QUEENS' COLLEGE, CAMBRIDGE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

QUEENS' COLLEGE, CAMBRIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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QUEENS' COLLEGE, CAMBRIDGE

GOVERNANCE OF THE COLLEGE

FOR THE YEAR ENDED 30 JUNE 2008

The College has the following aims:

- to support a community of Fellows and students
- to achieve excellence in education at both undergraduate and postgraduate levels
- to promote academic research of the highest quality by Fellows and postgraduate students
- to maintain and enhance the endowments and benefactions, historic buildings and grounds of the College for the benefit of future generations.

Remaining an independent foundation, forming part of a collegiate university, is fundamental to the College's long-term strategy.

The College is a corporate body consisting of the President, the Fellows and the Scholars. It is an exempt charity, with its registered office at Silver Street, Cambridge, CB3 9ET. The Governing Body, which consists of the President and the Fellows with four student members, holds at least six meetings each year. The President, Professorial Fellows and Official Fellows are the voting members of the Governing Body.

The Bursarial Committee, consisting of the President, the Bursars, the Senior Tutor and four Fellows oversees the financial management of the College in accordance with the College Statutes, under the overall direction of the Governing Body. In accordance with the College Statutes, the Senior Bursar, advised by the Bursarial Committee is responsible for the financial management of the College, subject to the overall direction of the Governing Body.

QUEENS' COLLEGE, CAMBRIDGE

RESPONSIBILITIES OF THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2008

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

The Bursarial Committee has day to day responsibility, under the overall direction of the Governing Body, for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University, for approval by the Governing Body.

In causing the financial statements to be prepared, the Governing Body has sought to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

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.

QUEENS' COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS

FOR THE YEAR ENDED 30 JUNE 2008

The names of the members of the Governing Body were as follows. Only the President, Professorial Fellows and Official Fellows are voting members in most circumstances.

President
Lord Eatwell

Life Fellows
Mr D Parmée
Prof. Sir Derek Bowett
Prof. A C Spearing
Prof A Singh
Dr B A Callingham
Prof. J E Carroll
Prof. P G Stein
Revd Dr B L Hebblethwaite
Dr J T Green
Dr T H Coaker
Dr W A Phillips
Revd Dr B I Bradshaw
Prof A. N. Hayhurst
Prof. P Spufford
Dr C J Pountain
Prof. Lord Oxburgh
Revd Canon J C Polkinghorne
Prof. J E Baldwin

Professorial Fellows
Prof. J Diggle
Prof. J Tiley
Prof. P H Haynes
Prof. E A H Hall
Prof. D A King
Prof. A N Lasenby
Prof. D.K. Menon
Prof. R W Prager

Official Fellows
Dr R D H Walker
Dr A D Cosh
Prof. R R Weber
Prof. J A Jackson
Mr R G Fentiman
Revd Dr J M Holmes
Prof. D Cebon
Dr H J Field
Prof R L Jones
Dr K F Priestley
Dr C N Pitelis
Dr E G Kahrs
Dr A H Gee
Prof D R Ward
Prof J L Scott
Revd Canon Dr F N Watts
Mr L A Bollom
Dr J W F Allison
Dr B J Glover
Dr M J Milgate
Dr R A W Rex
Dr A M W Glass
Dr I K Patterson
Dr C E Bryant
Dr M P V Crowley
Dr J C Muldrew
Dr J W P Campbell
Dr H R N Jones
Dr M J Dixon
Dr A C Thompson
Dr J R Gog
Dr A A Seshia
Prof E M Terentjev
Dr D M Henderson
Dr I Sitaridou
Dr A Zurcher
Mr J Spence
Dr J Russell
Dr M Petraglia
Prof. A M Gamble
Mr G J McShane [1]
Dr A Perreau-Saussine [1]
Dr M Edmonds [1]
Dr G Fraser [1]
Dr H J Stone [1]
Dr J J Maguire [1]

Bye-Fellows
Mr S N Bridge
Dr A D Challinor
Dr G H Treece
Dr K Gill
Dr R J Smith
Dr A M C Odhams
Dr C Smith
Dr I R McDaniel
The Very Revd. C G Whittall [2]
Dr O J Arthurs [1]

Research Fellows
Dr J Lovell
Dr C G Wilkins
Dr J C Wilmott [3]
Dr S Crangle
Dr T T Berger
Dr A M Rossi
Dr F Brittan
Dr N J S Gibson [1]
Dr A Dimitrijevics [1]
Dr C R Müller [1]

