

QUEENS' COLLEGE, CAMBRIDGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

QUEENS' COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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QUEENS' COLLEGE, CAMBRIDGE

GOVERNANCE OF THE COLLEGE

FOR THE YEAR ENDED 30 JUNE 2009

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 2009

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 2009

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 Parmée⁴
Prof. Sir Derek Bowett⁵
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
Prof J Tiley

Professorial Fellows

Prof. P H Haynes
Prof. E A H Hall
Prof. A N Lasenby
Prof. D.K. Menon
Prof. R W Prager

Official Fellows

Prof. J Diggle
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
Mr S N Bridge
Prof R L Jones
Prof 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 T T Berger
Dr A Zurcher
Mr J Spence
Dr J Russell
Dr M Petraglia
Prof. A M Gamble
Mr G J McShane
Dr A Perreau-Saussine
Dr M Edmonds
Dr G Fraser
Dr S Rowan¹
Dr L Tiley¹
Dr R Nickl¹

Bye-Fellows

Dr A D Challinor
Dr G H Treece
Dr R J Smith²
Dr A M C Odhams
Dr C Smith
Dr I R McDaniel²
Dr O J Arthurs
Dr H J Stone

Dr J J Maguire
Mr T Butlin¹
Ms M Lovell¹

Research Fellows

Dr C G Wilkins²
Dr S Crangle²
Dr A M Rossi
Dr F Brittan³
Dr N J S Gibson
Dr A Dimitrijevic
Dr C R Müller
Mr C M Warnick¹
Mr F Steinberger¹

¹ From 1st October 2008

² To 30th September 2008

³ To 31st December 2008

⁴ Deceased 14th August 2008

⁵ Deceased 23rd May 2009

QUEENS' COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS

FOR THE YEAR ENDED 30 JUNE 2009

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 2009

In common with other organisations, the financial year to 30th June 2009 has been a very challenging one in the very difficult economic circumstances. The College has continued to pursue its principal goals of providing a first class educational and research environment to undergraduates, graduate students and fellows alike, whilst striving to live within its means.

The College had an operating deficit of £141,000, before transfers and payment of the University Contribution, as set out in the Income and Expenditure Account on page 13. This is a reversal of the position reported last year, but is reached after charging depreciation of £979,000 some 18% or £150,000 greater than that charged last year, reflecting the increase in our fixed assets following continued, substantial and essential investment in the College's Estate. It should be noted that the depreciation charge has almost doubled in the last four years and is likely to continue to rise for the foreseeable future. In addition, while the College's overall income is marginally higher than in the last financial year our Endowment Income is c 12%, or £231,000, lower as the turmoil in the financial markets and its knock on effect in the real economy started to affect adversely the College. A significant part of the reduction is because of the lower interest rate we get on cash balances. This year the College also faced a number of significant cost increases in key areas, such as energy, as well as the impact of additional staff, both academic and non-academic, to meet essential needs.

The impact of the continued turmoil on the College's investment portfolio is apparent in both the Statement of Realised Gains and Losses and in the Consolidated Balance Sheet and our net assets have reduced from £64.9 million to £58.2 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 (52%), cash, gilts and bonds (27.5%) and the balance in recognised alternative asset classes such as property, private equity and absolute return funds.

The College's principal objective to provide a world class education to its undergraduates and graduate students places a heavy burden on its resources. In 2009 the College spent £3,898,000 on educating nearly 500 undergraduates, through the intensive support provided by Director of Studies, Supervisors and Tutors, and on supporting nearly 300 graduate students. Our academic fee income was £2,449,000, leaving the balance of £1,449,000 to be found from the College's own resources, including from the generosity of its old members. The balance funded from the College's own resources has steadily increased over recent years and presents a significant, continuing challenge to the College. The College will need to augment its endowment and other revenue streams, control costs and manage resources to meet the continuing needs of its principal objective, while it is not at all certain that the academic fees will be increased by anything other than a minimal amount.

