

Charity Registration No: 01137463

ST CATHARINE'S COLLEGE, CAMBRIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2013

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 purpose 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 Ronald Martin |
| Senior Tutor: | Dr P N Hartle |
| Senior Bursar: | Mr S P Summers |

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

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 |
| Professor J Pyle | |
| Professor R Martin | |
| Mr M Kitson | |
| Dr G Leon | |
| Dr A Onatski | |
| Dr J Dalley | |
| Dr P Wothers | |

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

Ashton KCJ
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

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OPERATING AND FINANCIAL REVIEW

This review provides an explanation of the mission of the College, an overview of the achievements during the Academic Year 2012-13, of the financial performance for the twelve months ending June 30th 2013, and of 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 over 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

Achievements of 2012-13

Academic

The academic year 2012-2013 was successful for the College. We maintained a good position in the academic league tables, being ranked ninth of all colleges. We maintained our good proportion of First-class results with a good distribution across the years and subjects. There were particularly strong results in Natural Sciences, in Asian and Middle Eastern Studies, in Chemical Engineering, in English, in Geography and in Modern and Medieval Languages.

The College invests much of its relatively modest endowment in educational support, especially in its Teaching Officers. This strategy has been rewarded with an extremely strong showing. A number of students topped their class lists this year. Many of the graduating part 2 s have succeeded in obtaining places on Masters and PhD courses, while others have taken up employment in highly competitive positions. The College has successfully supported the needs of young future academics and also young future high flyers in commerce and in industry.

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 has now been completed and has been an outstanding success. 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 athletes have again triumphed with 12 College athletes representing the University in the Varsity matches. Badminton and football had good years with the football team being promoted back to the first division and the badminton team winning their league. The College Olympian, George Nash, returned to row in the first boat who finished the May races one position higher, George himself going on to win the World Championships in August to add a gold medal to his Olympic bronze. In all the College contributed enormously to University sport with many men and women blues upholding St. Catharine's sporting traditions.

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 Monteverdi's Vespers with a period instrument orchestra and student 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. The College also hosted the first Cambridge Singing School course in the summer, lasting a week and aimed at children aged 8-13; the success of which will lead to further courses in the coming Christmas and Easter vacations.

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

Income

The College achieved an operating surplus last year thanks to growth in Academic and Endowment income, good control of costs and higher levels of legacies and donations received from Members. Both total academic income and rental income from students grew by 5% 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%. This, following last year's smaller decline, was partly a reflection of the economic environment, coupled with the conclusion of extensive building works last summer on our main Site. With the new buildings coming on stream at the end of this financial year, and management changes in the external side of our business, we hope that this trend will be reversed.

Underlying operating expenses were generally well controlled, with increases of below the prevailing rate of inflation. The College continued to provide a high level of Bursary and other financial support for students, in conjunction with the Newton Trust.

Staff costs and pensions

Staff costs have not grown as quickly as College income during the current recession.

However, the College's share of the deficit in the CCFPS staff pension scheme, as measured under the terms of Financial Reporting Standard ("FRS") 17, has risen once more in the 2012-13 accounts, by over £700,000 to £2.36 million. The main reasons for this deterioration are:

- Changes in valuation assumptions, specifically higher expected inflation and lower discount rates
- Contributions in 2012-13 being less than the service cost calculated on the basis required by FRS17
- These negative factors are offset by higher than expected investment returns.

That scheme is no longer open to new members; instead the College offers a high-quality defined contribution pension scheme to all new non-Academic staff.

Donations and legacies

New donations and particularly legacies received during 2012-13 were significantly higher than in the previous year, and in addition members continued to make payments on account of earlier pledges. Several very substantial new pledges were received, to complete the fundraising for the new McGrath Centre building. The College is extremely grateful to all its donors, and those who have made arrangements to remember the College in their wills.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2013

The nature of donation and legacy income is that it is unpredictable as to both timing and amount, and it cannot be assumed that the outcome in any particular future year will be as strong as in 2012-13. It is however very 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 and its subsidiary companies together recorded an operating surplus of £266,000 compared to last year's deficit of £295,000.

Capital expenditure

During the year the College completed the McGrath Centre, which was opened by the Chancellor of the University in June. As a result capital spending in 2013-14 will be lower than in the previous two years. The College also made substantial improvements to the Boathouse and to a number of student rooms.

Endowment and investment performance

Last year income from the securities portfolio rose significantly, though income from the property investment portfolio declined due to the sale of a property and the closure of the College's car park during building works. All investment income received is applied in pursuit of the charitable objectives of the College. The value of investments rose by over 11% to £48.3 million. After the year end an amount of £1.6 million was withdrawn from the endowment and invested in a building which will be converted to provide additional student accommodation. The intention is to replace the amount withdrawn in the coming year.

Total investment return on the portfolio in 2012-13 was over 13%, compared to only 1.3% last year. Over the rolling three years which is our usual measurement period, total returns were 8% per annum which is significantly ahead of our target.