[1] From 1st October 2007
[2] Until 31 Dec 2007
[3] Official Fellow from 1 Oct 07

Bursarial Committee

Lord Eatwell, President
Professor R L Jones, Vice President
Mr J Spence, Senior Bursar
Dr R D H Walker, Junior Bursar
Dr M J Milgate, Senior Tutor
Mr L A Bollom, Steward
Dr J M Holmes
Dr C N Pitelis
Dr A H Gee

Auditors

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

Bankers

National Westminster Bank plc
23 Market Street
Cambridge
CB2 3PA

Investment Fund Managers

Lazard Asset Management Limited
50 Stratton Street
London, W1J 8LL

QUEENS' COLLEGE, CAMBRIDGE

FINANCIAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2008

These accounts demonstrate that Queens' College continues to succeed in its goals of providing a first class educational and research environment to undergraduates, graduate students and fellows alike, whilst also living within its means. For much of those means we are indebted to many generations of benefactors, large and small. As I noted last year, if, in the future, we are to sustain the leading role of Queens' in the University, new investments will be necessary in the fabric of the College, as well as in our people.

The College achieved an operating surplus, before transfers, of £451,509, as set out in the Income & Expenditure Account on page 13. This is a 8.8% increase on last year's surplus. This surplus is achieved after charging depreciation of £829,000, some 19% greater than last year, reflecting the increase in our fixed assets following substantial investment in the College Estate. After transfers to income within restricted funds of £222,492 and the contribution to the Colleges' Fund of £20,066, our net surplus is £208,951, which is lower than we would like. During the year the College decided to come into line with the other Colleges and adopt in full the provisions of the FRS17 accounting standard in respect of its pension liabilities; this has led to a restatement of the results for 2007.

The turmoil in the financial markets has inevitably affected the College's investment portfolio. After completing the development of the additional floor for the Cripps building, which has increased our fixed assets, our net assets have reduced from £69.3 million to £64.9 million. The College, as a long term investor, has a medium risk appetite for the management of its investments. At 30th June the investment assets were allocated in equities (53%), cash, gilts and bonds (23%) and the balance in recognised alternative asset classes such as property, private equity and absolute return funds.

The College's principal objective of providing a world class education to its undergraduates and graduate students places a heavy burden on resources. In 2008 the College spent £3,462,000 on educating 493 undergraduates, through the intensive support provided by Directors of Studies, Supervisors and Tutors, and on supporting nearly 300 graduate students. Our academic income was only £2,345,000, leaving the balance of £1,117,000 to be found from the College's own resources, including from the generosity of our old members. We are very aware that to continue to sustain our academic excellence we must use our resources wisely and run the College in as efficient a way as possible.

The College is most grateful for the many donations and bequests from Queens' members and their families, from Fellow Benefactors and other well-wishers, totalling £510,000 which includes donations for the Queens' College Boat Club and other separate trusts. In addition, in the year ended 30th June 2008, the College has been notified of new legacies in favour of Queens' from 48 members, which brings the total of notified legacies to 264. I cannot emphasise enough how important such donations are for the future of the College, both for maintaining and developing our academic excellence and for maintaining and developing further the College's facilities. In particular, we do need to raise funds for our core endowment to support our educational goals.

These accounts indicate that Queens' manages its resources well during challenging times. I believe members can support the College with confidence.

John Eatwell

We have audited the financial statements which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

The Governing Body's responsibilities for preparing the Report of the Governance of the College and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governing Body.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College is not disclosed.

We read other information contained in the Report of the Governance of the College and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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 the information in the financial statements.

Opinions

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 30 June 2008 and of the surplus of the College for the year then ended; and

- have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

In our opinion the contribution due from the College to the University has been correctly computed in accordance with the provisions of Statute G, II of the University of Cambridge.

PETERS ELWORTHY & MOORE
Chartered Accountants and
Registered Auditor

CAMBRIDGE
3rd October 2008

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets, and in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable Accounting Standards.

In addition, the financial statements comply with the Statement of Recommended Practice for accounting in Further and Higher Education (the SORP) with the exception of the Balance Sheet, which has been presented in the different format as set out in the relevant section of the Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require endowments, deferred grants and revaluation reserves to be disclosed on the face of the Balance Sheet, whereas RCCA requires that part of this information be disclosed in Notes to the Accounts.