There is no doubt that the challenging environment in which the College has operated in the last year will continue for the foreseeable future and the College will strive to continue to use its resources wisely and efficiently in these difficult circumstances.

The President
Professor Jones
Mr Spence
Dr Walker
Dr Milgate
Mr Bollom
Dr Gee
Dr Holmes
Dr Pitelis

QUEENS' COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 30 JUNE 2009

We have audited the financial statements of Queens College', Cambridge for the year ended 30 June 2009 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement and related notes. The 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 Annual Report 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 have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the College's Statutes and the Statutes of the University of Cambridge.

We also report to you if, in our opinion, the College has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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 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.

QUEENS' COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (continued)
FOR THE YEAR ENDED 30 JUNE 2009

Opinions

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 30 June 2009 and of its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.
- the contribution due from the College to the University has been correctly accrued as advised in the provisional assessment by the University of Cambridge.

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

CAMBRIDGE
Date:

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2009

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.

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

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	33 $\frac{1}{3}$ % 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.

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

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 2009

		2009	2008
		£	£
INCOME	Note		
Academic fees & charges	1	2,449,342	2,345,482
Residences, catering and conferences	2	4,185,918	3,975,627
Endowment income	3	1,604,108	1,835,548
Donations and Benefactions		223,300	114,050
Other income		88,524	92,034
		<hr/>	<hr/>
Total income		8,551,192	8,362,741
		<hr/>	<hr/>
EXPENDITURE			
Education	4	3,898,196	3,462,513
Residences, catering and conferences	5	4,287,815	3,933,483
Other expenditure		506,855	515,236
		<hr/>	<hr/>
Total expenditure		8,692,866	7,911,232
		<hr/>	<hr/>
OPERATING (DEFICIT)/SURPLUS		(141,674)	451,509
Contribution to Colleges' Fund		26,000	20,066
		<hr/>	<hr/>
		(167,674)	431,443
Transfer to income within restricted funds		68,949	222,492
		<hr/>	<hr/>
NET (DEFICIT)/SURPLUS		(236,623)	208,951
		<hr/>	<hr/>

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 2009

	Restricted funds	Unrestricted funds		2009	2008
	£	Designated	Undesignated	Total	Total
	£	£	£	£	(As restated)
					£
Net surplus before transfers	-	(156,832)	(79,791)	(236,623)	208,951
Appreciation (depreciation) of investment assets (Note 9)	(2,023,714)	(3,019,021)	(1,848,881)	(6,891,616)	(5,319,165)
Donations and benefactions	6,604	883,761	-	890,365	396,656
Unspent income retained by restricted funds	68,949	-	-	68,949	222,492
Pension Scheme Actuarial gains less losses	-	-	(492,399)	(492,399)	39,899
Other transfers between Funds	=	<u>(2,245,451)</u>	<u>2,245,451</u>	=	=
Total recognised gains/(losses) for the year	<u>(1,948,161)</u>	<u>(4,537,543)</u>	<u>(175,620)</u>	<u>(6,661,324)</u>	<u>(4,451,167)</u>
Balance at start of year					
As previously reported	12,216,331	24,892,463	27,793,964	64,902,758	70,286,123
Prior year adjustment	-	-	=	=	<u>(932,198)</u>
As restated	<u>12,216,331</u>	<u>24,892,463</u>	<u>27,793,964</u>	<u>64,902,758</u>	<u>69,353,925</u>
Balance at end of year	<u>10,268,171</u>	<u>20,354,920</u>	<u>27,618,344</u>	<u>58,241,434</u>	<u>64,902,758</u>

