	2012 £000	2011 £000
Income			
Academic fees and charges	1	2,395	2,285
Residence, catering and conferences	2	3,803	3,881
Endowment income	3	1,421	1,429
Unrestricted donations	4	878	790
Other income		121	10
Total income		<u>8,618</u>	<u>8,395</u>
Expenditure			
Education	5	4,333	3,863
Residences, catering and conferences	6	4,326	4,150
Other expenditure		344	403
Total expenditure		<u>9,003</u>	<u>8,416</u>
Operating (deficit)/surplus		(385)	(21)
Contribution under Statute G II		(18)	(12)
		<u>(403)</u>	<u>(33)</u>
Surplus for the year transferred to accumulated income within endowment funds		(144)	(219)
Net (deficit)/surplus		<u>(547)</u>	<u>(252)</u>

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 2012**

	Note	Restricted Funds Collegiate Purposes £000	Total Unrestricted Funds £000	Total 2012 £000	Total 2011 Restated £000
(Depreciation)/Appreciation of investment assets		(257)	(297)	(554)	2,803
Retained (deficit)/surplus for the year		-	(547)	(547)	(252)
Unspent restricted fund income retained by funds		144	-	144	219
Re-allocations		153	(3)	150	(755)
New endowments		137	-	137	772
Capital grant from Colleges Fund		-	-	-	36
Actuarial (losses)/gains	20	-	(1,117)	(1,117)	998
Other		-	(2)	(2)	(2)
Total recognised gains for the year		177	(1,966)	(1,789)	3,819
Opening reserves and endowment		18,339	61,326	79,665	75,846
Closing reserves and endowments		18,516	59,360	77,876	79,665

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2012

	Note	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
Fixed assets					
Tangible Assets	9	43,127	43,184	38,688	38,745
Investments	10	17,659	17,659	19,770	19,770
		<u>60,786</u>	<u>60,843</u>	<u>58,458</u>	<u>58,515</u>
Endowment Assets	10	25,641	25,641	26,127	26,127
Current assets					
Stock		197	197	198	198
Investments (deposits)		2,000	2,000	2,350	2,350
Debtors	11	880	1,179	1,181	1,667
Cash	12	3,245	3,224	4,362	4,023
		<u>6,322</u>	<u>6,600</u>	<u>8,091</u>	<u>8,238</u>
Creditors: amounts falling due within one year	13	(1,635)	(1,933)	(1,669)	(1,837)
Net current assets		<u>4,687</u>	<u>4,667</u>	<u>6,422</u>	<u>6,401</u>
Total assets less current liabilities		91,114	91,151	91,007	91,043
Creditors: amounts falling due after more than one year	14	(6,000)	(6,000)	(6,000)	(6,000)
Provisions for liabilities and charges	15	-	-	-	-
Net assets excluding pension liability		85,114	85,151	85,007	85,043
Pension liability	20	(1,627)	(1,627)	(608)	(608)
Net assets including pension liability		<u>83,487</u>	<u>83,524</u>	<u>84,399</u>	<u>84,435</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2012 (CONTINUED)

Represented by

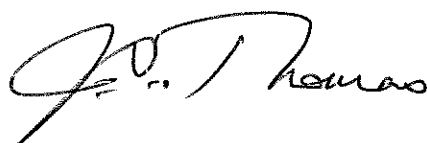
		Restricted Funds £000	Unrestricted Funds £000	Group Total 2012 £000	College Total 2012 £000	Group Total 2011 £000	College Total 2011 £000
Deferred capital grants	16	5,194	417	5,611	5,611	4,734	4,734
Endowments							
Expendable endowments	17	-	-	-	-	639	639
Permanent endowments	17	18,516	7,125	25,641	25,641	25,488	25,488
Reserves							
Pension reserve	20	-	1,627	1,627	1,627	608	608
General reserves		-	50,608	50,608	50,645	52,930	52,966
Total funds		<u>23,710</u>	<u>59,777</u>	<u>83,487</u>	<u>83,524</u>	<u>84,399</u>	<u>84,435</u>

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

The accounts on pages 9 to 36 were approved by the Governing body on their behalf by:

9/11/12

and signed on



Professor Dame J Thomas



S P Summers

Date

9/11/12

ST CATHARINE'S COLLEGE, CAMBRIDGE**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 £000	2011 £000
Operating Activities		
Operating (deficit)/surplus	(385)	(21)
Depreciation	849	825
Gain on sale of investments	204	(15)
FRS 17 pension adjustment	(96)	448
Decrease/(Increase) in stock	1	(11)
Decrease/(Increase) in debtors	301	55
(Decrease)/Increase in creditors	(41)	632
Other	(69)	(1,655)
Net cash inflow from operating activities	<u>764</u>	<u>258</u>
Capital expenditure and financial investment		
Receipts from sale of investment assets	2,884	1,058
Donations and benefactions	137	772
Receipts from deferred capital accounts	877	3,893
Capital grants received from Colleges Fund	-	36
Total capital receipts	<u>3,898</u>	<u>5,759</u>
Payments to acquire tangible fixed assets	(5,288)	(627)
Payments to acquire investment assets	(491)	(3,864)
Total capital expenditure	<u>(5,779)</u>	<u>(4,491)</u>
Net cash (outflow)/inflow from capital transactions	<u>(1,881)</u>	<u>1,268</u>
(Decrease)/Increase in cash	<u>(1,117)</u>	<u>1,526</u>
Reconciliation of net cash flow to movement in net liquid assets		
(Decrease)/Increase in cash in period	(1,117)	1,526
Net funds at 1 July 2011	<u>4,362</u>	<u>2,836</u>
Net funds at 30 June 2012	<u>3,245</u>	<u>4,362</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. Academic fees and charges	2012 £000	2011 £000
College Fees		
Fee income paid on behalf of undergraduates at the Publicity-funded Undergraduate rate (per capita fee £3,951)	1,653	1,632
Privately-funded undergraduate fee income (per capita fee £5,900)	264	210
Fee income received at the Graduate fee rate (per capita fee £2,289)	298	319
Other income	180	124
Total	2,395	2,285
2. Residence, catering and conference income	2012 £000	2011 £000
Accommodation		
College Members	1,811	1,743
Conferences	577	667
Catering		
College Members	839	864
Conferences	576	607
Total	3,803	3,881
3a. Endowment income and investment income	2012 £000	2011 £000
Transfers from endowment income from:		
Freehold land and buildings	476	591
Unit trusts	276	284
Quoted securities	512	461
Cash	157	93
Total	1,421	1,429
3b. Investment management costs:	2012 £000	2011 £000
Freehold land and buildings	30	86
Unit Trusts	4	4
Quoted securities	53	70
Total	87	160

ST CATHARINE'S COLLEGE, CAMBRIDGE**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012****4. Donations**

	2012 £000	2011 £000
Unrestricted donations	878	790
Total	<u>878</u>	<u>790</u>

Included in Donation Income is an amount of £268,000 donated to the College by the Isaac Newton Trust for the purpose of financing part of the bursary payments made to students under the Cambridge Bursary Scheme. These bursary payments totalling £280,000 are included in Scholarships and Awards as disclosed in note 5, 'Educational Expenditure'.

This represents a change in accounting practice. In the prior year the net bursary payment figure of £11,000 was disclosed as a cost in Scholarships and Awards.

5. Education expenditure

	2012 £000	2011 £000
Teaching	2,190	2,165
Tutorial	656	585
Admissions	295	285
Research	326	309
Scholarships and awards	610	270
Other educational facilities	256	249
Total	<u>4,333</u>	<u>3,863</u>

6. Residences, catering and conferences expenses

	2012 £000	2011 £000
Accommodation		
College members	2,297	2,129
Conferences	474	500
Catering		
College members	934	899
Conferences	621	622
Total	<u>4,326</u>	<u>4,150</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

7a. Analysis of 2012 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education	1,854	2,236	243	4,333
Residences, catering and conferences	1,861	1,859	606	4,326
Other	141	203	-	344
	<u>3,856</u>	<u>4,298</u>	<u>849</u>	<u>9,003</u>

7b. Analysis of 2011 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education	1,832	1,796	235	3,863
Residences, catering and conferences	1,888	1,672	590	4,150
Other	143	260	-	403
	<u>3,863</u>	<u>3,728</u>	<u>825</u>	<u>8,416</u>

7c. Auditors' remuneration

	2012 £000	2011 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors – 2010 audit	-	21
Audit fees payable to the College's external auditors – 2011 audit	3	16
Audit fees payable to the College's external auditors – 2012 audit	14	-
Other fees payable to the College's external auditors	15	22
	<u>32</u>	<u>59</u>
Total	<u>32</u>	<u>59</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012