All of the income and expenditure carried out by the College during this accounting period was for collegiate purposes.

Basis of consolidation

A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary company is a conference and banqueting trading company which donates its profits to the College each year. The balance sheet for the College alone would not be materially different to the one included in the accounts.

Recognition of income

Income from the investment of restricted funds is included in the Income and Expenditure Account to the extent of the expenditure incurred during the year, together with any related contributions to overhead costs. All income from short-term deposits and the investment of unrestricted funds is credited to the Income and Expenditure Account on a receivable basis. Donations and benefactions are included in the Income and Expenditure Account only when they are not added to capital funds, but used for current expenditures.

Pension schemes

Pension costs are assessed on the latest actuarial valuation of the final salary scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees’ services.

Tangible fixed assets

a. Land and buildings

Land and buildings held for operational purposes are stated at cost. Freehold buildings are depreciated on a straight-line basis over the expected useful economic life of 50 years. Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised as part of the cost of those assets.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June.

b. Maintenance and Renewal of premises

Major refurbishments of buildings are treated as capital expenditures and are depreciated over a twenty-year period.

c. Furniture, fittings and equipment

Furniture, fittings and equipment are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	33⅓% per annum

d. Rare books, silver, works of art and other assets not related to education

Rare books, silver, works of art and other assets not related to education, which are deemed to be inalienable, are not included in the balance sheet. Where such assets are acquired with the aid of specific bequests or donations they are capitalised as above. The related benefactions are credited to expendable capital.

The disposal of fixed assets is deemed to occur at the end of their expected useful life.

Investments

Quoted investments are included in the balance sheet at market value. Unquoted investments based on land and property are valued by Bursar's estimate calculated on the basis of capitalised income. Other unquoted investments are valued on the basis of the net invested sum.

Stocks

Stocks are valued at the lower of cost and net reliable 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. No material sums were recorded this year.

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College received 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 GII 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.

Rounding adjustments

The figures appearing in these accounts are rounded to the nearest whole pound. At times this will give the appearance that a set of figures do not add up correctly, but this is not the case when the pence are taken into account.

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT

FOR YEAR ENDED 30 JUNE 2008

		2008	**2007 (As restated)**
		£	£
INCOME	Note		
Academic fees & charges	1	2,345,482	2,303,807
Residences, catering and conferences	2	3,975,627	3,362,886
Endowment income	3	1,835,548	1,856,626
Donations and Benefactions		114,050	117,826
Other income		92,034	87,927
Total income		8,362,741	7,729,072
EXPENDITURE			
Education	4	3,462,513	3,251,009
Residences, catering and conferences	5	3,933,483	3,615,233
Other expenditure		515,236	448,094
Total expenditure		7,911,232	7,314,336
OPERATING SURPLUS		451,509	414,737
Contribution to Colleges' Fund	6	20,066	105,282
		431,443	309,456
Transfer to income within restricted funds		222,492	202,715
NET SURPLUS		208,951	106,741

All of the activities of the College are classified as continuing.

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR YEAR ENDED 30 JUNE 2008

		Unrestricted funds		**2008**	**2007**
	Restricted funds	**Designated**	**Undesignated**	**Total**	**Total (As restated)**
	£	£	£	£	£
Net surplus before transfers	-	131,696	77,255	208,951	106,741
Appreciation (depreciation) of investment assets (Note 9)	(2,435,156)	(1,637,380)	(1,246,630)	(5,319,165)	3,597,232
Donations and benefactions	58,688	337,969	-	396,656	1,764,446
Unspent income retained by restricted funds	222,492	-	-	222,492	202,715
Transfer to buildings renewals	-	421,546	(421,546)	-	-
Actual return less expected return on pension scheme assets	-	-	(451,213)	(451,213)	(8,425)
Experience gains & losses arising on scheme liabilities	-	-	(123,254)	(123,254)	117,566
Changes in assumptions underlying the present value of scheme liabilities	-	-	614,366	614,366	377,086
Other transfers between Funds	-	(2,269,503)	2,269,503	-	-
Total recognised gains/(losses) for the year	(2,153,976)	(3,015,673)	718,482	(4,451,167)	6,157,361
Balance at start of year					
As previously reported	20,057,393	22,221,050	28,007,680	70,286,123	64,661,773
Prior year adjustment	-	-	(932,198)	(932,198)	(1,465,208)
As restated	20,057,393	22,221,050	27,075,482	69,353,925	63,196,565
Balance at end of year	17,903,417	19,205,377	27,793,964	64,902,758	69,353,925

