

Charity Registration No: 1137463



ST CATHARINE'S COLLEGE, CAMBRIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2011

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:	Professor Sir Christopher Bayly (until 30 September 2010) Professor Ronald Martin (from 1 October 2010)
Senior Tutor:	Dr P N Hartle
Senior Bursar:	Mr S P Summers

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

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
Dr R B B Wardy	The Graduate Tutor (Financial)
Professor Sir C Bayly	
Professor J Pyle	
Professor R Martin	
Professor K J Dalton	
Mr M Kitson	
Dr McElwaine	
Dr S Iyer	

Investments Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Senior 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 1137463

Auditors Price Bailey LLP
Chartered Accountants & Statutory Auditors
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

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 - 12
Consolidated income and expenditure account	13
Consolidated statement of total recognised gains and losses	14
Balance sheets	15 - 16
Consolidated cash flow statement	17
Notes to the accounts	18 - 37

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2011

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 2010-11, of the financial performance for the twelve months ending June 30th 2011, 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 some 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.
- Maintains both a student choir, and a choir formed of girls from local schools, entry to which is by competitive singing test

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

Achievements of 2010-11

Academic

The academic year 2010-2011 was a successful one for the College. Although we slipped a little in the academic league tables (being ranked tenth/eleventh of all colleges), we achieved an increase in First-class results (more than 26% of the College took Firsts, eighth-highest of all the colleges). There were particularly strong results in Economics, in English (the best in living memory, and quite possibly ever), Geography and Law, whilst our first- and second-year Natural Scientists are very impressive. On the three-year rolling average, the College is placed eighth of twenty-five colleges, within our target range of the top third of the Tables. For a College with a relatively modest endowment, which invests much of that endowment in educational support, 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 Biochemistry, Engineering, Genetics and Geography.

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

Sporting and Cultural

The College's culture of academic aspiration has not damaged its extracurricular life or sporting commitment (again this year, the College dominated Intercollegiate Championship Hockey, winning the trophy in all categories), and we were proud to have two undergraduates of standard age in the Blue Boat, a remarkable achievement given the near-professionalization of rowing at the highest level. We also provided two members of the University Rugby Union team for the Varsity Match against Oxford. Rowing at the College level was also stronger than for several years, with both the Mens' First and Second Boats winning their May blades. In 'minor' sports, the College also excelled at water polo and modern pentathlon. The College makes available to external institutions its cricket, football and its popular all-weather hockey pitches.

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 an ambitious twenty-four hour music installation in the College's Main Court and Chapel, incorporating performances from community choirs representing a wide range of musical traditions and styles, culminating in *The Hours*, a piece specially composed for Dr Wickham's group, *The Clerks*. The annual series of Kellaway Concerts was similarly eclectic and well attended both by College members and others. 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; throughout the year members of the student choir were involved in educational visits to schools in Tower Hamlets and Cambridgeshire, a process which culminated in concerts in June at the Spitalfields Festival and in King's College Chapel; concerts which involved two primary school choirs from Tower Hamlets and one from Cambridge, along with the St Catharine's Girls Choir. The project, entitled *Classroom Polyphony* was developed in association with Faber Music and the national SingUp scheme, and has resulted in new printed and recorded music resources for schools.

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 reducing loss before unrestricted donations and legacies received from Members. Such benefactions fluctuate considerably from year to year, and in 2010-11, whilst substantial, they were not sufficient to offset the operating loss, unlike in the prior year.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

Financial review (continued)

Total fee income from Students was almost unchanged and rental income grew by 8%. In addition we are most grateful to have continued to receive valuable support for our teaching costs from Trinity College and the Newton Trust.

Income from external conference and catering activity, which provides primarily in the vacations an invaluable supplement to our normal income from academic sources, continued to grow, by over 20%.

Operating expenses were well controlled, with increases, of below the prevailing rate of inflation, largely relating to greater levels of activity as outlined above.

Staff costs and pensions

Staff costs have not grown as quickly as College income during the recent recession, and this has contributed to a reduction in operating losses.

