

QUEENS' COLLEGE, CAMBRIDGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

QUEENS' COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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QUEENS' COLLEGE, CAMBRIDGE
GOVERNING BODY, COMMITTEES AND ADVISORS
FOR THE YEAR ENDED 30 JUNE 2010

The College is a corporate body consisting of the President, the Fellows and the Scholars. During the year it was an exempt charity, with its registered office at Silver Street, Cambridge, CB3 9ET. The College became a Registered Charity, No. 1137495, on 16th August 2010.

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 and, since the Governing Body exercises general control and management of the College, its voting members are the trustees of the charity.

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.

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

President

Lord Eatwell

Life Fellows

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

Dr A M Rossi

Mr J Spence

Dr J Russell

Dr M Petraglia¹

Prof. A M Gamble

Mr G J McShane

Dr A Perreau-Saussine

Dr M Edmonds

Dr G Fraser

Dr S Rowan

Dr L Tiley

Dr R Nickl

Dr J W Kelly²

Bye-Fellows

Dr A D Challinor

Dr G H Treece

Dr A M C Odhams

Dr C Smith

Dr O J Arthurs

Dr H J Stone

Dr J J Maguire

Mr T Butlin

Ms M Lovell

Mr S Price⁴

Research Fellows

Dr N J S Gibson

Dr A Dimitrijevic

Dr C R Müller³

Mr C M Warnick

Mr F Steinberger

Dr G Szenkovits²

¹ To 30th September 2009

² From 1st October 2009

³ To 31st January 2010

⁴ From 11th February 2010

QUEENS' COLLEGE, CAMBRIDGE

GOVERNING BODY, COMMITTEES AND ADVISORS

FOR THE YEAR ENDED 30 JUNE 2010

Bursarial Committee

Lord Eatwell, President
Professor R L Jones, Vice President
Mr J Spence, Senior Bursar
Dr R D H Walker, Junior Bursar
Dr J W Kelly, Senior Tutor
Mr L A Bollom, Steward
Professor D Cebon
Professor R W Prager
Dr C N Pitelis

Investments Committee

Lord Eatwell, President
Professor R L Jones, Vice President
Mr J Spence, Senior Bursar
Professor R R Weber
Mr R G Fentiman
Dr M J Dixon
Mr R R Foulkes (Queens' Alumnus)
Mr A Pomfret (Queens' Alumnus)

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 8L

QUEENS' COLLEGE, CAMBRIDGE

AIMS AND OBJECTIVES OF THE COLLEGE

FOR THE YEAR ENDED 30 JUNE 2010

The College's charitable objectives, as set out in its Royal Charter of 1448, are the promotion of study and prayer.

The College has the following aims:

- to maintain the College's emphasis on the individual in academic and pastoral provision; to deliver an excellent undergraduate education by safeguarding the provision of small-group teaching through the College-based supervision system; and to achieve and maintain the highest standards in education at both undergraduate and postgraduate levels while maintaining pastoral support through the tutorial system;
- to support a community of Fellows, students and staff, allowing the benefits of a large, internationally renowned University to be realised in a small and close-knit community;
- to promote academic research of the highest quality by Fellows and 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 endorses the University's mission and core values and agrees that the partnership between the University and the Colleges is central to Cambridge's future development. The College will continue to play an active role in University bodies and in formulating University policy.

QUEENS' COLLEGE, CAMBRIDGE

FINANCIAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2010

In common with other organisations, the financial year to 30th June 2010 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's principal objective to provide a world class education to its undergraduates and graduate students places a heavy burden on its resources. Last year this meant spending c£7,400 on each undergraduate student, mainly through the intensive support provided by the individual's Director of Studies, Supervisors and Tutors. The total cost of educating 499 undergraduates and 346 graduate students came to £4,062,614. Our academic fee income was £2,665,340, leaving the balance of £1,397,274 or £2,800 per undergraduate, being 38% of the total cost, 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. It is less than clear what the future holds for the funding of education and tuition fees in particular. It is possible that Queens' students may have to pay higher fees for themselves, with a likely commensurate need for increased bursary provision. Increased levels of debt will put heavy pressure on Queens' hardship funds, which have assisted students with £179,000 of support this year.