Within the investment portfolio, the College has continued to increase investments in equities and to reduce hedge fund holdings. Property holdings have reduced slightly. Cash balances have reduced and the College continues to hold a portfolio of high quality corporate and government bonds of short duration. At the year end the College made changes to its investment management arrangements, including a material investment in the Cambridge University Endowment Fund. 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 2013-14 financial year, investment markets have shown small positive returns.

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. The College also faces a range of operational risks in its daily affairs, and has an experienced and well-resourced management team in place to address 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. During 2012-13, the total raised by the Campaign increased to more than £20 million.

ST CATHARINE'S COLLEGE, CAMBRIDGE

**ANNUAL REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

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.

Overall Summary

Both in terms of our academic mission and financially, 2012-13 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

November 2013

Corporate Governance Statement

1. The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the college for the management of its resources and for audit.
2. The College is a corporate body consisting of the Master, the Fellows and the Scholars. It is a registered charity (number 1137463) and subject to regulation by the Charity Commission for England and Wales. The Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Governing Body consists of the Master and Professorial and Official Fellows, and exercises control over all matters concerning the College.
4. The Governing Body is advised in carrying out its duties by a number of Committees, comprised mostly or entirely of Fellows appointed by the Governing Body. These include:
 - a. The Finance Committee, consisting of the Master, Bursar, Senior Tutor, Development Director and eight Fellows. 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.
 - b. The Audit Committee, comprising the Master and ten Fellows, which acts as the internal auditors to the accounts, as required by the Statutes of the College. The Audit Committee reports to the Governing Body annually on the financial statements, and also advises the Governing Body on the appointment of external auditors.
 - c. The Investments Committee, consisting of the Master, Bursar and five Fellows. 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.
 - d. The Buildings & Services Committee, consisting of the President, the Bursar, and several other Fellows and departmental heads. The Committee monitors the condition of the College's operational estate and recommends maintenance and improvement projects. It also reports to the Governing Body on Health & Safety and Environmental matters, and on aspects of the domestic services which the College provides to students and others.
 - e. The Fellowships Committee, consisting of the Master, the President, the Senior Tutor and eight other Fellows, makes recommendations for the recruitment of additional Fellows according to the teaching and other needs of the College, and also for the membership of College Committees
 - f. The Education Committee, consisting of the Master, the Senior Tutor and twelve other Fellows, reports to the Governing Body on many aspects of the Educational work of the College and its students.
 - g. The Strategic Policy Committee, which consists of the Master, President, Bursar, Senior Tutor, Development Director and five other Fellows.

A number of additional Committees support the work of the Governing Body in other areas.

5. Registers of Interests are maintained of all Trustees. Declarations of interest are made at all meetings of Committees and of the Governing Body.
6. The College's trustees are listed at the front of these Financial Statements.

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 2013 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

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.

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-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.

ST CATHARINE'S COLLEGE, CAMBRIDGE

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

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 2013 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; 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.

Peters Elworthy & Moore

Peters Elworthy & Moore

Chartered Accountants and Statutory Auditors

CAMBRIDGE

Dated: 15 November 2013

ST CATHARINE'S COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

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.

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.

d. Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. These are stated at their insurance value, which is reviewed annually. Acquisitions since 1 July 2011 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that depreciation would not be material.

ST CATHARINE'S COLLEGE, CAMBRIDGE

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

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.

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 2013

| | Note | 2013 £000 | Restated 2012 £000 |
|--|------|--------------|--------------------------|
| Income | | | |
| Academic fees and charges | 1 | 2,796 | 2,663 |
| Residence, catering and conferences | 2 | 3,798 | 3,803 |
| Endowment income | 3 | 1,490 | 1,421 |
| Unrestricted donations | 4 | 1,067 | 610 |
| Other income | | 76 | 121 |
| Total income | | <u>9,227</u> | <u>8,618</u> |
| Expenditure | | | |
| Education | 5 | 4,297 | 4,307 |
| Residences, catering and conferences | 6 | 4,238 | 4,262 |
| Other expenditure | | 426 | 344 |
| Total expenditure | | <u>8,961</u> | <u>8,913</u> |
| Operating surplus/(deficit) | | 266 | (295) |
| Contribution under Statute G II | | (10) | (18) |
| | | <u>256</u> | <u>(313)</u> |
| Surplus for the year transferred to accumulated income within endowment funds | | (222) | (186) |
| Net surplus/(deficit) | | <u>34</u> | <u>(499)</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 2013