Pension costs have also stabilised, after several years of rapid growth. The College has closed its part of the inter-college staff final salary scheme to new members, although the USS national final salary scheme remains open to academic staff. The staff final salary scheme has been replaced for new employees by a generous defined contribution scheme. The College's share of the deficit in the staff final salary scheme, as measured under the terms of Financial Reporting Standard 17, has reduced significantly in 2010-11, by £1 million or over 60% compared to last year. The major factors contributing to this change are improved recent investment returns, changes in valuation assumptions, statutory changes in deferred member revaluation rates, and additional contributions made by the College to reduce the deficit in the last two years.

Financial outcome

The College's loss, after depreciation and interest costs but before unrestricted donation and legacy income, reduced significantly, to £811,000 in 2010-11. Because unrestricted donations and legacies received during the year were lower than in the prior year, an overall deficit is reported. The College will allocate a portion of the unrestricted donation and legacy income received last year to the financing of the College Centre building project.

Donations and legacies

The College was fortunate to receive two significant legacies, from Mr Louis Levi (1943) and from Mrs Audrey Taylor in memory of Professor RS Sayers. In addition it received several generous unrestricted gifts from Members, totalling with the legacies over £790,000. A further £4.2 million was received from Members and others for specific restricted purposes, including payment of earlier pledges in respect of the College Centre project, and a very encouraging number of additional pledges were also made to the College's Development Campaign.

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. However we are encouraged by regular expressions of support, and are particularly 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.

Capital expenditure

During the year the College continued to invest, to maintain and improve its operational estate. It also signed contracts for the construction of the College Centre, including teaching and meeting space, and a new Bar and JCR. This exciting project is perhaps the last opportunity to substantially expand our facilities on the main central Cambridge site, and is being funded by alumni donations.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

Endowment and investment performance

In 2010-11, income from the securities portfolio declined slightly, while property income rose. However interest on cash continued to fall as maturing deposits were reinvested at lower prevailing interest rates. In addition to the income generated by investments, and gifts received as discussed above, the year also saw a second consecutive year of capital gains, £2.8 million this year.

A change in accounting regulations requires the College to separate on the Balance Sheet the investment assets relating to restricted endowments from other investments, and last year has been restated for comparison purposes. Additionally, cash held as part of the balanced portfolio of investments has been reclassified from a current asset to either Investments or Endowments as appropriate. All investment income received is applied in pursuit of the charitable objectives of the College. The total value of investments including investment cash rose by £3.6 million to £45.9 million. Total investment return on the portfolio was 9.8%, compared to 13.8% last year. Over the rolling three years which is our usual measurement period, total returns were 3.6% per annum, the first such positive rolling annual return for three years, but still short of our target, which is currently equivalent to 6.5% per annum.

Within the investment portfolio, the College has increased investments in overseas equities and reduced hedge fund holdings. 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 dropped significantly and therefore the value of the College's securities portfolio has declined from the high point reached at June 30th.

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. We believe that the College and the University of Cambridge continues to offer excellent all round educational value to students, at the new tuition fee rates being introduced for EU students next year, but we are not complacent about the need to continue investing to maintain our successful track record.

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. A total of over £2 million was pledged or donated during the year, (not including payments made this year on account of previous pledges) and the total raised by the year-end was over £14 million.

Staff

The Trustees are very grateful to all the staff, students and members of the college for their contributions to this year's achievements.

It is sad to record the death last May, only weeks after his retirement, of John Anderson, who worked in the College kitchens for a number of years, and in that time made many friends amongst staff, students and fellows.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) *FOR THE YEAR ENDED 30 JUNE 2011*

Overall Summary

Both in terms of our academic mission and financially, 2010-11 was another successful year.

We are investing to continue this performance but are also alert to the uncertain financial climate. It will be important to demonstrate increased operational efficiency and value for money to our students, the Government and our regulator.

S P Summers

Senior Bursar

On behalf of the Trustees

4 October 2011

ST CATHARINE'S COLLEGE, CAMBRIDGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

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 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 to them 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 group's and College's affairs as at 30 June 2011 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 College's Statutes and the Statutes of the University of Cambridge;
- the information given in the Report of the Governing Body is consistent with the financial statements; and
- 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**

Dated: 23 November 2011

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2011

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 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 2011

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 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 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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 2011

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.