Financial Results

The College achieved an Operating Surplus of £179,596, as set out in the Income and Expenditure on page 15. This included £475,323 of donations of a revenue nature, but it did not include capital donations totalling £746,672 in support of various of the College's activities, including funds for travel grants, bursaries and hardship funds. These capital donations have been credited to the Statement of Total Realised Gains and Losses on page 16.

Year ended 30 th June	2010 £m	2009 £m	2008 £m	2007 £m
Operating Income	9.09	8.55	8.36	7.73
Expenditure	<u>8.91</u>	<u>8.69</u>	<u>7.91</u>	<u>7.31</u>
Operating Surplus (Deficit)	0.18	(0.14)	0.45	0.42

The Operating Surplus includes income from the Endowment of £1,371,836, while any realised gains or losses for the Endowment are included in the Statement of Total Realised Gains and Losses.

The Operating Surplus of £179,596 is realised after charging depreciation of £1,037,774. The depreciation charge has almost doubled in the last four years, but still does not yet reflect the true annual cost to the College of maintaining and enhancing its operational properties, including the main College site. The College's financial provision can be described as just adequate, although by no means comfortable, but there is a great deal to be done to secure properly the long term future of the College especially for the provision of teaching and research excellence, providing for graduate students and refurbishing and enhancing the historic and other operational buildings. The College is not immune from the effects of an economic downturn and these effects are most obviously manifested in the further decline in Endowment income in the year of 14%. The income generated from the Endowment is some 26% lower this year than that achieved three years ago.

Main Endowment

The College, as a long term investor, has a medium risk appetite for the management of its investment. The market value of the main Endowment at 30th June 2010 was £47.9 million, invested in global equities (54%), cash, gilts and bonds (21%), commercial property and property unit trusts (10%) and the balance in the recognised alternative asset classes of private equity and absolute return funds.

Year ended 30 th June	2010 £mn	2009 £mn	2008 £mn	2007 £mn
Endowment Assets	47.89	44.50	52.48	58.37
Actual Income	1.37	1.60	1.83	1.85
Gains (Losses)	<u>3.94</u>	<u>(6.89)</u>	<u>(5.32)</u>	<u>3.59</u>
Total Return	5.31	(5.29)	(3.49)	5.44

Unlike some other Colleges, Queens' only uses its Actual Income in its day to day operations. The College does not drawdown any of its investment gains but accumulates them within reserves.

Capital Expenditure and Building Renewals

During the year the College spent £1.8 million on improving and enhancing its buildings and their environs.

The most conspicuous capital work undertaken in the year was the renewal of two sides of the Cripps Cloister. The Cloister now reflects the original vision of Sir Humphrey Cripps, the College's most significant benefactor in modern times, and is completed in stone, with the significant enhancement of all staircase entrances being enclosed with automatic glass doors and a purpose built ramp around two sides of the court to aid entrance and exit from the various staircases. These works have enhanced significantly the appearance of the court as well as improving dramatically the thermal efficiency of all the staircases.

The College has continued with its ongoing programme of refurbishing the College's main site accommodation, as well as its houses within the city, to improve the quality of the accommodation it provides its undergraduates and graduates. This is part of a long term programme.

Reserves Policy

The College's unrestricted funds amount to £50 million and are represented in the balance sheet by the College's operational buildings, which are used for teaching and residential purposes, and by part of the investment portfolio.

The College takes a long term view of the investment portfolio and attempts to protect its value in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations. Any new donations or bequests received during the year are added to Unrestricted Funds, unless the donor has made it clear that the funds are to be spent on a particular project.