| | Note | Restricted Funds Collegiate Purposes £000 | Unrestricted Funds £000 | Total 2013 £000 | Total 2012 Restated £000 |
|---|------|---|-------------------------------|-----------------------|-----------------------------------|
| Appreciation/(Depreciation) of investment assets | | 1,717 | 1,836 | 3,553 | (554) |
| Retained surplus/(deficit) for the year | | - | 34 | 34 | (499) |
| Unspent endowment fund income | | 205 | 17 | 222 | 186 |
| Unrealised surplus on revaluation of fixed assets | | - | 35 | 35 | - |
| Re-allocations | | (3) | 3 | - | 150 |
| New endowments | | 96 | 220 | 316 | 137 |
| Actuarial (losses) | 16 | - | (652) | (652) | (1,117) |
| Other | | - | - | - | (2) |
| Total recognised gains for the year | | <u>2,015</u> | <u>1,493</u> | <u>3,508</u> | <u>(1,699)</u> |
| Reconciliation | | | | | |
| Opening reserves and endowment as previously stated | | 18,516 | 59,361 | 77,877 | 79,667 |
| Prior year adjustments | 24 | <u>1,095</u> | <u>(162)</u> | <u>933</u> | <u>842</u> |
| Restated opening reserves and endowment | | 19,611 | 59,199 | 78,810 | 80,509 |
| Total recognised gains in the year | | <u>2,015</u> | <u>1,493</u> | <u>3,508</u> | <u>(1,699)</u> |
| Closing reserves and endowments | | <u>21,626</u> | <u>60,692</u> | <u>82,318</u> | <u>78,810</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2013

| | Note | Group 2013 £000 | College 2013 £000 | Restated Group 2012 £000 | Restated College 2012 £000 |
|--|------|-----------------------|-------------------------|-----------------------------------|-------------------------------------|
| Fixed assets | | | | | |
| Tangible Assets | 9 | 47,850 | 47,907 | 44,059 | 44,116 |
| Investments | 10 | 19,928 | 19,928 | 17,659 | 17,659 |
| | | <u>67,778</u> | <u>67,835</u> | <u>61,718</u> | <u>61,775</u> |
| Endowment Assets | 11 | 28,389 | 28,389 | 25,641 | 25,641 |
| Current assets | | | | | |
| Stock | | 210 | 210 | 197 | 197 |
| Investments (deposits) | | - | - | 2,000 | 2,000 |
| Debtors | 12 | 1,174 | 1,115 | 880 | 1,179 |
| Cash | 13 | 1,864 | 1,823 | 3,245 | 3,224 |
| | | <u>3,248</u> | <u>3,148</u> | <u>6,322</u> | <u>6,600</u> |
| Creditors: amounts falling due within one year | 14 | (1,639) | (1,557) | (1,635) | (1,933) |
| Net current assets | | <u>1,609</u> | <u>1,591</u> | <u>4,687</u> | <u>4,667</u> |
| Total assets less current liabilities | | 97,776 | 97,815 | 92,046 | 92,083 |
| Creditors: amounts falling due after more than one year | 15 | (6,000) | (6,000) | (6,000) | (6,000) |
| Net assets excluding pension liability | | <u>91,776</u> | <u>91,815</u> | <u>86,046</u> | <u>86,083</u> |
| Pension liability | 16 | (2,361) | (2,361) | (1,627) | (1,627) |
| Net assets including pension liability | | <u>89,415</u> | <u>89,454</u> | <u>84,419</u> | <u>84,456</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2013 (CONTINUED)

Represented by

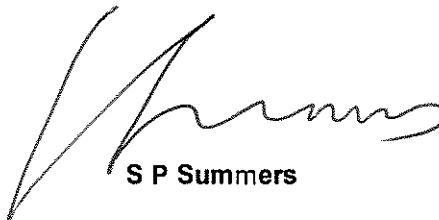
| | | Restricted Funds £000 | Unrestricted Funds £000 | Group Total 2013 £000 | College Total 2013 £000 | Restated Group Total 2012 £000 | College Total 2012 £000 |
|--|----|-----------------------------|-------------------------------|--------------------------------|----------------------------------|--|----------------------------------|
| Deferred capital grants | 17 | 6,644 | 447 | 7,091 | 7,091 | 5,611 | 5,611 |
| Endowments | | | | | | | |
| Expendable endowments | 18 | - | - | - | - | - | - |
| Permanent endowments | 18 | 21,626 | 6,763 | 28,389 | 28,389 | 25,642 | 25,641 |
| Reserves | | | | | | | |
| Pension reserve | | - | (2,361) | (2,361) | (2,361) | (1,627) | (1,627) |
| General reserves | | - | 56,296 | 56,296 | 56,335 | 54,793 | 53,899 |
| | | | 53,935 | 53,935 | 53,974 | 53,166 | 52,272 |
| Total Reserves and Endowments | | 21,626 | 60,698 | 82,324 | 82,363 | 78,808 | 77,913 |
| Total funds | | 28,270 | 61,145 | 89,415 | 89,454 | 84,419 | 83,524 |

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

The accounts on pages 10 to 36 were approved by the Governing body on their behalf by: *8th November 2013* and signed on