Prior year adjustment

The prior year adjustment has arisen following amendments to the RCCA to increase alignment to the Statement of Recommended Practice: Accounting for Further and Higher Education. This has resulted in a change in the recognition of donations and deferred capital grants. The effect of this adjustment has increased the surplus in the year ended 30 June 2010 by £226,000 and increased the capital and reserves at that date by £841,000.

ST CATHARINE'S COLLEGE, CAMBRIDGE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 £000	As restated 2010 £000
Income			
Academic fees and charges	1	2,285	2,280
Residences, catering and conferences	2	3,881	3,515
Endowment income	3	1,429	1,452
Unrestricted donations	4	790	2,073
Other income		10	62
Total income		<u>8,395</u>	<u>9,382</u>
Expenditure			
Education	5	3,863	4,046
Residences, catering and conferences	6	4,150	4,096
Other expenditure		403	109
Total expenditure		<u>8,416</u>	<u>8,251</u>
Operating (deficit)/ surplus		(21)	1,131
Contribution under Statute G II		(12)	(11)
		(33)	1,120
Surplus for the year transferred to accumulated income within endowment funds		(219)	(120)
Net (deficit)/ surplus		<u>(252)</u>	<u>1,000</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 2011

	Note	Restricted Funds Collegiate Purposes £000	Total Unrestricted Funds £000	Total 2011 £000	As restated Total 2010 £000
Appreciation of investment assets		1,223	1,580	2,803	3,957
Retained (deficit)/ surplus for the Year		-	(252)	(252)	1,000
Transfers between funds		(234)	234	-	-
Deferred capital grants		-	3,893	3,893	841
Unspent restricted fund income retained by funds		219	-	219	244
Re-allocations		(20)	(735)	(755)	-
New endowments		325	447	772	577
Capital grant from Colleges Fund		-	36	36	16
Use of expendable funds		-	-	-	(107)
Actuarial gains/ (losses)	20	-	998	998	(275)
Other		(6)	4	(2)	-
Total recognised gains for the year		1,507	6,205	7,712	6,253
Opening reserves and endowment		16,831	59,856	76,687	70,434
Closing reserves and endowments		18,338	66,061	84,399	76,687

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2011

	Note	Group 2011 £000	College 2011 £000	As restated Group 2010 £000	As restated College 2010 £000
Fixed assets					
Tangible Assets	9	38,688	38,745	38,887	38,388
Investments	10	19,770	19,770	18,473	18,473
		<u>58,458</u>	<u>58,515</u>	<u>57,360</u>	<u>56,861</u>
Endowment Assets	10	26,127	26,127	23,863	23,863
Current assets					
Stock		198	198	187	187
Investments (deposits)		2,350	2,350	750	750
Debtors	11	1,181	1,667	1,236	1,669
Cash	12	4,362	4,023	2,836	2,778
		<u>8,091</u>	<u>8,238</u>	<u>5,009</u>	<u>5,384</u>
Creditors: amounts falling due within one year	13	(1,669)	(1,837)	(1,037)	(899)
Net current assets		<u>6,422</u>	<u>6,401</u>	<u>3,972</u>	<u>4,485</u>
Total assets less current liabilities		91,007	91,043	85,195	85,209
Creditors: amounts falling due after more than one year	14	(6,000)	(6,000)	(6,000)	(6,000)
Provisions for liabilities and charges	15	-	-	(888)	(888)
Net assets excluding pension liability		<u>85,007</u>	<u>85,043</u>	<u>78,307</u>	<u>78,321</u>
Pension liability	20	(608)	(608)	(1,620)	(1,620)
Net assets including pension liability		<u><u>84,399</u></u>	<u><u>84,435</u></u>	<u><u>76,687</u></u>	<u><u>76,701</u></u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2011 (CONTINUED)