Conclusion

The College will need to augment significantly its endowment and boost other revenue streams in order to improve its ability to achieve its strategic objectives in all economic circumstances. The College will also continue to control costs and manage resources to best effect to support its principal objective of providing a first class education. It is not at all certain that academic fees will be increased adequately to meet the full costs of educating our undergraduates and the College needs to plan and act accordingly.

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 Kelly
Mr Bollom
Professor Cebon
Professor Prager
Dr Pitelis

QUEENS' COLLEGE, CAMBRIDGE

RESPONSIBILITIES OF THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2010

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
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 30 JUNE 2010

We have audited the financial statements of Queens College', Cambridge for the year ended 30 June 2010 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 2010

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 2010 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 2010

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 2010

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 2010

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

During the year the College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. On 1 June 2010 the College ceased to be an exempt charity and, subsequent to the balance sheet date, became a registered charity (number 1137495) on 16 August 2010.

The College is also 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 2010

		2010	2009
		£	£
INCOME	Note		
Academic fees & charges	1	2,665,340	2,449,342
Residences, catering and conferences	2	4,469,948	4,185,918
Endowment income	3	1,371,836	1,604,108
Donations and Benefactions		475,323	223,300
Other income		<u>113,450</u>	<u>88,524</u>
Total income		<u>9,095,896</u>	<u>8,551,192</u>
EXPENDITURE			
Education	4	4,062,614	3,898,196
Residences, catering and conferences	5	4,311,748	4,287,815
Other expenditure		<u>541,940</u>	<u>506,855</u>
Total expenditure		<u>8,916,302</u>	<u>8,692,866</u>
OPERATING SURPLUS		179,594	(141,674)
Contribution to Colleges' Fund		<u>(26,000)</u>	<u>(26,000)</u>
		153,594	(167,674)
Transfer to income within restricted funds		67,567	68,949
NET SURPLUS		<u><u>86,027</u></u>	<u><u>(236,623)</u></u>

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 2010

	Restricted funds	Unrestricted funds		2010 Total	2009 Total
	£	Designated	Undesignated	£	£
		£	£		
Net surplus before transfers	0	0	86,027	86,027	(236,623)
Appreciation (depreciation) of investment assets (Note 8)	1,271,749	1,589,334	1,079,127	3,940,210	(6,891,616)
Donations and benefactions	7,318	546,652	210,702	764,672	890,365
Unspent income retained by restricted funds	67,567	0	0	67,567	68,949
Pension Scheme Actual gains less losses	0	0	(1,441,657)	(1,441,657)	(492,399)
Other transfers between Funds	0	(7,293,041)	7,293,041	0	0
Total recognised gains/(losses) for the year	1,346,634	(5,157,055)	7,227,240	3,416,819	(6,661,324)
Balance at start of year					
As previously reported	10,268,171	20,354,920	27,618,344	58,241,435	64,902,758
Prior year adjustment	0	0	0	0	0
As restated	<u>10,268,171</u>	<u>20,354,920</u>	<u>27,618,344</u>	<u>58,241,435</u>	<u>64,902,758</u>
Balance at end of year	<u><u>11,614,805</u></u>	<u><u>15,197,865</u></u>	<u><u>34,845,584</u></u>	<u><u>61,658,254</u></u>	<u><u>58,241,434</u></u>