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	Note		2009	2008	
			£	£	
FIXED ASSETS					
Tangible assets	7		15,551,997	13,547,850	
Investments	8		<u>44,498,867</u>	<u>52,480,682</u>	
			<u>60,050,864</u>	<u>66,028,532</u>	
CURRENT ASSETS					
Stocks			335,333	368,661	
Debtors	9		970,729	558,361	
Cash			<u>(334,551)</u>	<u>85,612</u>	
			<u>971,511</u>	<u>1,012,634</u>	
Creditors: amounts falling due within one year	10		<u>1,457,362</u>	<u>1,306,304</u>	
Net Current (Liabilities) Assets-excluding pension liability			(485,851)	(293,670)	
Pension Liability			<u>(1,323,579)</u>	<u>(832,104)</u>	
TOTAL NET ASSETS			<u>58,241,434</u>	<u>64,902,758</u>	
CAPITAL AND RESERVES					
	11	Income/ Expendable capital funds	Permanent capital funds	As at 30 June 2009	As at 30 June 2008
Restricted funds held for collegiate purposes		2,798,686	7,469,484	10,268,170	12,216,331
Restricted funds held for non-collegiate purposes		-	-	-	-
Unrestricted funds (excluding pension asset/liability)		25,223,675	24,073,168	49,296,843	53,518,531
Pension reserve		<u>(1,323,579)</u>	-	<u>(1,323,579)</u>	<u>(832,104)</u>
TOTAL FUNDS	12	<u>26,698,782</u>	<u>31,542,652</u>	<u>58,241,434</u>	<u>64,902,758</u>

These accounts were approved by the Governing Body on 2nd October 2009 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 2009

	Note	2009	2008
		£	£
OPERATING ACTIVITIES			
Operating (deficit)/surplus		(141,674)	451,509
Less: Investment income and donations		<u>(1,827,409)</u>	<u>(1,949,598)</u>
Adjusted deficit		(1,969,083)	(1,498,089)
Depreciation	7	979,044	829,398
Movement in pension deficit/surplus		(923)	(60,195)
(Increase)/decrease in stocks		33,328	27,669
(Increase)/decrease in debtors	9	(412,368)	1,034,259
Increase/(decrease) in creditors	10	<u>151,058</u>	<u>87,065</u>
Net cash inflow/(outflow) from operating activities		<u>(1,218,944)</u>	<u>420,107</u>
RETURNS ON INVESTMENTS			
Freehold land and buildings	3	269,612	265,023
Dividends and interest	3	1,334,496	1,570,525
Profit on sale of investments	3	<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from returns on investment		1,604,108	1,835,548
CONTRIBUTION TO COLLEGES' FUND		(26,000)	(20,066)
CAPITAL TRANSACTIONS AND FINANCIAL INVESTMENT			
Receipts from sales of investment assets	8	9,615,678	17,190,653
Donations and benefactions		<u>1,113,665</u>	<u>510,706</u>
Total capital receipts		10,729,343	17,701,359
Payments to acquire tangible fixed assets	7	(2,983,191)	(2,812,632)
Payments to acquire investment assets	8	<u>(8,525,479)</u>	<u>(16,621,968)</u>
Total capital expenditure		(11,508,670)	(19,434,600)
Net cash inflow/(outflow) from investing activities		<u>(779,327)</u>	<u>(1,733,241)</u>
NET CASH INFLOW/(OUTFLOW)		(420,163)	502,348
Net liquid funds at start of year		<u>85,612</u>	<u>(416,736)</u>
Net liquid funds at end of year		<u>(334,551)</u>	<u>85,612</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

1 ACADEMIC FEES AND CHARGES	2009	2008
	£	£
Publicly funded		
Undergraduates	1,510,488	1,437,348
Postgraduates	137,736	183,645
Graduates	47,361	56,133
Not publicly funded		
Undergraduates	253,485	185,424
Postgraduates	41,289	19,315
Graduates	<u>458,983</u>	<u>463,617</u>
Total	<u>2,449,342</u>	<u>2,345,482</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES	2009	2008
	£	£
Accommodation: College members	2,135,223	1,929,895
Conferences and banquets	461,033	522,905
Catering: College members	759,656	601,469
Conferences and banquets	<u>830,006</u>	<u>921,358</u>
Total	<u>4,185,918</u>	<u>3,975,627</u>