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008	2007 (As restated)
		£	£
FIXED ASSETS			
Tangible assets	8	13,547,850	11,564,616
Investments	9	52,480,682	58,368,532
		66,028,532	69,933,148
CURRENT ASSETS			
Stocks		368,661	396,330
Debtors	10	558,361	1,592,619
Cash		85,612	(416,736)
		1,012,634	1,572,214
Creditors: amounts falling due within one year	11	1,306,304	1,219,239
Net Current (Liabilities) Assets-excluding pension liability		(293,670)	352,975
Pension Liability		(832,104)	(932,198)
TOTAL NET ASSETS		64,902,758	69,353,925

CAPITAL AND RESERVES	12	Income/ Expendable capital funds	Permanent capital funds	As at 30 June 2008	As at 30 June 2007
Restricted funds held for collegiate purposes		5,897,902	12,005,515	17,903,417	20,057,393
Restricted funds held for non-collegiate purposes		0	0	0	0
Unrestricted funds (excluding pension asset/liability)		28,015,753	19,815,692	47,831,445	50,228,730
Pension reserve		(832,104)	0	(832,104)	(932,198)
TOTAL FUNDS	13	33,081,551	31,821,207	64,902,758	69,353,925

These accounts were approved by the Governing Body on 3rd October 2008 and signed on their behalf by

Lord Eatwell
President

Jonathan Spence
Senior Bursar

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE 2008

	Note	2008	2007 (As restated)
		£	£
OPERATING ACTIVITIES			
Operating surplus		451,509	414,737
Less: Investment income and donations		(1,949,598)	(1,974,452)
Adjusted deficit		(1,498,089)	(1,559,715)
Depreciation	8	829,398	696,003
Movement in pension deficit/surplus		(60,195)	(46,783)
(Increase)/decrease in stocks		27,669	33,479
(Increase)/decrease in debtors	10	1,034,259	(518,371)
Increase/(decrease) in creditors	11	87,065	178,814
Net cash inflow/(outflow) from operating activities		420,107	(1,216,573)
RETURNS ON INVESTMENTS			
Freehold land and buildings	3	265,023	266,880
Dividends and interest	3	1,570,525	1,589,747
Profit on sale of investments	3	0	0
Net cash inflow/(outflow) from returns on investment		1,835,548	1,856,626
CONTRIBUTION TO COLLEGES' FUND	6	(20,066)	(105,282)
CAPITAL TRANSACTIONS AND FINANCIAL INVESTMENT			
Receipts from sales of investment assets	9	17,190,653	24,717,027
Donations and benefactions		510,706	1,882,272
Total capital receipts		17,701,359	26,599,299
Payments to acquire tangible fixed assets	8	(2,812,632)	(4,455,032)
Payments to acquire investment assets	9	(16,621,968)	(22,944,027)
Total capital expenditure		(19,434,600)	(27,399,059)
Net cash inflow/(outflow) from investing activities		(1,733,241)	(799,760)
NET CASH INFLOW/(OUTFLOW)		502,348	(264,989)
Net liquid funds at start of year		(416,736)	(151,747)
Net liquid funds at end of year		85,612	(416,736)

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

1 ACADEMIC FEES AND CHARGES	**2008**	**2007**
Publicly funded	£	£
Undergraduates	1,437,348	1,484,526
Postgraduates	183,645	137,289
Graduates	56,133	73,902
Not publicly funded		
Undergraduates	185,424	157,901
Postgraduates	19,315	40,268
Graduates	463,617	409,920
Total	2,345,482	2,303,807

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

Accommodation:	College members	1,929,896	1,727,710
	Conferences and banquets	522,905	367,687
Catering:	College members	601,469	511,063
	Conferences and banquets	921,358	756,426
Total		3,975,627	3,362,886

3 ENDOWMENT INCOME			**2008**	**2007**
	Income from restricted funds	**Income from unrestricted funds**	Total	Total
	£	£	£	£
Income from:				
Freehold land and buildings	-	265,023	265,023	266,880
Dividends and interest	574,338	996,187	1,570,525	1,589,747
Total	574,338	1,261,210	1,835,548	1,856,626
Endowment income liable to Contribution (Note 6)			1,284,622	1,389,132
Endowment income not liable to Contribution			550,926	467,494
			1,835,548	1,856,626