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

	Note		2010	2009	
			£	£	
FIXED ASSETS					
Tangible assets	7		16,682,335	15,551,997	
Investments	8		47,889,867	44,498,867	
			<u>64,572,202</u>	<u>60,050,864</u>	
CURRENT ASSETS					
Stocks			324,290	335,333	
Debtors	9		1,046,374	970,729	
Cash			468,829	(334,551)	
			<u>1,839,493</u>	<u>971,511</u>	
Creditors: amounts falling due within one year	10		2,103,043	1,457,362	
Net Current (Liabilities) Assets-excluding pension liability			(263,550)	(485,851)	
Pension Liability			(2,650,398)	(1,323,579)	
TOTAL NET ASSETS			<u>61,658,254</u>	<u>58,241,434</u>	
CAPITAL AND RESERVES					
	11	Income/ Expendable capital funds	Permanent capital funds	As at 30 June 2010	As at 30 June 2009
Restricted funds held for collegiate purposes		3,160,561	8,454,243	11,614,804	10,268,170
Restricted funds held for non-collegiate purposes					0
Unrestricted funds (excluding pension asset/liability)		49,115,728	3,578,120	52,693,848	49,296,843
Pension reserve		(2,650,398)	0	(2,650,398)	(1,323,579)
TOTAL FUNDS	12	<u>49,625,891</u>	<u>12,032,363</u>	<u>61,658,254</u>	<u>58,241,434</u>

These accounts were approved by the Governing Body on 1 October 2010 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 2010

	Note	2010	2009
		£	£
OPERATING ACTIVITIES			
Operating (deficit)/surplus		179,594	(141,674)
Less: Investment income and donations		(1,847,160)	(1,827,409)
Adjusted deficit		<u>(1,667,565)</u>	<u>(1,969,083)</u>
Depreciation	7	1,037,774	979,044
Deferred Capital Release	3	4,203	0
Movement in pension deficit/surplus		(114,837)	(923)
(Increase)/decrease in stocks		11,043	33,328
(Increase)/decrease in debtors	9	(75,645)	(412,368)
Increase/(decrease) in creditors	10	<u>645,682</u>	<u>151,058</u>
Net cash inflow/(outflow) from operating activities		<u><u>(159,345)</u></u>	<u><u>(1,218,944)</u></u>
RETURNS ON INVESTMENTS			
Freehold land and buildings	3	265,435	269,612
Dividends and interest	3	1,102,198	1,334,496
Profit on sale of investments	3	0	0
Net cash inflow/(outflow) from returns on investment		<u>1,367,633</u>	<u>1,604,108</u>
CONTRIBUTION TO COLLEGES' FUND		(26,000)	(26,000)
CAPITAL TRANSACTIONS AND FINANCIAL INVESTMENT			
Receipts from sales of investment assets	8	18,412,243	9,615,678
Donations and benefactions		<u>1,239,995</u>	<u>1,113,665</u>
Total capital receipts		19,652,238	10,729,343
Payments to acquire tangible fixed assets	7	(2,168,112)	(2,983,191)
Payments to acquire investment assets	8	<u>(17,863,034)</u>	<u>(8,525,479)</u>
Total capital expenditure		(20,031,146)	(11,508,670)
Net cash inflow/(outflow) from investing activities		<u>(378,908)</u>	<u>(779,327)</u>
NET CASH INFLOW/(OUTFLOW)		803,380	(420,163)
Net liquid funds at start of year		<u>(334,551)</u>	<u>85,612</u>
Net liquid funds at end of year		<u><u>468,829</u></u>	<u><u>(334,551)</u></u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

1 ACADEMIC FEES AND CHARGES	per capita fee	2010	2009
Publicly funded	£	£	£
Fee income paid on behalf of undergraduates at the Publicly funded Undergraduate rate	3,744	1,698,591	1,510,488
Fee income received at the Graduate fee rate	2,184	502,503	185,097
Not publicly funded			
Privately-funded Undergraduate fee income	4,350	182,700	253,485
Fee income received at the Graduate fee rate	2,274	281,546	500,272
Other income		0	0
Total		<u><u>2,665,340</u></u>	<u><u>2,449,342</u></u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

Accommodation:	College members	2,226,243	2,135,224
	Conferences and banquets	554,700	461,033
Catering:	College members	751,518	659,356
	Conferences and banquets	937,487	930,305
Total		<u><u>4,469,948</u></u>	<u><u>4,185,918</u></u>