3 ENDOWMENT INCOME			2009	2008
	Income from restricted funds	Income from unrestricted funds	Total	Total
	£	£	£	£
Income from:				
Freehold land and buildings	-	269,612	269,612	265,023
Dividends and interest	<u>341,365</u>	<u>993,131</u>	<u>1,334,496</u>	<u>1,570,525</u>
Total	<u>341,365</u>	<u>1,262,743</u>	<u>1,604,108</u>	<u>1,835,548</u>

4 EDUCATION EXPENDITURE	2009	2008
	£	£
Teaching	2,000,081	1,797,976
Tutorial	772,979	698,853
Admissions	332,405	292,828
Research	191,882	191,376
Scholarships and awards	173,826	119,149
Other educational facilities	<u>427,023</u>	<u>362,331</u>
Total	<u>3,898,196</u>	<u>3,462,513</u>

5 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE	2009	2008
	£	£
Accommodation: College members	1,731,444	1,470,059
Conferences and banquets	892,255	770,163
Catering: College members	880,132	815,672
Conferences and banquets	<u>783,984</u>	<u>877,589</u>
Total	<u>4,287,815</u>	<u>3,933,483</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

6 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs (note 15) £	Other expenses £	Depreciation £	2009 Total £	2008 Total £
Education (note 4)	2,215,339	1,304,238	378,619	3,898,196	3,462,513
Residences, catering and conferences (note 5)	1,999,581	1,687,809	600,425	4,287,815	3,933,483
Other	<u>217,042</u>	<u>289,814</u>	-	<u>506,855</u>	<u>515,236</u>
	<u>4,431,962</u>	<u>3,281,861</u>	<u>979,044</u>	<u>8,692,866</u>	<u>7,911,232</u>
Cost of the Alumni and Development Office (including fundraising and Alumni relations)				272,078	282,560

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Furniture, fittings and equipment £	2009 Total £	2008 Total £
COST				
As at 1 July 2008	19,818,398	1,460,682	21,279,080	18,589,607
Disposals at cost	-	159,781	159,781	123,159
Additions at cost	<u>2,690,034</u>	<u>293,157</u>	<u>2,983,191</u>	<u>2,812,632</u>
Cost as at 30 June 2009	<u>22,508,432</u>	<u>1,594,058</u>	<u>24,102,490</u>	<u>21,279,080</u>
DEPRECIATION				
As at 1 July 2008	7,112,839	618,391	7,731,230	7,024,991
Eliminated on disposal	-	159,781	159,781	123,159
Charge for the year	<u>683,987</u>	<u>295,057</u>	<u>979,044</u>	<u>829,398</u>
Depreciation as at 30 June 2009	<u>7,796,826</u>	<u>753,667</u>	<u>8,550,493</u>	<u>7,731,230</u>
NET BOOK VALUE				
as at 30 June 2009	14,711,606	840,391	15,551,997	13,547,850
as at 30 June 2008	<u>12,705,559</u>	<u>842,291</u>	<u>13,547,850</u>	<u>11,564,616</u>

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 2009 was £117m (2008: £113m).

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

8 INVESTMENT ASSETS

	2009	2008
	£	£
Market value at start of year	52,480,682	58,368,532
Less: disposals proceeds	9,615,678	17,190,653
Less: impairment on unquoted securities	-	-
Add: acquisitions at cost	8,525,479	16,621,968
Add (Less): net gain (loss) on revaluation	<u>(6,891,616)</u>	<u>(5,319,165)</u>
Market value at end of year	<u>44,498,867</u>	<u>52,480,682</u>
Represented by:		
Land, buildings and other property	5,264,000	5,264,000
Quoted securities – equities	23,194,685	28,375,000
Quoted securities - fixed interest	5,685,682	7,319,000
Unquoted securities – equities	3,930,316	6,594,543
Cash held for reinvestment	<u>6,424,184</u>	<u>4,928,139</u>
Total	<u>44,498,867</u>	<u>52,480,682</u>