Represented by

		Restricted Funds £000	Unrestricted Funds £000	Group Total 2011 £000	College Total 2011 £000	As Restated Group Total 2010 £000	As restated College Total 2010 £000
Deferred capital grants	16	-	4,734	4,734	4,734	841	841
Endowments							
Expendable endowments	17	-	639	639	639	866	866
Permanent endowments	17	18,338	7,150	25,488	25,488	22,997	22,997
Reserves							
Pension reserve		-	608	608	608	1,620	1,620
Operational property reserve		-	36,315	36,315	36,315	36,915	36,915
General reserves		-	16,615	16,615	16,651	13,448	13,462
Total funds		<u>18,338</u>	<u>66,061</u>	<u>84,399</u>	<u>84,435</u>	<u>76,687</u>	<u>76,701</u>

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

The accounts on pages 9 to 37 were approved by the Governing Body on 11 November 2011 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 2011

	2011 £000	As restated 2010 £000
Operating Activities		
Operating (deficit)/ surplus	(21)	1,131
Depreciation	825	804
Gain on sale of investments	(15)	-
FRS 17 pension adjustment	448	(177)
(Increase) in stock	(11)	(14)
Decrease/ (Increase) in debtors	55	(401)
Increase in creditors	632	267
Other	(1,655)	(35)
	<u>258</u>	<u>1,575</u>
Capital expenditure and financial investment		
Receipts from sale of investment assets	1,058	2,564
Donations and benefactions	772	803
Receipts from deferred capital accounts	3,893	-
Capital grants received from Colleges Fund	36	16
	<u>5,759</u>	<u>3,383</u>
Payments to acquire tangible fixed assets	(627)	(1,095)
Payments to acquire investment assets	(3,864)	(3,071)
	<u>(4,491)</u>	<u>(4,166)</u>
Net cash inflow/ (outflow) from capital transactions	<u>1,268</u>	<u>(783)</u>
Increase in cash	<u>1,526</u>	<u>792</u>
Reconciliation of net cash flow to movement in net liquid assets		
Increase in cash in period	1,526	792
Net funds at 1 July 2010	2,836	2,044
	<u>4,362</u>	<u>2,836</u>
Net funds at 30 June 2011	<u>4,362</u>	<u>2,836</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

1. Academic fees and charges

	2011	2010
	£000	£000
College Fees		
Fee income paid on behalf of undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,861)	1,632	1,477
Privately-funded undergraduate fee income (per capita fee £5,300)	210	147
Fee income received at the Graduate fee rate (per capita fee £2,229)	319	441
Other income	124	215
Total	<u>2,285</u>	<u>2,280</u>

2. Residence, catering and conference income

	2011	2010
	£000	£000
Accommodation		
College Members	1,743	1,614
Conferences	667	578
Catering		
College Members	864	899
Conferences	607	424
Total	<u>3,881</u>	<u>3,515</u>

3. Endowment income and investment income

	Total	Total
	2011	2010
	£000	£000
Transfers from endowment		
Income from:		
Freehold land and buildings	591	607
Unit trusts	284	171
Quoted securities	461	493
Cash	93	181
	<u>1,429</u>	<u>1,452</u>

Investment management costs:

	2011	2010
	£000	£000
Freehold land and buildings	86	28
Unit Trusts	4	3
Quoted securities	70	51
Total	<u>160</u>	<u>82</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

4. Donations

	2011	As restated
	£000	2010
		£000
Unrestricted donations	790	2,073
Total	<u>790</u>	<u>2,073</u>

5. Education expenditure

	2011	2010
	£000	£000
Teaching	2,165	2,290
Tutorial	585	631
Admissions	285	281
Research	309	381
Scholarships and awards	270	202
Other educational facilities	249	261
Total	<u>3,863</u>	<u>4,046</u>

6. Residences, catering and conferences expenses

	2011	2010
	£000	£000
Accommodation		
College members	2,129	2,331
Conferences	500	347
Catering		
College members	899	897
Conferences	622	521
Total	<u>4,150</u>	<u>4,096</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

7a. 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>

7b. Analysis of 2010 expenditure by activity

	Other Staff Costs £000	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>

7c. Auditors' remuneration

	2011 £000	2010 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors – 2009 audit	-	9
Audit fees payable to the College's external auditors – 2010 audit	21	-
Audit fees payable to the College's external auditors – 2011 audit	16	-
Other fees payable to the College's external auditors	22	8
	<u>59</u>	<u>17</u>
Total	<u>59</u>	<u>17</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

8. Staff

	College Fellows 2011 £000	Non Academic 2011 £000	Total 2011 £000	Total 2010 £000
Staff costs:				
Emoluments	1,151	2,025	3,176	3,401
Social Security costs	76	126	202	227
Other pension costs	158	327	485	425
	<u>1,385</u>	<u>2,478</u>	<u>3,863</u>	<u>4,053</u>
Average number of staff (full time equivalent)				
Academic			67	58
Non academic			98	94
			<u>165</u>	<u>152</u>

The Governing Body consists of 69 (2010: 62) College Fellows, of which all are stipendiary.