Professor Dame J Thomas



S P Summers

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 £000 | Restated 2012 £000 |
|--|-----------------|--------------------------|
| Operating Activities | | |
| Operating surplus/(deficit) | 266 | (295) |
| Depreciation | 813 | 759 |
| Gain on sale of investments | 240 | 204 |
| FRS 17 pension adjustment | 83 | (96) |
| (Increase)/Decrease in stock | (13) | 1 |
| (Increase)/Decrease in debtors | (294) | 301 |
| Increase/(Decrease) in creditors | 12 | (41) |
| Other | (18) | (69) |
| | <u>1,089</u> | <u>764</u> |
| Capital expenditure and financial investment | | |
| Receipts from sale of investment assets | 6,342 | 2,884 |
| Receipts from sale of tangible fixed assets | (35) | - |
| Donations and benefactions | 315 | 137 |
| Receipts from deferred capital accounts | 1,486 | 877 |
| | <u>8,108</u> | <u>3,898</u> |
| Payments to acquire tangible fixed assets | (4,569) | (5,288) |
| Payments to acquire investment assets | (6,009) | (491) |
| | <u>(10,578)</u> | <u>(5,779)</u> |
| Net cash (outflow)/inflow from capital transactions | (2,470) | (1,881) |
| (Decrease) in cash | <u>(1,381)</u> | <u>(1,117)</u> |
| Reconciliation of net cash flow to movement in net liquid assets | | |
| (Decrease) in cash in period | (1,381) | (1,117) |
| Net funds at 1 July 2012 | <u>3,245</u> | <u>4,362</u> |
| Net funds at 30 June 2013 | <u>1,864</u> | <u>3,245</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2013

| | | |
|---|--------------|--------------|
| 1. Academic fees and charges | | |
| | 2013 | 2012 |
| | £000 | £000 |
| College Fees | | |
| Fee income paid on behalf of undergraduates at the Publicity-funded Undergraduate rate (per capita fee £3,951-£4,500) | 1,751 | 1,653 |
| Privately-funded undergraduate fee income (per capita fee £6,500) | 297 | 264 |
| Fee income received at the Graduate fee rate (per capita fee £2,349) | 338 | 298 |
| Other income | 132 | 180 |
| Cambridge Bursary Scheme | 278 | 268 |
| Total | <u>2,796</u> | <u>2,663</u> |
| 2. Residence, catering and conference income | | |
| | 2013 | 2012 |
| | £000 | £000 |
| Accommodation | | |
| College Members | 1,897 | 1,811 |
| Conferences | 566 | 577 |
| Catering | | |
| College Members | 851 | 839 |
| Conferences | 484 | 576 |
| Total | <u>3,798</u> | <u>3,803</u> |
| 3a. Endowment income and investment income | | |
| | 2013 | 2012 |
| | £000 | £000 |
| Transfers from endowment income: | | |
| Freehold land and buildings | 439 | 476 |
| Unit trusts | 283 | 276 |
| Quoted securities | 694 | 511 |
| Cash | 74 | 158 |
| Total | <u>1,490</u> | <u>1,421</u> |
| 3b. Investment management costs: | | |
| | 2013 | 2012 |
| | £000 | £000 |
| Freehold land and buildings | 24 | 30 |
| Unit Trusts | 4 | 4 |
| Quoted securities | 140 | 53 |
| Total | <u>168</u> | <u>87</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

| 4. Donations | 2013 £000 | 2012 £000 |
|--|--------------|--------------------------|
| Unrestricted donations | 1,041 | 610 |
| Released from Deferred Capital Grants | 26 | - |
| Total | <u>1,067</u> | <u>610</u> |
| | | |
| 5. Education expenditure | 2013 £000 | Restated 2012 £000 |
| Teaching | 2,150 | 2,177 |
| Tutorial | 639 | 650 |
| Admissions | 298 | 293 |
| Research | 314 | 322 |
| Scholarships and awards | 634 | 610 |
| Other educational facilities | 262 | 255 |
| Total | <u>4,297</u> | <u>4,307</u> |
| | | |
| 6. Residences, catering and conferences expenses | 2013 £000 | Restated 2012 £000 |
| Accommodation | | |
| College members | 2,226 | 2,242 |
| Conferences | 443 | 465 |
| Catering | | |
| College members | 1,009 | 934 |
| Conferences | 560 | 621 |
| Total | <u>4,238</u> | <u>4,262</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

7a. Analysis of 2013 expenditure by activity

| | Staff Costs £000 | Other Operating Expenses £000 | Depreciation £000 | Total £000 |
|--------------------------------------|---------------------|--|----------------------|---------------|
| Education | 1,841 | 2,228 | 228 | 4,297 |
| Residences, catering and conferences | 1,910 | 1,743 | 585 | 4,238 |
| Other | 136 | 290 | - | 426 |
| | <u>3,887</u> | <u>4,261</u> | <u>813</u> | <u>8,961</u> |

7b. Analysis of 2012 expenditure by activity

| | Staff Costs £000 | Other Operating Expenses £000 | Restated Depreciation £000 | Restated Total £000 |
|--------------------------------------|---------------------|--|----------------------------------|---------------------------|
| Education | 1,854 | 2,236 | 217 | 4,307 |
| Residences, catering and conferences | 1,860 | 1,859 | 543 | 4,262 |
| Other | 142 | 202 | - | 344 |
| | <u>3,856</u> | <u>4,297</u> | <u>760</u> | <u>8,913</u> |