9 DEBTORS

	2009	2008
	£	£
Catering & conference debtors	216,452	79,427
Other debtors	<u>754,277</u>	<u>478,934</u>
	<u>970,729</u>	<u>558,361</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Caution monies	168,474	170,325
Student balances	36,475	28,123
Receipts in advance	658,980	273,588
Contribution to Colleges Fund	26,000	20,066
Other creditors	<u>567,433</u>	<u>814,202</u>
	<u>1,457,362</u>	<u>1,306,304</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

11 CAPITAL AND RESERVES

	Expendable capital funds	Permanent capital funds	Total 2009	Total 2008
	£	£	£	£
<u>Restricted funds</u>				
Trust funds	2,798,686	7,469,484	10,268,170	12,216,331
<u>Unrestricted funds</u>				
Designated funds	17,708,346	2,646,574	20,354,920	24,892,463
Undesignated funds:	1,752,369	21,426,594	23,178,963	21,719,341
General capital	5,762,960	-	5,762,960	6,906,727
Pension reserve	(1,323,579)	-	(1,323,579)	(832,104)
	26,698,782	31,542,652	58,241,434	64,902,758

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.

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

12 MOVEMENTS IN CAPITAL AND RESERVES

	Balance at the start of the year	Increase or (Decrease) in the year	Balance at the end of the year
	£	£	£
Restricted funds			
Expendable capital	3,326,546	(527,860)	2,798,686
Permanent capital	8,889,785	(1,420,301)	7,469,484
Unrestricted funds			
Designated, expendable capital	21,731,231	(4,022,886)	17,708,345
Undesignated, expendable capital	8,970,088	(1,454,759)	7,515,329
Designated permanent capital	3,161,232	(514,657)	2,646,575
Undesignated permanent capital	19,655,980	1,770,614	21,426,594
Pension reserve	<u>(832,104)</u>	<u>(491,475)</u>	<u>(1,323,579)</u>
	<u>64,902,758</u>	<u>(6,661,324)</u>	<u>58,241,434</u>

13 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Undesignated	Designated Restricted	Designated Unrestricted	Total 2009	Total 2008
	£	£	£	£	£
Fellowships Funds	-	5,843,162	3,859,406	9,702,568	11,558,544
Scholarships and Prizes Funds	-	1,824,438	499,137	2,323,575	2,781,414
Bursary Funds	-	1,312,730	2,066,087	3,378,817	4,016,392
Other Funds	<u>27,805,046</u>	<u>1,287,840</u>	<u>13,743,588</u>	<u>42,836,474</u>	<u>46,546,408</u>
Total	<u>27,805,046</u>	<u>10,268,170</u>	<u>20,168,218</u>	<u>58,241,434</u>	<u>64,902,758</u>

14 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed assets	Investment assets	Net current assets	Pension liability	Total 2009	Total 2008
	£	£	£	£	£	£
Restricted funds						
Expendable capital	-	2,798,686	-	-	2,798,686	5,897,902
Permanent capital	-	7,469,484	-	-	7,469,484	12,005,515
Unrestricted funds						
Designated, expendable capital	1,016,604	17,512,074	(820,333)	-	17,708,345	19,045,665
Expendable capital	-	7,507,718	7,612	-	7,515,330	8,970,088
Permanent capital	14,535,393	9,210,905	326,870	-	24,073,168	19,815,692
Pension reserve	-	-	-	(1,323,579)	(1,323,579)	(832,104)
Total at end of year	<u>15,551,997</u>	<u>44,498,867</u>	<u>(485,851)</u>	<u>(1,323,579)</u>	<u>58,241,434</u>	<u>64,902,758</u>
Total at start of year	<u>13,542,799</u>	<u>52,485,733</u>	<u>(293,670)</u>	<u>(832,104)</u>	<u>64,902,758</u>	<u>69,353,925</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