8. Staff	College Fellows 2012 £000	Non Academic 2012 £000	Total 2012 £000	Total 2011 £000
Staff costs:				
Emoluments	1,138	2,113	3,251	3,176
Social Security costs	91	134	225	202
Other pension costs	156	224	380	485
	<u>1,385</u>	<u>2,471</u>	<u>3,856</u>	<u>3,863</u>
 Average number of staff (full time equivalent)				
Academic			59	67
Non academic			101	98
			<u>160</u>	<u>165</u>

The Governing Body consists of 66 (2011: 69) College Fellows, of which all are stipendary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 during this year or the previous year.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

9. Fixed assets Group

	College Buildings and Site £000	College House and Hostels £000	Rare Books £000	Silver and works of art £000	Assets under construction £000	Total £000
Cost/valuation						
At 1 July 2011	34,504	7,636	866	1,826	540	45,372
Additions	1,210	1,031	-	5	3,042	5,288
At 30 June 2012	35,714	8,667	866	1,831	3,582	50,660
Depreciation						
At 1 July 2011	5,025	849	260	550	-	6,684
Provided for the year	596	164	29	60	-	849
At 30 June 2012	5,621	1,013	289	610	-	7,533
Net book value						
At 30 June 2012	30,093	7,654	577	1,221	3,582	43,127
At 30 June 2011	29,479	6,787	606	1,276	540	38,688

The insured value of freehold land and buildings as at 30 June 2012 was £130,100,000 (2011: £125,300,000).

The cost to the group of freehold buildings and assets under construction consists of the costs incurred by the College less the surplus recorded in the accounts of St Catharine's College Development Limited, a subsidiary undertaking, and eliminated on consolidation.

College	College Buildings and Site £000	College House and Hostels £000	Rare Books £000	Silver and works of art £000	Assets under construction £000	Total £000
Cost/valuation						
At 1 July 2011	34,504	7,686	866	1,826	548	45,430
Additions	1,210	1,031	-	5	3,042	5,288
At 30 June 2012	35,714	8,717	866	1,831	3,590	50,718
Depreciation						
At 1 July 2011	5,025	850	260	550	-	6,685
Provided for the year	596	164	29	60	-	849
At 30 June 2012	5,621	1,014	289	610	-	7,534
Net book value						
At 30 June 2012	30,093	7,703	577	1,221	3,590	43,184
At 30 June 2011	29,479	6,836	606	1,276	548	38,745

The College buildings, site, houses and hostels were valued by Gerald Eve, Chartered Surveyors, at replacement cost at 31 July 2009. Also included within the College Buildings and Site is freehold land valued by Bidwells Property Consultants, Chartered Surveyors, at £5 million; this is not depreciated.

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

10. Investments and endowment assets

Total Investments

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
At 1 July 2011	45,897	45,897	42,336	42,336
Additions	491	491	3,864	3,864
Disposals	(1,082)	(1,082)	(108)	(108)
(Depreciation)/Appreciation on revaluation	(554)	(554)	2,355	2,355
(Decrease) in cash balances held at fund managers	(1,452)	(1,452)	(2,550)	(2,550)
At 30 June 2012	<u>43,300</u>	<u>43,300</u>	<u>45,897</u>	<u>45,897</u>
Represented by:				
Freehold property	9,872	9,872	9,800	9,800
Charities property fund	3,536	3,536	3,189	3,189
Quoted securities	27,990	27,990	29,097	29,097
Property income trust	1,097	1,097	1,125	1,125
Unquoted securities	805	805	678	678
Fixed-term cash deposits	-	-	2,008	2,008
Total	<u>43,300</u>	<u>43,300</u>	<u>45,897</u>	<u>45,897</u>

Fixed asset investments (non-endowment investment)