7c. Auditors' remuneration

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Other operating expenses include: | | |
| Audit fees payable to the College's external auditors – 2011 audit | - | 3 |
| Audit fees payable to the College's external auditors – 2012 audit | - | 20 |
| Audit fees payable to the College's external auditors – 2013 audit | 20 | - |
| Other fees payable to the College's external auditors | - | 15 |
| Total | <u>20</u> | <u>38</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

| 8. Staff | College Fellows 2013 £000 | Non Academic 2013 £000 | Total 2013 £000 | Total 2012 £000 |
|---|------------------------------------|---------------------------------|-----------------------|-----------------------|
| Staff costs: | | | | |
| Emoluments | 1,069 | 2,182 | 3,251 | 3,251 |
| Social Security costs | 85 | 140 | 225 | 225 |
| Other pension costs | 155 | 256 | 411 | 380 |
| | <u>1,309</u> | <u>2,578</u> | <u>3,887</u> | <u>3,856</u> |
| Average number of staff (full time equivalent) | | | | |
| Academic | 60 | - | 60 | 59 |
| Non academic | 3 | 101 | 104 | 101 |
| | <u>63</u> | <u>101</u> | <u>164</u> | <u>160</u> |

The Governing Body consists of 66 (2012: 66) College Fellows, of which 63 (2012:62) 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 2013

9. Fixed assets
Group

| | College Buildings and Site £000 | College House and Hostels £000 | Heritage Assets £000 | Assets under construction £000 | Total £000 |
|-----------------------|--|---|----------------------------|--------------------------------------|-------------------|
| Cost/valuation | | | | | |
| At 1 July 2012 | 35,715 | 8,662 | 2,730 | 3,590 | 50,697 |
| Additions | 951 | 59 | - | 3,559 | 4,569 |
| Transfers | 7,050 | - | - | (7,050) | - |
| Revaluation | - | - | 35 | - | 35 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2013 | 43,716 | 8,721 | 2,765 | 99 | 55,301 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Depreciation | | | | | |
| At 1 July 2012 | 5,625 | 1,013 | - | - | 6,638 |
| Provided for the year | 637 | 176 | - | - | 813 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2013 | 6,262 | 1,189 | - | - | 7,451 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net book value | | | | | |
| At 30 June 2013 | 37,454 | 7,532 | 2,765 | 99 | 47,850 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2012 | 30,090 | 7,649 | 2,730 | 3,590 | 44,059 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The insured value of freehold land and buildings as at 30 June 2013 was £136,900,000 (2012: £130,100,000).

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 | Heritage Assets £000 | Assets under construction £000 | Total £000 |
|-----------------------|--|---|----------------------------|--------------------------------------|-------------------|
| Cost/valuation | | | | | |
| At 1 July 2012 | 35,715 | 8,719 | 2,730 | 3,590 | 50,754 |
| Additions | 951 | 59 | - | 3,559 | 4,569 |
| Transfers | 7,050 | - | - | (7,050) | - |
| Revaluation | - | - | 35 | - | 35 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2013 | 43,716 | 8,778 | 2,765 | 99 | 55,358 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Depreciation | | | | | |
| At 1 July 2012 | 5,625 | 1,013 | - | - | 6,638 |
| Provided for the year | 637 | 176 | - | - | 813 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2013 | 6,262 | 1,189 | - | - | 7,451 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net book value | | | | | |
| At 30 June 2013 | 37,454 | 7,589 | 2,765 | 99 | 47,907 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2012 | 30,090 | 7,706 | 2,730 | 3,590 | 44,116 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

9. Fixed assets continued

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

Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. As stated in the statement of principal accounting policies heritage assets are stated at insurance value. The value of the acquisitions have been immaterial in the current and previous four years.

10. Fixed Asset Investments Consolidated and College

| | 2013 | 2012 |
|--|---------------|---------------|
| | £000 | £000 |
| College Expendable Investments (note 11) | 19,928 | 17,659 |
| | <u>19,928</u> | <u>17,659</u> |

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 | 100.00 |
| 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:

| | Principal activity | Capital and reserves | Profit/(loss) |
|--|---------------------------|-----------------------------|----------------------|
| | | 2013 | for the year |
| | | £ | 2013 |
| | | | £ |
| St Catharine's College Development Limited | Development contractor | 100 | - |
| St Catharine's College Events Limited | Functions and events | 18,042 | (2,991) |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

11. Endowment Assets Consolidated and College

| | 2013 £000 | 2012 £000 |
|--|-----------------|-----------------|
| At 1 July | 43,300 | 45,897 |
| Additions | 6,207 | 491 |
| Disposals | (6,296) | (1,082) |
| Appreciation/(Depreciation) on revaluation | 3,448 | (554) |
| Increase/(Decrease) in cash balances held at fund managers | 1,658 | (1,452) |
| At 30 June | <u>48,317</u> | <u>43,300</u> |
| Represented by: | | |
| Freehold property | 9,930 | 9,872 |
| Charities property fund | 3,514 | 3,536 |
| Quoted securities | 25,560 | 27,259 |
| Property income trust | 1,046 | 1,097 |
| Unquoted securities | 5,880 | 807 |
| Cash held for investment | 2,387 | 729 |
| Total | <u>48,317</u> | <u>43,300</u> |
| College Expendable Investments (note 10) | <u>(19,928)</u> | <u>(17,659)</u> |
| | <u>28,389</u> | <u>25,641</u> |

Freehold property was valued at Bidwells Property Consultants, Chartered Surveyors, at open market value at 30 June 2013.