15 STAFF COSTS

	College Fellows	Other academic	Non- academic	Total	Total
	£	£	£	2009 £	2008 £
Full employment cost	1,204,136	176,580	3,051,246	4,431,962	4,011,203
of which:					
Emoluments	944,062	176,580	2,413,538	3,534,180	3,248,302
Social security	82,463	-	198,324	280,787	261,602
Pension	177,611	-	439,384	616,995	501,300
Average staff numbers (full-time equivalents)	20.5	n.a.	118.0	138.5	123.7
Number of Fellows (Michaelmas Term, FTEs)					
President and Professors				16	17
University Teaching Officers				29	26
College Teaching Officers				8	4
Bye Fellows				8	8
Research Fellows				6	7
College Administrative Officers				4	4

No employee earned over £100,000 in this year.

**16 CAPITAL
COMMITMENTS**

At 30 June 2009 future capital expenditure authorised and committed amounted to £0.75.m (2008 - £1.4m)

17 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 2009 it reveals that no material events occurred.

18 BUILDING FUND UNDER STATUTE GII, 4(vii)

	2009	2008
	£	£
Balance at start of the year	4,692,427	4,666,591
Transfer	-	250,000
Investment income	75,749	89,813
Capital (depreciation)	(578,964)	(313,977)
- Expenditure	-	-
Balance at end of the year	<u>4,189,212</u>	<u>4,692,427</u>

19 ESTATES REPAIRS AND IMPROVEMENTS FUND

	2009	2008
	£	£
Balance at start of the year	1,040,096	992,432
Transfer	-	50,092
- Expenditure	(500)	(2,428)
Balance at end of the year	<u>1,039,596</u>	<u>1,040,096</u>

20 PENSION SCHEMES

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme, 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. USS has over 130,000 active members and the College has 66 active members participating in the scheme.

Because of the mutual nature of the scheme, 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.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

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

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

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

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund Regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using FRS 17 formula as if USS was a single employer scheme, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was

20 PENSION SCHEMES (CONTINUED)

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

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

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

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.

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

The total pension cost of this Scheme for the College was £177,611 (2008 £130,170). The contribution rate payable by the College was 14% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme

The College is also a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme (CCFPS), 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).

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

20 PENSION SCHEMES (CONTINUED)

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).

The contribution made by the College in respect of the 12 month period ended 31 March 2009 was £388,564 (2008: £346,640), excluding PHI premiums. Contributions over the next year are expected to be at the rate 19.24% of Contribution Pay plus £170,427pa from 1 July 2009, subject to review at future actuarial valuations. These rates exclude PHI.

The major assumptions used by the actuary were:

	<u>31 March</u> <u>2009</u>	<u>31 March</u> <u>2008</u>	<u>31 March</u> <u>2007</u>	<u>31 March</u> <u>2006</u>
Discount rate	6.4%	6.6%	5.4%	4.9%
Price Inflation assumption	2.9%	3.4%	3.3%	3.0%
Rate of increase in salaries	3.9%	4.9%	3.9%	3.75%
Rate of increase in pensions in deferment	2.9%			
- GMP	3.9%	4.9%	3.9%	3.75%
- Excess pension	2.9	3.4%	3.3%	3.0%
Rate of increase in pensions in payment	2.9%			
- GMP accrued up to 5 April 1988	0.0%	0.0%	0.0%	0.0%
- GMP accrued after 5 April 1988	2.7%	2.8%	2.6%	2.25%
- Excess Pension over GMP and pension accrued after 5 April 1997	2.9%	3.4%	3.3%	3.0%

The underlying mortality assumption is based upon the standard table known as PA92 on a year of birth usage with medium cohort future improvement factors with the base table asadjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables.(2008: PA92 on a year of birth usage with medium cohort improvement factors.