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
At 1 July 2011	19,770	19,770	18,472	18,472
Additions	457	457	2,040	2,040
Disposals	(1,006)	(1,006)	(57)	(57)
(Depreciation)/Appreciation on revaluation	(212)	(212)	661	661
(Decrease) in cash balances held at fund managers	(1,350)	(1,350)	(1,346)	(1,346)
At 30 June 2012	<u>17,659</u>	<u>17,659</u>	<u>19,770</u>	<u>19,770</u>
Represented by:				
Freehold property	4,026	4,026	4,221	4,221
Charities property fund	1,442	1,442	1,374	1,374
Quoted securities	11,415	11,415	12,533	12,533
Property income trust	447	447	485	485
Unquoted securities	329	329	292	292
Fixed-term cash deposits	-	-	865	865
Total	<u>17,659</u>	<u>17,659</u>	<u>19,770</u>	<u>19,770</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

10. Investments (continued)

Endowment assets

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
At 1 July 2011	26,127	26,127	23,864	23,864
Additions	34	34	1,824	1,824
Disposals	(76)	(76)	(51)	(51)
(Depreciation)/Appreciation on revaluation	(342)	(342)	1,694	1,694
(Decrease) in cash balances held at fund managers	(102)	(102)	(1,204)	(1,204)
At 30 June 2012	<u>25,641</u>	<u>25,641</u>	<u>26,127</u>	<u>26,127</u>
Represented by:				
Freehold property	5,846	5,846	5,579	5,579
Charities property fund	2,094	2,094	1,816	1,816
Quoted securities	16,574	16,574	16,563	16,563
Property income trust	649	649	641	641
Unquoted securities	478	478	385	385
Fixed-term cash deposits	-	-	1,143	1,143
Total	<u>25,641</u>	<u>25,641</u>	<u>26,127</u>	<u>26,127</u>

Freehold property was valued at Bidwells Property Consultants, Chartered Surveyors, at open market value at 30 June 2012.

Holdings of more than 20%

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

	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
St Catharine's College Development Limited	UK	Ordinary	100
St Catharine's College Events Limited	UK	Ordinary	100

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 2012 £	Profit/(loss) for the year 2012 £
St Catharine's College Development Limited	Development contractor	100	-
St Catharine's College Events Limited	Functions and events	21,034	-

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012

11. Debtors

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
Trade debtors	162	506	163	699
Taxation	156	105	233	183
Other debtors	94	94	57	57
Prepayments and accrued income	468	474	728	728
	<u>880</u>	<u>1,179</u>	<u>1,181</u>	<u>1,667</u>

12. Cash

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
Short-term deposits	100	100	3,862	3,862
Current account	3,145	3,124	500	161
	<u>3,245</u>	<u>3,224</u>	<u>4,362</u>	<u>4,023</u>

13. Creditors: amounts falling due within one year

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
Trade creditors	785	785	237	237
Taxation and Social Security	115	115	373	217
Income in advance	406	370	677	666
Other creditors	329	663	382	717
	<u>1,635</u>	<u>1,933</u>	<u>1,669</u>	<u>1,837</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012

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

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
Bank loan	6,000	6,000	6,000	6,000
	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

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

15. Provisions for liabilities and charges

	Group 2012 £000	College 2012 £000	Group 2011 £000	College 2011 £000
Balance at 1 July 2011	-	-	888	888
Movement in the period	-	-	(888)	(888)
Balance at 30 June 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012

16. Deferred capital grants

Group and College

	Donations 2012 £000	Total 2012 £000	Donations 2011 £000	Total 2011 £000
Balancing at beginning of year:				
Buildings	4,734	4,734	841	841
	<u>4,734</u>	<u>4,734</u>	<u>841</u>	<u>841</u>
Grants and donations received:				
Buildings	877	877	3,893	3,893
	<u>877</u>	<u>877</u>	<u>3,893</u>	<u>3,893</u>
Released to income and expenditure accounts:				
Buildings	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances at end of year:				
Buildings	5,611	5,611	4,734	4,734
	<u>5,611</u>	<u>5,611</u>	<u>4,734</u>	<u>4,734</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012

17. Endowments

Group and college

	Unrestricted Permanent £000	Restricted Permanent £000	Total 2012 £000	Total 2011 £000
Balance at beginning of year:				
Capital and unspent income	7,149	18,339	25,488	23,863
New endowments received	162	137	299	1,337
Adjustments	(143)	153	10	(1,104)
Income receivable from endowment asset investments	280	689	969	338
Expenditure	(238)	(545)	(783)	-
Net transfer (to)/from income and expenditure account	42	144	186	338
Increase in market value of investments	(85)	(257)	(342)	1,693
Balances at end of year	7,125	18,516	25,641	26,127
Comprising				
Capital and unspent income	7,125	18,516	25,641	26,127
Balance at end of year	7,125	18,516	25,641	26,127
Representing				
Fellowship Funds	4,905	10,350	15,255	15,138
Prize Funds	490	608	1,098	1,069
Travel Awards	487	213	700	642
Home Business	613	2,527	3,140	3,217
Graduate Bursaries	482	1,294	1,776	1,762
Overseas Bursaries	-	3,211	3,211	3,168
Grants	148	200	348	351
Other Funds	-	113	113	780
General endowments	-	-	-	-
Group Total	7,125	18,516	25,641	26,127

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

18. 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.