12. Debtors

| | Group 2013 £000 | College 2013 £000 | Group 2012 £000 | College 2012 £000 |
|--------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Trade debtors | 194 | 134 | 162 | 506 |
| Taxation | 120 | 120 | 156 | 105 |
| Other debtors | 51 | 51 | 95 | 94 |
| Prepayments and accrued income | 809 | 810 | 467 | 474 |
| | <u>1,174</u> | <u>1,115</u> | <u>880</u> | <u>1,179</u> |

13. Cash

| | Group 2013 £000 | College 2013 £000 | Group 2012 £000 | College 2012 £000 |
|---------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Short-term deposits | 594 | 594 | 100 | 100 |
| Current account | 1,270 | 1,229 | 3,145 | 3,124 |
| | <u>1,864</u> | <u>1,823</u> | <u>3,245</u> | <u>3,224</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

| 14. Creditors: amounts falling due within one year | Group | College | Group | College |
|--|--------------|--------------|--------------|--------------|
| | 2013 | 2013 | 2012 | 2012 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 440 | 436 | 785 | 785 |
| Taxation and Social Security | 118 | 110 | 115 | 115 |
| Income in advance | 430 | 320 | 406 | 370 |
| Other creditors | 651 | 691 | 329 | 663 |
| | <u>1,639</u> | <u>1,557</u> | <u>1,635</u> | <u>1,933</u> |

| 15. Creditors: amounts falling due after more than one year | Group | College | Group | College |
|---|--------------|--------------|--------------|--------------|
| | 2013 | 2013 | 2012 | 2012 |
| | £000 | £000 | £000 | £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. Interest is payable at a fixed rate of 4.9% per annum.

16. Pension liability Group and College

| | 2013 | 2012 |
|---|--------------|--------------|
| | £000 | £000 |
| Balance at beginning of year | 1,627 | 608 |
| Movement in the year: | | |
| Current service cost including life insurance | 240 | 255 |
| Contributions | (190) | (350) |
| Other finance income/(costs) | 32 | (3) |
| Actuarial loss | 652 | 1,117 |
| Balance at end of year | <u>2,361</u> | <u>1,627</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

17. Deferred capital grants

Group and College

| | Donations 2013 £000 | Group Total 2013 £000 | Donations 2012 £000 | Group Total 2012 £000 |
|---|---------------------------|--------------------------------|---------------------------|--------------------------------|
| Balancing at beginning of year: | | | | |
| Buildings | 5,610 | 5,610 | 4,734 | 4,734 |
| | <u>5,610</u> | <u>5,610</u> | <u>4,734</u> | <u>4,734</u> |
| Grants and donations received: | | | | |
| Buildings | 1,513 | 1,513 | 877 | 877 |
| | <u>1,513</u> | <u>1,513</u> | <u>877</u> | <u>877</u> |
| Released to income and expenditure accounts: | | | | |
| Buildings | (26) | (26) | - | - |
| | <u>(26)</u> | <u>(26)</u> | <u>-</u> | <u>-</u> |
| Balances at end of year: | | | | |
| Buildings | 7,097 | 7,097 | 5,611 | 5,611 |
| | <u>7,097</u> | <u>7,097</u> | <u>5,611</u> | <u>5,611</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 30 JUNE 2013

| 18. Endowments | Unrestricted Permanent £000 | Restricted Permanent £000 | Total 2013 £000 | Total 2012 £000 |
|--|-----------------------------|---------------------------|-----------------|-----------------|
| Group and college | | | | |
| Balance at beginning of year: | | | | |
| As previously stated | 7,125 | 18,516 | 25,641 | 25,488 |
| Prior year adjustment (note 24) | (1,095) | 1,095 | - | - |
| Restated opening balance: | 6,030 | 19,611 | 25,641 | 25,488 |
| Capital and unspent income | 6,030 | 19,611 | 25,641 | 25,488 |
| New endowments received | 220 | 96 | 316 | 299 |
| Income receivable from endowment asset investments | 241 | 747 | 988 | 969 |
| Expenditure | (224) | (542) | (766) | (783) |
| Net transfer from income and expenditure account | 17 | 205 | 222 | 186 |
| Adjustments | - | (3) | (3) | 10 |
| Increase in market value of investments | 496 | 1,717 | 2,213 | (342) |
| Balances at end of year | 6,763 | 21,626 | 28,389 | 25,641 |
| Comprising | | | | |
| Capital and unspent income | 6,763 | 21,626 | 28,389 | 25,641 |
| Representing | | | | |
| Fellowship Funds | 5,441 | 11,391 | 16,832 | 15,255 |
| Prize Funds | 395 | 804 | 1,199 | 1,098 |
| Travel Awards | 574 | 298 | 872 | 700 |
| Home Business | 202 | 3,260 | 3,462 | 3,140 |
| Graduate Bursaries | - | 1,930 | 1,930 | 1,776 |
| Overseas Bursaries | - | 3,581 | 3,581 | 3,211 |
| Grants | 151 | 234 | 385 | 348 |
| Other Funds | - | 128 | 128 | 113 |
| General endowments | - | - | - | - |
| Group Total | 6,763 | 21,626 | 28,389 | 25,641 |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