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 2011

9. Fixed assets Group

	College Buildings and Site £000	College Houses and Hostels £000	Rare Books £000	Silver and works of art £000	Assets under construction £000	Total £000
Cost/valuation						
At 1 July 2010	34,211	7,345	866	1,826	498	44,746
Additions	293	-	-	-	333	626
Inter category transfer	-	291	-	-	(291)	-
At 30 June 2011	<u>34,504</u>	<u>7,636</u>	<u>866</u>	<u>1,826</u>	<u>540</u>	<u>45,372</u>
Depreciation						
At 1 July 2010	4,437	702	231	489	-	5,859
Provided for the year	588	147	29	61	-	825
At 30 June 2011	<u>5,025</u>	<u>849</u>	<u>260</u>	<u>550</u>	<u>-</u>	<u>6,684</u>
Net book value						
At 30 June 2011	<u>29,479</u>	<u>6,787</u>	<u>606</u>	<u>1,276</u>	<u>540</u>	<u>38,688</u>
At 30 June 2010	<u>29,774</u>	<u>6,643</u>	<u>635</u>	<u>1,337</u>	<u>498</u>	<u>38,887</u>

The insured value of freehold land and buildings as at 30 June 2011 was £125,300,000 (2010: £123,669,000).

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 Houses and Hostels £000	Rare Books £000	Silver and works of art £000	Assets under construction £000	Total £000
Cost/valuation						
At 1 July 2010	34,211	7,345	866	1,826	-	44,248
Additions	293	341	-	-	548	1,182
At 30 June 2011	<u>34,504</u>	<u>7,686</u>	<u>866</u>	<u>1,826</u>	<u>548</u>	<u>45,430</u>
Depreciation						
At 1 July 2010	4,437	703	231	489	-	5,860
Provided for the year	588	147	29	61	-	825
At 30 June 2011	<u>5,025</u>	<u>850</u>	<u>260</u>	<u>550</u>	<u>-</u>	<u>6,685</u>
Net book value						
At 30 June 2011	<u>29,479</u>	<u>6,836</u>	<u>606</u>	<u>1,276</u>	<u>548</u>	<u>38,745</u>
At 30 June 2010	<u>29,774</u>	<u>6,642</u>	<u>635</u>	<u>1,337</u>	<u>-</u>	<u>38,388</u>

The College buildings, site, houses and hostels were valued by Gerald Eve, Chartered Surveyors, at replacement cost at 30 September 2008. Also included within 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 2011

10. Investments and endowment assets

Total investments

	Group 2011 £000	College 2011 £000	As restated Group 2010 £000	As restated College 2010 £000
At 1 July 2010	42,336	42,336	32,603	32,603
Additions	3,864	3,864	3,071	3,071
Disposals	(108)	(108)	(655)	(655)
Appreciation on revaluation	2,355	2,355	4,022	4,022
(Decrease)/ increase in cash balances held at fund managers	(2,550)	(2,550)	3,295	3,295
At 30 June 2011	<u>45,897</u>	<u>45,897</u>	<u>42,336</u>	<u>42,336</u>
Represented by:				
Freehold property	9,800	9,800	10,330	10,330
Charities property fund	3,189	3,189	2,842	2,842
Quoted securities	29,097	29,097	24,789	24,789
Property income trust	1,125	1,125	948	948
Unquoted securities	678	678	510	510
Fixed-term cash deposits	2,008	2,008	2,917	2,917
Total	<u>45,897</u>	<u>45,897</u>	<u>42,336</u>	<u>42,336</u>

Fixed asset investments (non-endowment investment)