19. Capital commitments

Commitments contracted for at 30 June 2012:

The group has entered into contracts for work on the College buildings at an expected total cost of £4,534,400 (2011: £6,237,000).

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 (2011: \$1,000,000) of which US \$717,500 (2011: \$620,000) had already been paid at 30 June 2012.

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

The maximum level of participation will not exceed US \$2,250,000 (2011: \$2,250,000) and €70,000 (2011: €70,000), of which US \$1,769,000 (2011: \$1,338,000) and €54,500 (2011: €53,000) has already been paid.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

20. Pension schemes

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). The College also offers staff not in CCFPS the opportunity to join the Cambridge Colleges Group Personal Pension Scheme, which is a defined contribution pension scheme. 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 £380,458 (2011: £442,766). This includes £41,780 (2011: £46,413) 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.

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 risk 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 2011. This was the second 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. In particular, a review is carried out of the funding level each year between triennial valuations and details of the estimate of the funding level at 31 March 2012 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 (i.e. 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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

20. Pension schemes (continued)

At the valuation date, the value of the assets of the scheme was £32,433.5M and the value of the scheme's technical provisions was £35,343.7M indicating a shortfall of £2,910.2M. The assets therefore were sufficient to cover 92% 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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% 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 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 but the allowance for promotional salary increases was not as high. 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.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

20. Pension schemes (continued)

New entrants - other than in specific, limited circumstances, new entrants are now provided for on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age - the Normal pension age was increased for future service and new entrants, to age 65.

Flexible retirement - flexible retirement options were introduced.

Member contributions increased - contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Pension increase cap - for service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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.

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.

At 31 March 2012, USS had over 145,000 active members and the College had 46 active members participating in the scheme. 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 2012**

20. 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. A full valuation was undertaken as at 31 March 2011 and updated to 30 June 2012 by a qualified independent Actuary.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2012 % p.a.	2011 % p.a.
Discount rate	4.7	5.5
Expected long-term rate of return on Scheme assets	5.6	6.2
Salary inflation assumption	2.2*	3.2**
Inflation assumption:		
Retail Prices Index (RPI) assumption	2.7	3.4
Consumer Prices Index (CPI) assumption	1.7	2.7
Pension increases (RPI linked)	2.7	3.4

* 1.5% in 2012 and 2013, 2.2% thereafter

**2% in 2011, 3.2% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pensions Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2011 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements has been updated from 2011 when the CMI 2009 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 21.7 years)
- Female age 65 now has a life expectancy of 24.1 years (previously 23.6 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.8 years (previously 22.7 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 24.8 years)

The major categories of scheme assets and expected rates of return were as follows:

	Long term rate of return expected at 30 June 2012 %	Value as at 30 June 2012 £000	Long term rate of return expected at 30 June 2011 %	Value as at 30 June 2011 £000
Equities and Hedge Funds	6.4%	3,181	7.1%	2,964
Cash and bonds	3.7%	1,205	4.8%	1,905
Property	5.4%	434	6.1%	423
Total		4,820		5,292

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

20. Pension schemes (continued)

The following results were measured in accordance with the requirements of FRS 17:

	2012 £000	2011 £000	2010 £000	2009 £000
Total value of assets	4,821	5,292	4,438	3,668
Present value of defined benefit obligation liabilities	(6,448)	(5,900)	(6,058)	(5,079)
Net pension liability	<u>(1,627)</u>	<u>(608)</u>	<u>(1,620)</u>	<u>(1,411)</u>

	2012 £000	2011 £000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	5,900	6,058
Service cost (including Member contributions)	284	354
Interest cost	324	324
Actuarial losses/(gains)	199	(652)
Benefits paid	(259)	(184)
Closing defined benefit obligation	<u>6,448</u>	<u>5,900</u>