19. Reserves

| Group and College | 2013 Total | 2012 Total |
|--|---------------|---------------|
| | £000 | £000 |
| Opening balance as previously stated | 52,234 | 54,177 |
| Prior year adjustment (note 24) | 933 | 842 |
| Restated opening balance | 53,167 | 55,019 |
| Surplus/(Deficit) retained for the year | 34 | (661) |
| Actuarial (loss) | (652) | (1,117) |
| Increase/(Decrease) in market value of investments | 1,342 | (212) |
| Surplus on revaluation of fixed assets | 35 | - |
| Re-allocations | 3 | 138 |
| Balance at end of year | 53,929 | 53,167 |

20. 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.

21. Capital commitments

Commitments contracted for at 30 June 2013.

The group has entered into contracts for work on the College buildings at an expected total cost of £1,924,140 (2012: £4,534,400).

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 (2012: \$1,000,000) of which US \$717,500 (2012: \$717,500) had already been paid at 30 June 2013.

The group has entered into other collective investment schemes through investment managers. The maximum level of participation will not exceed US \$3,000,000 (2012: \$2,250,000) and €70,000 (2012: €70,000), of which US \$1,936,875 (2012: \$1,769,000) and €55,195 (2012: €54,000) has already been paid.

22. 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 £411,000 (2012: £308,000). This includes £42,000 (2012: £46,000) outstanding contributions at the balance sheet date.

Universities Superannuation Scheme

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

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

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. The actuary also carries out regular reviews of the funding levels. In particular, the actuary carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 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.

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.

22. Pension schemes (continued)

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 valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

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.

Cost sharing - if the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

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%.

22. Pension schemes (continued)

The actuary has estimated that the funding level as at 31 March 2013 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 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. As estimate of the funding level measured on a historic gilts basis at the date was approximately 55%.

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.

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 2013, USS had over 148,000 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.

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:

| | 2013 % p.a. | 2012 % p.a. |
|--|----------------|----------------|
| Discount rate | 4.6 | 4.7 |
| Expected long-term rate of return on Scheme assets | 6.2 | 5.6 |
| Salary inflation assumption | 2.8* | 2.2** |
| Inflation assumption: | | |
| Retail Prices Index (RPI) assumption | 3.3 | 2.7 |
| Consumer Prices Index (CPI) assumption | 2.3 | 1.7 |
| Pension increases (RPI linked) | 3.3 | 2.7 |

* 1.5% in 2012 and 2013, 2.8% thereafter

** 1.5% in 2012 and 2013, 2.2% thereafter

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

22. Pension schemes (continued)

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 2012 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements has been updated from 2012 when the CMI 2011 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.0 years (previously 21.9 years)
- Female age 65 now has a life expectancy of 24.2 years (previously 24.1 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.9 years (previously 22.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 25.3 years)

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

| | Long term rate of return expected at 30 June 2013 % | Value as at 30 June 2013 £000 | Long term rate of return expected at 30 June 2012 % | Value as at 30 June 2012 £000 |
|--------------------------|---|--|---|--|
| Equities and Hedge Funds | 7.0 | 3,686 | 6.4 | 3,182 |
| Cash and bonds | 4.0 | 1,301 | 3.7 | 1,205 |
| Property | 6.0 | 434 | 5.4 | 434 |
| Total | | <u>5,421</u> | | <u>4,821</u> |

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

| | 2013 £000 | 2012 £000 | 2011 £000 | 2010 £000 |
|--|----------------|----------------|----------------|----------------|
| Total value of assets | 5,421 | 4,821 | 5,292 | 4,438 |
| Present value of defined benefit obligation liabilities | <u>(7,782)</u> | <u>(6,448)</u> | <u>(5,900)</u> | <u>(6,058)</u> |
| Net pension liability | <u>(2,361)</u> | <u>(1,627)</u> | <u>(608)</u> | <u>(1,620)</u> |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

22. Pension schemes (continued)

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening defined benefit obligation | 6,448 | 5,900 |
| Service cost (including Member contributions) | 270 | 283 |
| Interest cost | 305 | 324 |
| Actuarial losses/(gains) | 955 | 200 |
| Benefits paid | (196) | (259) |
| Closing defined benefit obligation | 7,782 | 6,448 |