	Group 2011 £000	College 2011 £000	Group 2010 £000	College 2010 £000
At 1 July 2010	18,472	18,472	12,094	12,094
Additions	2,040	2,040	2,565	2,565
Disposals	(57)	(57)	(547)	(547)
Appreciation on revaluation	661	661	1,608	1,608
(Decrease)/ increase in cash balances held at fund managers	(1,346)	(1,346)	2,753	2,753
At 30 June 2011	<u>19,770</u>	<u>19,770</u>	<u>18,473</u>	<u>18,473</u>
Represented by:				
Freehold property	4,221	4,221	4,507	4,507
Charities property fund	1,374	1,374	1,240	1,240
Quoted securities	12,533	12,533	10,817	10,817
Property income trust	485	485	413	413
Unquoted securities	292	292	223	223
Fixed-term cash deposits	865	865	1,273	1,273
Total	<u>19,770</u>	<u>19,770</u>	<u>18,473</u>	<u>18,473</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

10. Investments (continued)

Endowment assets

	Group 2011 £000	College 2011 £000	Group 2010 £000	College 2010 £000
At 1 July 2010	23,864	23,864	20,509	20,509
Additions	1,824	1,824	506	506
Disposals	(51)	(51)	(108)	(108)
Appreciation on revaluation	1,694	1,694	2,414	2,414
(Decrease)/ increase in cash balances held at fund managers	(1,204)	(1,204)	542	542
At 30 June 2011	<u>26,127</u>	<u>26,127</u>	<u>23,863</u>	<u>23,863</u>
Represented by:				
Freehold property	5,579	5,579	5,823	5,823
Charities property fund	1,816	1,816	1,602	1,602
Quoted securities	16,563	16,563	13,972	13,972
Property income trust	641	641	534	534
Unquoted securities	385	385	288	288
Fixed-term cash deposits	1,143	1,143	1,644	1,644
Total	<u>26,127</u>	<u>26,127</u>	<u>23,863</u>	<u>23,863</u>

Freehold property was valued by Bidwells Property Consultants, Chartered Surveyors, at open market value at 30 June 2011.

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

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

		Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
	Principal activity		
St Catharine's College Development Limited	Development contractor	100	(32,275)
St Catharine's College Events Limited	Functions and Events	21,033	20,697

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

11. Debtors

	Group 2011 £000	College 2011 £000	Group 2010 £000	College 2010 £000
Trade debtors	163	699	247	240
Taxation	233	183	205	117
Other debtors	57	57	339	339
Loan to subsidiary undertaking	-	-	-	528
Prepayments and accrued income	728	728	445	445
	<u>1,181</u>	<u>1,667</u>	<u>1,236</u>	<u>1,669</u>

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

Other debtors	-	-	251	251
	<u>-</u>	<u>-</u>	<u>251</u>	<u>251</u>

12. Cash

	Group 2011 £000	College 2011 £000	As restated Group 2010 £000	As restated College 2010 £000
Short-term deposits	3,862	3,862	1,866	1,866
Current account	500	161	970	912
	<u>4,362</u>	<u>4,023</u>	<u>2,836</u>	<u>2,778</u>

13. Creditors: amounts falling due within one year

	Group 2011 £000	College 2011 £000	As restated Group 2010 £000	As restated College 2010 £000
Trade creditors	237	237	589	452
Taxation and Social Security	373	217	87	70
Income in advance	677	666	100	94
Other creditors	382	717	261	283
	<u>1,669</u>	<u>1,837</u>	<u>1,037</u>	<u>899</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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

	Group 2011 £000	College 2011 £000	Group 2010 £000	College 2010 £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>
	<u><u>6,000</u></u>	<u><u>6,000</u></u>	<u><u>6,000</u></u>	<u><u>6,000</u></u>

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

15. Provisions for liabilities and charges

	Group 2011 £000	College 2011 £000	Group 2010 £000	College 2010 £000
Balance at 1 July 2010	888	888	814	814
Movement in the period	(888)	(888)	13	13
Transferred from income and expenditure account	-	-	61	61
	<u>-</u>	<u>-</u>	<u>61</u>	<u>61</u>
Balance at 30 June 2011	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>888</u></u>	<u><u>888</u></u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