4 EDUCATION EXPENDITURE	**2008**	**2007**
	£	£
Teaching	1,797,976	1,637,099
Tutorial	698,853	672,465
Admissions	292,828	259,362
Research	191,376	219,564
Scholarships and awards	119,149	96,653
Other educational facilities	362,331	365,866
Total	3,462,513	3,251,009

5 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

Accommodation:	College members	1,470,060	1,421,354
	Conferences and banquets	770,163	733,168
Catering:	College members	815,672	729,107
	Conferences and banquets	877,589	731,603
Total		3,933,483	3,615,233

6 CONTRIBUTION TO COLLEGES' FUND

	2008	2007
	£	£
External Revenue income subject to contribution:		
Property income	265,023	266,880
Interest and dividends	121,823	211,442
	386,846	478,322
Income from Trust and Other funds subject to contribution	897,776	910,811
ASSESSABLE INCOME	**1,284,622**	**1,389,132**
Less: Deductible items		
Half sums paid to scholars, exhibitioners, research students	30,692	20,959
Prizes	8,420	8,752
Half of Chapel maintenance	7,934	8,730
Net expenditure on the Library	126,825	106,105
College Teaching Officers	226,102	147,231
Research Fellows	100,218	133,597
Building Fund G II 4 vii (Note 19)	250,000	216,000
Other deductible items	-	-
NET ASSESSABLE INCOME	**534,430**	**747,759**
Assessment: (2007)		
£300,000 @ 2% (2%)	6,000	6,000
£234,430 @ 6% (6%)	14,066	18,000
£0 @ 11% (12%)	-	17,731
Contribution payable	**20,066**	**41,731**

7 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs (note 16)	Other expenses	Depreciation	2008 Total	2007 Total
	£	£	£	£	£
Education (note 4)	1,951,215	1,199,197	312,101	3,462,513	3,251,009
Residences, catering and conferences (note 5)	1,861,568	1,554,619	517,297	3,933,483	3,615,233
Other	198,420	316,815	0	515,236	448,094
	4,011,203	3,070,631	829,398	7,911,232	7,314,336

	2008	2007
Cost of the Alumni and Development Office (including fundraising and Alumni relations)	282,560	270,736

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Furniture, fittings and equipment	2008 Total	2007 Total
	£	£	£	£
COST				
As at 1 July 2007	17,558,053	1,031,553	18,589,607	14,191,837
Disposals at cost	-	123,159	123,159	57,262
Additions at cost	2,260,344	552,287	2,812,632	4,455,032
Cost as at 30 June 2008	19,818,398	1,460,682	21,279,079	18,589,607
DEPRECIATION				
As at 1 July 2007	6,539,143	485,848	7,024,990	6,386,250
Eliminated on disposal	-	123,159	123,159	57,262
Charge for the year	573,696	255,702	829,398	696,003
Depreciation as at 30 June 2008	7,112,839	618,391	7,731,229	7,024,990
NET BOOK VALUE				
as at 30 June 2008	12,705,559	842,291	13,547,850	11,564,616
as at 30 June 2007	11,018,910	545,706	11,564,616	7,805,587

Certain historic buildings and other inalienable assets are stated at nil value.

The insured value of all the College's operational buildings as at 30 June 2008 was £113m (2007: £110m).

9 INVESTMENT ASSETS

	2008	2007
	£	£
Market value at start of year	58,368,532	56,544,300
Less: disposals proceeds	17,190,653	24,717,027
Less: impairment on unquoted securities	0	(416,000)
Add: acquisitions at cost	16,621,968	22,944,027
Add (Less): net gain (loss) on revaluation	(5,319,165)	3,597,232
Market value at end of year	52,480,682	58,368,532
Represented by:		
Land, buildings and other property	5,264,000	5,051,810
Quoted securities – equities	28,375,000	35,125,289
Quoted securities - fixed interest	7,319,000	9,024,090
Unquoted securities – equities	6,594,543	4,407,147
Cash held for reinvestment	4,928,139	4,760,196
Total	52,480,682	58,368,532