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

	Long term rate of return expected at	Value at	Long-term rate of return expected at	Value at	Long-term rate of return expected at	Value at
	31 March	31 March	31/03/2008	31/03/2008	31/03/2007	31/03/2007
	2009	2009	2008	2008	2007	2007
		£		£		£
Equities and Hedge Funds	7.3%	2,714,274	7.5%	3,054,262	7.5%	3,098,348
Cash, Bonds & Net Current Assets	4.8%	2,326,520	5.0%	2,372,317	4.9%	2,088,736
Property	6.3%	498,541	6.5%	695,239	6.5%	739,308
Total	6.2%	<u>5,539,335</u>	6.4%	<u>6,121,818</u>	6.5%	<u>5,926,392</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

20 PENSION SCHEMES (CONTINUED)

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

	2009	2008	2007	2006
	£	£	£	£
Total market value of assets	5,539,335	6,121,818	5,926,392	5,312,447
Present value of Scheme liabilities	<u>(6,862,914)</u>	<u>(6,953,922)</u>	<u>(6,858,590)</u>	<u>(6,777,655)</u>
Surplus/(deficit) in the Scheme	<u>(1,323,579)</u>	<u>(832,104)</u>	<u>(932,198)</u>	<u>(1,465,208)</u>

The amounts recognised in income and expenditure are as follows:

	31 March	31 March
	2009	2008
	£	£
In staff costs: Current service cost (net of employee contributions)	<u>321,485</u>	<u>299,778</u>
In endowment and investment income:		
Interest cost	461,621	375,112
Expected return on pension scheme assets	<u>(395,466)</u>	<u>(388,445)</u>
Net return	<u>387,640</u>	<u>286,445</u>
Actual return on pension scheme assets	<u>(795,404)</u>	<u>(62,768)</u>

Changes in the present value of the Scheme liabilities are as follows:

	31 March	31 March
	2009	2008
	£	£
Present value of Scheme liabilities at beginning of year	6,953,922	6,858,590
Service cost (including employee's contributions)	430,465	400,726
Interest cost	461,621	375,112
Actuarial losses (gains)	(698,471)	(491,112)
Benefits paid	<u>(284,623)</u>	<u>(189,394)</u>
Present value of Scheme liabilities at end of year	<u>6,862,914</u>	<u>6,593,922</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

20 PENSION SCHEMES (CONTINUED)

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

	31 March 2009 £	31 March 2008 £
Market value of Scheme assets at beginning of year	6,121,818	5,926,392
Expected return	395,466	388,445
Actuarial gains and (losses)	(1,90,870)	(451,213)
Contributions by employer	388,564	346,640
Additional contributions by members (including AVCs)	108,980	100,948
Benefits (and expenses) paid	<u>(284,623)</u>	<u>(189,394)</u>
Market value of Scheme assets at end of year	<u><u>5,539,335</u></u>	<u><u>6,121,818</u></u>

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

	31 March 2009 £	31 March 2008 £	31 March 2007 £	31 March 2006 £	31 March 2005 £
Present value of Scheme liabilities	(6,862,914)	(6,953,922)	(6,858,590)	(6,777,655)	(5,482,722)
Market value of Scheme assets	<u>5,539,335</u>	<u>6,121,818</u>	<u>5,926,392</u>	<u>5,312,447</u>	<u>4,334,278</u>
Surplus/(deficit)	<u><u>(1,323,579)</u></u>	<u><u>(832,104)</u></u>	<u><u>(83,749)</u></u>	<u><u>(109,385)</u></u>	<u><u>(1,148,444)</u></u>
Experience adjustments on scheme liabilities	(195,733)	(223,348)	117,566	(56,387)	*
Experience adjustments on scheme assets	(1,190,870)	(451,213)	(8,425)	450,418	*
Change in assumptions underlying present value of Scheme liabilities	894,204	614,366	377,086	(668,719)	*

* Figures not available