16. Deferred capital grants

Group and College

	Donations 2011 £000	Group Total 2011 £000	College Total 2011 £000	Group Total 2010 £000	College Total 2010 £000
Balancing at beginning of year:					
Buildings	841	841	841	150	150
	<u>841</u>	<u>841</u>	<u>841</u>	<u>150</u>	<u>150</u>
Grants and donations received:					
Buildings	3,893	3,893	3,893	691	691
	<u>3,893</u>	<u>3,893</u>	<u>3,893</u>	<u>691</u>	<u>691</u>
Released to income and expenditure account:					
Buildings	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances at end of year:					
Buildings	4,734	4,734	4,734	841	841
	<u>4,734</u>	<u>4,734</u>	<u>4,734</u>	<u>841</u>	<u>841</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

17. Endowments

Group	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Un- restricted Expendable £000	Group Total 2011 £000	College Total 2011 £000	Group Total 2010 £000	College Total 2010 £000
Balance at beginning of year:								
Capital and unspent income	6,890	16,824	23,714	149	23,863	23,863	20,509	20,509
New endowments received	558	325	883	454	1,337	1,337	803	803
Income receivable from endowment asset investments	113	219	332	6	338	338	244	244
Expenditure	-	-	-	-	-	-	(107)	(107)
Adjustments	(842)	(253)	(1,095)	(9)	(1,104)	(1,104)	-	-
Net transfer (to)/from income and expenditure account	(729)	(34)	(763)	(3)	(766)	(766)	137	137
Increase in market value of investments	431	1,223	1,654	39	1,693	1,693	2,414	2,414
Balance at end of year	7,150	18,338	25,488	639	26,127	26,127	23,863	23,863
Comprising								
Capital and unspent income	7,150	18,338	25,488	639	26,127	26,127	23,863	23,863
Balance at end of year	7,150	18,338	25,488	639	26,127	26,127	23,863	23,863
Representing								
Fellowship Funds	4,955	10,183	15,138	-	15,138	15,138	20,706	20,706
Prize Funds	489	580	1,069	-	1,069	1,069	218	218
Travel Awards	464	178	642	-	642	642	265	265
Home Business	575	2,642	3,217	-	3,217	3,217	2,433	2,433
Graduate Bursaries	501	1,261	1,762	-	1,762	1,762	150	150
Overseas Bursaries	-	3,168	3,168	-	3,168	3,168	91	91
Grants	166	185	351	-	351	351	-	-
Other Funds	-	141	141	639	780	780	-	-
General endowments	-	-	-	-	-	-	-	-
Group Total	7,150	18,338	25,488	639	26,127	26,127	23,863	23,863

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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 2011:

The group has entered into contracts for work on the College buildings at an expected total cost of £6,237,000 (2010: £295,000).

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 (2010: US \$1,000,000) of which US \$620,000 (2010: US \$496,000) had already been paid at 30 June 2011.

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

The maximum level of participation will not exceed US \$2,250,000 (2010: \$2,250,000) and €70,000 (2010: €70,000), of which US \$1,338,000 (2010: \$962,000) and €53,000 (2010: €45,500) has already been paid.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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 £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.

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 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 regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimates of the funding level at 31 March 2011 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 6.4% 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

20. Pension schemes (continued)

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

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 (i.e. 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. 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 as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% p.a. to 2.9% p.a. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three 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). The next formal valuation is at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

20. Pension schemes (continued)

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, 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 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/Increase by £2.2 billion
Rate of pension 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 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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

20. Pension schemes (continued)

At 31 March 2011, USS had over 142,000 active members and the institution had 54 active members participating in the scheme.

The total pension cost for the institution was £163,795 (2010: £154,111). This includes £19,963 (2010: £19,520) outstanding contributions at the balance sheet date.

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

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 2008 and updated to 30 June 2011 by a qualified independent Actuary.