10 DEBTORS

	2008	2007
	£	£
Catering & conference debtors	79,427	169,047
Other debtors	478,934	1,423,572
	558,361	1,592,619

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Caution monies	170,325	157,313
Student balances	28,123	30,710
Receipts in advance	273,588	260,517
Contribution to Colleges Fund	20,066	41,731
Other creditors	814,203	728,967
	1,306,304	1,219,239

12 CAPITAL AND RESERVES

	Expendable capital funds	Permanent capital funds	Total 2008	Total 2007 (As restated)
	£	£	£	£
Restricted funds				
Trust funds	5,897,902	12,005,515	17,903,417	20,057,393
Unrestricted funds				
Designated funds	19,045,665	159,713	19,205,377	22,221,050
Undesignated funds:	2,063,361	19,655,979	21,719,340	20,131,050
General capital	6,906,727	0	6,906,727	7,876,631
Pension reserve	(832,104)	0	(832,104)	(932,198)
	33,081,551	31,821,207	64,902,758	69,353,925

Definition of Terms

Restricted funds – funds, 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.

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

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

Undesignated funds – funds, the income of which may be used for any purpose.

General capital - capital which can be used for revenue purposes.

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

Expendable capital - a fund which the Governing Body of the College has no obligation to retain as capital and the whole of which may therefore be expended.

Trust fund – a fund, the use of which is governed by the terms of a trust deed or an implied trust.

13 MOVEMENTS IN CAPITAL AND RESERVES

	Balance at the start of the year (As restated)	Increase or (Decrease) in the year	Balance at the end of the year
	£	£	£
Restricted funds			
Expendable capital	6,524,803	(626,901)	5,897,902
Permanent capital	13,532,590	(1,527,075)	12,005,515
Unrestricted funds			
Designated, expendable capital	22,038,887	(2,993,222)	19,045,665
Undesignated, expendable capital	10,167,190	(1,197,102)	8,970,088
Designated permanent capital	182,163	(22,450)	159,713
Undesignated permanent capital	17,840,490	1,815,489	19,655,979
Pension reserve	(932,198)	100,094	(832,104)
	69,353,925	(4,451,167)	64,902,758

14 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Undesignated	Designated Restricted	Designated Unrestricted	**Total 2008**	**Total 2007**
	£	£	£	£	£
Fellowships Funds	0	9,138,431	2,420,113	11,558,544	13,063,952
Scholarships and Prizes Funds	0	2,775,391	6,023	2,781,414	3,141,708
Bursary Funds	0	3,156,328	860,064	4,016,392	4,439,397
Other Funds	28,855,878	2,833,267	15,689,368	47,378,513	49,641,066
Pension Reserve	(832,104)	0	0	(832,104)	(932,198)
Total	28,023,774	17,903,417	18,975,567	64,902,758	69,353,925

15 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed assets	Investment assets	Net current assets	Pension liability	**Total 2008**	**Total 2007 (As restated)**
Restricted funds	£	£	£	£	£	£
Expendable capital	-	5,897,902	-	-	5,897,902	6,524,803
Permanent capital	-	12,005,515	-	-	12,005,515	13,532,590
Unrestricted funds						
Designated, expendable capital	1,020,192	18,527,511	(502,038)	-	19,045,665	22,038,887
Expendable capital	-	8,964,533	5,555	-	8,970,088	10,167,190
Permanent capital	12,522,607	7,090,272	202,813	-	19,815,692	18,022,653
Pension reserve	-	-	-	(832,104)	(832,104)	(932,198)
Total at end of year	13,542,799	52,485,733	(293,670)	(832,104)	64,902,758	69,353,925
Total at start of year	11,564,616	58,368,532	352,975	(932,198)	69,353,925	64,661,773

QUEENS' COLLEGE, CAMBRIDGE
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16 STAFF COSTS

	College Fellows	Other academic	Non-academic	**Total**	**Total**
				2008	**2007**
	£	£	£	£	£
Full employment cost	1,034,325	179,197	2,797,681	4,011,203	3,639,947
of which:					
Emoluments	862,219	179,197	2,264,071	3,305,487	2,934,231
Social security	60,158	0	156,619	216,777	216,777
Pension	111,948	0	376,991	488,939	488,939
Average staff numbers (full-time equivalents)	18.7	n.a.	105.0	123.7	123.8
Number of Fellows (Michaelmas Term, FTEs)					
President and Professors				17	17
University Teaching Officers				26	26
College Teching Officers				4	4
Bye Fellows				8	8
Research Fellows				7	7
College Administrative Officers				4	4

No employee earned over £70,000 in this year

17 CAPITAL COMMITMENTS

At 30 June 2008 future capital expenditure authorised and committed amounted to £1.4m (2007 - £1m)

18 RELATED PARTIES

The College maintains a Register of Interest for all Fellows and College employees with spending authority. It is updated every six months and during the year to 30th June 2008 it reveals that no material events occurred.