	2012 £000	2011 £000
Changes in the fair value of the Scheme assets are as follows:		
Opening fair value of Scheme assets	5,292	4,438
Expected return	327	281
Actuarial gains	(917)	346
Contributions by employer	350	378
Contributions by members (including AVCs)	27	33
Benefits and expenses paid	(259)	(184)
Closing fair value of assets	<u>4,820</u>	<u>5,292</u>

The agreed contributions to be paid by the College for the forthcoming year (year commencing 1 July 2012) is 10.45% of Contribution Pay for non salary sacrifice members, (19.45% of Contribution Pay for salary sacrifice members) plus £16,291 p.a., subject to review at future actuarial valuations. These exclude PHI contributions.

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

20. Pension schemes (continued)

	2012 £000	2011 £000
The amounts recognised in the income and expenditure account are as follows:		
Current service cost (excluding Member contributions)	256	321
Interest on pension scheme liabilities	324	325
Expected return on pension scheme assets	(327)	(281)
Total	253	365
Actual return on Scheme assets	590	627

	2012 £000	2011 £000
Analysis of the amount recognised in the statement of Total Recognised Gains and Losses:		
Experience gains on the scheme liabilities	(127)	2
Changes in assumptions underlying the present value of scheme liabilities	(73)	650
Actuarial return less expected return on scheme assets	(917)	346
Actuarial gains/ (losses)	(1,117)	998

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

	2012 £000	2011 £000
Cumulative actuarial loss at beginning of period	(86)	(1,084)
Recognised during the period	(1,116)	998
Cumulative actuarial loss at end of period	(1,202)	(86)

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2012**

20. Pension schemes (continued)

The movement in deficit during the year are as follows:

	2012 £000	2011 £000
Deficit in Scheme at beginning of year	(608)	(1,620)
Service cost (employer only)	(255)	(321)
Contributions paid by the College	350	378
Finance cost	3	(43)
Actuarial gains/(losses)	(1,117)	998
Deficit in Scheme at the end of the year	(1,627)	(608)

**Amounts for the current
and previous four periods
are as follows**

	30 June 2012 £000	30 June 2011 £000	30 June 2010 £000	30 June 2009 £000	30 June 2008 £000	30 June 2007 £000
Defined benefit obligation	(6,448)	(5,900)	(6,058)	(5,079)	(4,744)	(4,411)
Plan Assets	4,821	5,292	4,438	3,668	3,615	3,746
Deficit	(1,627)	(608)	(1,620)	(1,411)	(1,129)	(665)

	30 June 2012 £000	30 June 2011 £000	30 June 2010 £000	30 June 2009 £000	30 June 2008 £000	30 June 2007 £000
Actual return less expected return on Scheme assets	(917)	346	267	(527)	(444)	105
Experience gain/(loss) arising on Scheme liabilities	(127)	2	213	(229)	84	(27)
Change in assumptions underlying present value of Scheme liabilities	(73)	650	(755)	286	(163)	104

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

20. Pension schemes (continued)

Church of England Funded Pension Scheme

St Catharine's College participates in the Church of England Funded Pension Scheme and employees 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 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 2011. This revealed an ongoing funding deficit of £484m, with assets of £772m.

Assumptions used to assess the Scheme's funding position:

	31 December 2011	31 December 2010 £000	31 December 2009 £000
Rate of retail price inflation	3.3% pa	3.7% pa	3.8% pa
Rate of return (net of anticipated investment manager expenses) anticipated from :			
• Gilts	3.1% pa	4.2% pa	4.4% pa
• Return seeking assets	4.6% pa	5.7% pa	5.9% pa
Rate of increase in pensionable stipends	3.3% pa	3.7% pa	3.8% pa
Rate of pension increases			
RPI, maximum 5% pa	3.2% pa	3.6% pa	3.7% pa
RPI, maximum 3.5% pa	2.9% pa	3.1% pa	3.1% pa

For schemes such as the Church of England Funded Pension Scheme, paragraph 9(b) of FRS 17 requires St Catharine's College 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 contribution rate increased from 38.2% to 51% of pensionable stipends with effect from 1 January 2012.

21. 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 members 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.

No disclosure of transactions with St Catharine's College Development Limited or St Catharine's College Events Limited has been made as those financial statements at 30 June 2012 have been consolidated.