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Changes in the fair value of the Scheme assets are as follows: | | |
| Opening fair value of Scheme assets | 4,821 | 5,292 |
| Expected return | 273 | 328 |
| Actuarial gains | 304 | (917) |
| Contributions by employer | 190 | 350 |
| Contributions by members (including AVCs) | 29 | 27 |
| Benefits and expenses paid | (196) | (259) |
| Closing fair value of assets | 5,421 | 4,821 |

The agreed contributions to be paid by the College for the forthcoming year is 10.04% of Contribution Pay for non salary sacrifice members, (19.04% of Contribution Pay for salary sacrifice members) plus £16,291 p.a. to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| The amounts recognised in the income and expenditure account are as follows: | | |
| Current service cost (excluding Member contributions) | 241 | 256 |
| Interest on pension scheme liabilities | 305 | 324 |
| Expected return on pension scheme assets | (273) | (327) |
| Total | 273 | 253 |
| Actual return on Scheme assets | 577 | (590) |

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

22. Pension schemes (continued)

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

| | 2013 £000 | 2012 £000 |
|---|----------------|----------------|
| Cumulative actuarial loss at beginning of period | (1,202) | (86) |
| Recognised during the period | (652) | (1,116) |
| Cumulative actuarial loss at end of period | (1,854) | (1,202) |

The movement in deficit during the year are as follows:

| | 2013 £000 | 2012 £000 |
|---|----------------|----------------|
| Deficit in Scheme at beginning of year | (1,627) | (608) |
| Service cost (employer only) | (241) | (256) |
| Contributions paid by the College | 190 | 350 |
| Finance cost | (31) | 4 |
| Actuarial gains/(losses) | (652) | (1,117) |
| Deficit in Scheme at the end of the year | (2,361) | (1,627) |

Amounts for the current and previous four periods are as follows

| | 30 June 2013 £000 | 30 June 2012 £000 | 30 June 2011 £000 | 30 June 2010 £000 | 30 June 2009 £000 | 30 June 2008 £000 |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Defined benefit obligation | (7,782) | (6,448) | (5,900) | (6,058) | (5,079) | (4,744) |
| Plan Assets | 5,421 | 4,821 | 5,292 | 4,438 | 3,668 | 3,615 |
| Deficit | (2,361) | (1,627) | (608) | (1,620) | (1,411) | (1,129) |

| | 30 June 2013 £000 | 30 June 2012 £000 | 30 June 2011 £000 | 30 June 2010 £000 | 30 June 2009 £000 | 30 June 2008 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Actual return less expected return on Scheme assets | 304 | (917) | 346 | 267 | (527) | (444) |
| Experience gain/(loss) arising on Scheme liabilities | 53 | (127) | 2 | 213 | (229) | 84 |
| Change in assumptions underlying present value of Scheme liabilities | (903) | (73) | 650 | (755) | 286 | (163) |

22. Pension schemes (continued)

Church of England Funded Pension Scheme

The College participates in the Church of England Funded Pensions Scheme and employs one member of the Scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the 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 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 4.4% pa on gilts and 5.9% pa on equities;
- RPI inflation of 3.8% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.8% pa; and
- Post-retirement mortality in accordance with 80% of the S1NA tables, with allowance made for improvements in mortality rates from 2003 according to the "medium cohort" projections, and subject to a minimum annual improvement of 1.5% for males and 1.0% for females.

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

Following the results of the 2009 valuation, changes were made to benefits being built up in the Scheme from 1 January 2011 and the College's contribution rate was set at 38.2% of pensionable stipends (of which 14.7% is in respect of the £262m shortfall in the Scheme and 23.5% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2012.

23. 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 2013 have been consolidated.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

24. Prior year adjustments

The College has adopted a new accounting policy for rare books, silver and works of art. These assets have been reclassified as Heritage assets and as such are no longer depreciated. Previously they were depreciated over a period of 30 years.

The College has also carried out a review of the uses of its endowment funds and as a result there have been some reclassifications between restricted and unrestricted endowments.

The effect of these changes on opening reserves is as follows:

| | Unrestricted Permanent £000 | Restricted Permanent £000 | Reserves £000 | 2013 Total £000 | 2012 Total £000 |
|---------------------------------------|-----------------------------------|---------------------------------|------------------|-----------------------|-----------------------|
| Opening reserves as previously stated | 7,125 | 18,516 | 52,236 | 77,877 | 79,667 |
| Reclassification between endowments | (1,095) | 1,095 | - | - | - |
| Heritage assets | - | - | 933 | 933 | 842 |
| Opening reserves as restated | <u>6,030</u> | <u>19,611</u> | <u>53,169</u> | <u>78,810</u> | <u>80,509</u> |

The effect of the prior year adjustments on the deficit for the year ended 30 June 2012 is as follows:

| | 2012 £000 |
|---|--------------|
| Operating deficit for the year as previously stated | (385) |
| Depreciation on heritage assets | 90 |
| Restated operating deficit for the year | <u>(295)</u> |