19 BUILDING FUND UNDER STATUTE GII, 4(vii)	**2008**	**2007**
	£	£
Balance at start of the year	4,666,591	4,113,736
Transfer	250,000	216,000
Investment income	89,813	89,341
Capital appreciation	(313,976)	247,514
- Expenditure	0	0
Balance at end of the year	4,692,427	4,666,591

20 ESTATES REPAIRS AND IMPROVEMENTS FUND	**2008**	**2007**
	£	£
Balance at start of the year	992,432	941,880
Transfer	50,092	50,552
- Expenditure	(2,428)	0
Balance at end of the year	1,040,096	992,432

21 PENSION SCHEMES

Universities Superannuation Scheme

The College participates in the University 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 reliable basis and therefore, as required by FRS17 ‘Retirement Benefits’, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increase in salaries due to age and promotion in line with recent experience), and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an additional allowance for increase in salaries due to age and promotion), and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets were therefore sufficient to cover 77% 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. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% 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, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level had increased to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme’s funding level is due to a combination of the volatility of the investment returns on the scheme’s assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme’s liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund’s actual investment performance and changes in gilt yields (ie the valuation rate of interest). On the FRS17 basis, using a AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The College’s contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the College's future contributions commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities 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 £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption (Mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated 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 has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice form its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the College was £130,170 (previous year: £117,202). The contribution rate payable by the College was 14% of pensionable salaries.

CCFPS

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

b) The College elected to change benefits for service from 1 April 2004 for all members by:
   - capping service at 40 years (previously uncapped); and
   - paying unreduced pensions from age 65 (previously 60).

c) The contribution made by the College in respect of the 12 month period ended 31 March 2008 was £346,640, (2007: £323,261) excluding PHI premiums. Contributions over the next year are expected to be at the rate of 23.33% of Contribution Pay, although this may be subject to change as a full actuarial valuation is being undertaken as at 31 March 2008 for the Management Committee.

The major assumptions used by the actuary were:

	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Discount rate	6.6%	5.4%	4.9%	5.4%
Price Inflation assumption	3.4%	3.3%	3.0%	3.0%
Rate of increase in salaries	4.9%	3.9%	3.75%	3.75%
Rate of increase in pensions in deferment				
- GMP	4.9%	3.9%	3.75%	3.75%
- Excess pension	3.4%	3.3%	3.0%	3.0%
Rate of increase in pensions in payment				
- GMP accrued up to 5 April 1988	0.0%	0.0%	0.0%	0.0%
- GMP accrued after 5 April 1988	2.8%	2.6%	2.25%	2.25%
- Excess Pension over GMP and pension accrued after 5 April 1997	3.4%	3.3%	3.0%	3.0%

In addition, standard actuarial mortality tables were used, namely the PA92 Base tables for males and females with the Medium Cohort projections based on year of birth. This is a change from the 2007 calculations and allows for further longevity improvements.

Between 1 April 2008 and 30 June 2008, the College's year end, there have been two significant changes in the financial world which could materially affect the figures shown in the above note. Namely:

- The UK and world stock markets have fallen further following falls over the year to 31 March 2008;
- Corporate AA bond yields have increased slightly whilst inflationary expectations have worsened significantly.

Both of these factors are likely to have contributed to a worsening of the FRS17 funding position were the position to be calculated again as at 30 June 2008.

Prior Year Adjustment

Although the College is able to identify its share of the assets in CCFPS, the requirements of FRS17 had not been implemented in accounting periods up to 31 March 2007 because the Governing Body considered it could not justify the costs of compliance. However, it decided to obtain the relevant information in respect of the years ended 31 March 2008 and 31 March 2007 and this established the net pension liability at 31 March 2006. As a result, a prior year adjustment arose in respect of the introduction of the Scheme liability as at 30 June 2007 in the sum of £932,198 and 30 June 2006 in the sum of £1,465,208.