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

	2011 % p.a.	2010 % p.a.
Discount rate	5.5	5.3
Expected long-term rate of return on Scheme assets	6.2	6.2
Salary inflation assumption	3.2*	4.4
Inflation assumption:		
Retail Prices Index (RPI) assumption	3.4	3.4
Consumer Prices Index (CPI) assumption	2.7	n/a
Pension increases (RPI linked)	3.4	3.4

* 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 2009 projection and a target long-term improvement rate of 0.75% p.a. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.7 years (previously 20.7 years)
- Female age 65 now has a life expectancy of 23.6 years (previously 23.5 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.7 years (previously 21.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 24.8 years (previously 24.5 years)

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

	Long term rate of return expected at 30 June 2011 %	Value as at 30 June 2011 £000	Long term rate of return expected at 30 June 2010 %	Value as at 30 June 2010 £000
Equities and Hedge Funds	7.1%	2,964	7.1%	2,618
Cash and bonds	4.8%	1,905	4.7%	1,420
Property	6.1%	423	6.1%	400
Total		<u>5,292</u>		<u>4,438</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

20. Pension schemes (continued)

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

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

	2011 £000	2010 £000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	6,058	5,079
Service cost (including Member contributions)	354	333
Interest cost	324	318
Actuarial losses/(gains)	(652)	541
Benefits paid	(184)	(213)
Closing defined benefit obligation	<u>5,900</u>	<u>6,058</u>

	2011 £000	2010 £000
Changes in the fair value of the Scheme assets are as follows:		
Opening fair value of Scheme assets	4,438	3,668
Expected return	281	224
Actuarial gains	346	267
Contributions by employer	378	399
Contributions by members (including AVCs)	33	93
Benefits and expenses paid	(184)	(213)
Closing fair value of assets	<u>5,292</u>	<u>4,438</u>

The agreed contributions to be paid by the College for the forthcoming year (year commencing 1 July 2011) is 16.41% of Contribution Pay for non salary sacrifice members, reducing from 1 June 2012 to 15.66% of Contribution Pay (24.66% of Contribution Pay for salary sacrifice members throughout) plus £120,336 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 2011

20. Pension schemes (continued)

The amounts recognised in the income and expenditure account are as follows:	2011 £000	2010 £000
Current service cost (excluding Member contributions)	321	239
Interest on pension scheme liabilities	325	318
Expected return on pension scheme assets	(281)	(224)
Total	365	333
Actual return on Scheme assets	627	491

Analysis of the amount recognised in the statement of Total Recognised Gains and Losses:	2011 £000	2010 £000
Experience gains on the scheme liabilities	2	213
Changes in assumptions underlying the present value of scheme liabilities	650	(755)
Actuarial return less expected return on scheme assets	346	267
Actuarial gains/ (losses)	998	(275)

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

	2011 £000	2010 £000
Cumulative actuarial loss at beginning of period	(1,084)	(809)
Recognised during the period	998	(275)
Cumulative actuarial loss at end of period	(86)	(1,084)

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

20. Pension schemes (continued)

The movement in deficit during the year are as follows:

	2011 £000	2010 £000
Deficit in Scheme at beginning of year	(1,620)	(1,411)
Service cost (employer only)	(321)	(239)
Contributions paid by the College	378	399
Finance cost	(43)	(94)
Actuarial gains/(losses)	998	(275)
Deficit in Scheme at the end of the year	(608)	(1,620)

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

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

	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	346	267	(527)	(444)	105
Experience gain/(loss) arising on Scheme liabilities	2	213	(229)	84	(27)
Change in assumptions underlying present value of Scheme liabilities	650	(755)	286	(163)	104

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

20. Pension schemes (continued)

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 2010. This revealed an ongoing funding deficit of £259m, with assets of £742m.

Assumptions used to assess the Scheme's funding position:

	31 December 2010	31 December 2009
Rate of retail price inflation	3.7% pa	3.8% pa
Rate of return (net of anticipated investment manager expenses) anticipated from :		
• Gilts	4.2% pa	4.4% pa
• Return seeking assets	5.7% pa	5.9% pa
Rate of increase in pensionable stipends	3.7% pa	3.8% pa
Rate of pension increases		
RPI, maximum 5% pa	3.6% pa	3.7% pa
RPI, maximum 3.5% 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 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 45% to 38.2% of pensionable stipends with effect from 1 January 2011.

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 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 2011 have been consolidated.