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

	Long-term rate of return expected at 31/03/2008	Value at 31/03/2008	Long-term rate of return expected at 31/03/2007	Value at 31/03/2007	Long-term rate of return expected at 31/03/2006	Value at 31/03/2006	Long-term rate of return expected at 31/03/2005	Value at 31/03/2005
		£		**£**		**£**		**£**
Equities and Hedge Funds	7.5%	3,054,262	7.5%	3,098,348	7.5%	3,634,793	7.5%	2,875,774
Cash, Bonds & Net Current Assets	5.0%	2,372,317	4.9%	2,088,736	4.3%	1,523,527	4.7%	1,336,562
Property	6.5%	695,239	6.5%	739,308	6.5%	154,127	6.5%	121,942
Total	6.4%	**6,121,818**	6.5%	**5,926,392**	6.6%	**5,312,447**	6.6%	**4,334,278**

In 2008 asset values were based on the bid price of assets, in previous years this was based upon the fair value of assets, as required by the revised accounting standards. The impact of this change is relatively minor as most of the investments are priced at a single rate. I am not aware of any self invested assets.

The overall Scheme investment return is the expected return on each of the asset type (namely equities, property and bonds) divided by the overall assets, rounded to the nearer 0.1%.

The 2008 assets and the split between the assets classes are based upon the draft accounts provided by the Scheme administrators.

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

	2008 £	2007 £	2006 £	2005 £
Total value of assets	6,121,818	5,926,392	5,312,447	4,334,278
Present value of defined benefit obligation - liabilities	(6,953,922)	(6,858,590)	(6,777,655)	(5,482,722)
Surplus /(Deficit) in Scheme	**(832,104)**	**(932,198)**	**(1,465,208)**	**(1,148,444)**
Related deferred tax liability	*	*	*	*
Net pension liability	**(832,104)**	**(932,198)**	**(1,465,208)**	**(1,148,444)**

* This item was not provided to the actuary.

The main reasons for the improvement in the financial position between 2007 and 2008 are:

- changes in the FRS17 assumptions, particularly the discount rate, salary increase rate, mortality rates and a change in the assumed retirement age for female active members in lien with the main Scheme valuation for the Management Committee; and
- contributions paid being slightly higher than required to meet the current 1 year pension cost.

Being partially offset by:

- investment return being lower than expected; and
- Scheme experience being slightly worse than assumed.

Prior to 2007, the major changes in the FRS17 financial position were very much driven by the impact of changes in assumptions and investment returns.

The amounts recognised in profit or loss are as follows (£):

	31 March 2008	31 March 2007
Current Service Cost (Net of employee contributions)	299,778	304,306
Interest Cost	375,112	337,128
Expected Return on Assets	(388,445)	(354,830)
Total	**286,445**	**286,604**
Actual Return on Assets	**(62,768)**	**346,405**

Changes in the present value of the defined benefit obligation are as follows (£):

	31 March 2008	31 March 2007
Opening defined benefit obligation	**6,858,590**	**6,777,655**
Service Cost (including employee's contributions)	400,726	397,471
Interest Cost	375,112	337,128
Actuarial losses (gains)	(491,112)	(494,652)
Benefits (& Expenses) paid	(189,394)	(159,012)
Closing defined benefits obligation	**6,953,922**	**6,858,590**

Changes in the fair value of scheme assets are as follows (£):

	31 March 2008	31 March 2007
Opening fair value of scheme assets	**5,926,392**	**5,312,447**
Expected Return	388,445	354,830
Actuarial gains and (losses)	(451,213)	(8,425)
Contributions by employer	346,640	333,387
Additional contributions by members (including AVCs)	100,948	93,165
Benefits (& Expenses) paid	(189,394)	(159,012)
Closing fair value of scheme assets	**6,121,818**	**5,926,392**

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

	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Defined benefit obligation	(6,953,922)	(6,858,590)	(6,777,655)	(5,482,722)
Scheme Assets	6,121,818	5,926,392	5,312,447	4,334,278
Surplus/(deficit)	**(832,104)**	**(932,198)**	**(1,465,208)**	**(1,148,444)**
Experience adjustments on Scheme liabilities	(123,254)	117,566	(56,387)	*
Experience adjustments on Scheme assets	(451,213)	(8,425)	450,418	*

* Not available