3 ENDOWMENT INCOME

	Income from restricted funds	Income from unrestricted funds	2010	2009
	£	£	Total £	Total £
Income from:				
Freehold land and buildings	0	265,435	265,435	269,612
Deferred Capital Release	4,203	0	4,203	0
Dividends and interest	295,839	806,359	1,102,198	1,334,496
Total	<u><u>300,042</u></u>	<u><u>1,071,794</u></u>	<u><u>1,371,836</u></u>	<u><u>1,604,108</u></u>

4 EDUCATION EXPENDITURE

	2010	2009
	£	£
Teaching	2,110,529	2,000,081
Tutorial	810,876	772,979
Admissions	340,011	332,405
Research	189,962	191,882
Scholarships and awards	180,612	173,826
Other educational facilities	430,624	427,023
Total	<u><u>4,062,614</u></u>	<u><u>3,898,196</u></u>

5 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2010	2009	
Accommodation:	College members	1,744,513	1,731,444
	Conferences and banquets	793,446	892,255
Catering:	College members	911,931	880,132
	Conferences and banquets	861,858	783,984
Total	<u><u>4,311,748</u></u>	<u><u>4,287,815</u></u>	

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

6 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs (note 15) £	Other expenses £	Depreciation £	2010 Total £	2009 Total £
Education (note 4)	2,550,425	1,189,953	322,236	4,062,614	3,898,196
Residences, catering and conferences (note 5)	1,904,367	1,691,844	715,539	4,311,749	4,287,815
Other	274,151	267,787	0	541,939	506,855
	<u>4,728,943</u>	<u>3,149,584</u>	<u>1,037,775</u>	<u>8,916,302</u>	<u>8,692,866</u>

Cost of the Alumni and Development Office (including fundraising and Alumni relations)				280,982	272,078
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7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Furniture, fittings and equipment £	2010 Total £	2009 Total £
COST				
As at 1 July 2009	22,508,431	1,594,058	24,102,489	21,279,080
Disposals at cost	0	333,170	333,170	159,781
Additions at cost	1,858,284	309,828	2,168,112	2,983,191
Cost as at 30 June 2010	<u>24,366,715</u>	<u>1,570,716</u>	<u>25,937,431</u>	<u>24,102,490</u>
DEPRECIATION				
As at 1 July 2009	7,796,825	753,667	8,550,492	7,731,230
Eliminated on disposal	0	333,170	333,170	159,781
Charge for the year	721,962	315,812	1,037,774	979,044
Depreciation as at 30 June 2010	<u>8,518,787</u>	<u>736,309</u>	<u>9,255,096</u>	<u>8,550,493</u>
NET BOOK VALUE				
as at 30 June 2010	<u>15,847,928</u>	<u>834,407</u>	<u>16,682,335</u>	<u>15,551,997</u>
as at 30 June 2009	<u>14,711,606</u>	<u>840,391</u>	<u>15,551,997</u>	<u>13,547,850</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 2010 was £117m (2009: £117m).

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

8 INVESTMENT ASSETS

	2010	2009
	£	£
Market value at start of year	44,498,867	52,480,682
Less: disposals proceeds	18,412,243	9,615,678
Less: impairment on unquoted securities	0	0
Add: acquisitions at cost	17,863,034	8,525,479
Add (Less): net gain (loss) on revaluation	3,940,209	(6,891,616)
Market value at end of year	<u>47,889,867</u>	<u>44,498,867</u>

Represented by:

Land, buildings and other property

	4,851,052	5,264,000
Quoted securities – equities	28,562,552	23,194,685
Quoted securities - fixed interest	7,054,960	5,685,682
Unquoted securities – equities	4,748,592	3,930,316
Cash held for reinvestment	2,672,711	6,424,184
Total	<u>47,889,867</u>	<u>44,498,867</u>

9 DEBTORS

	2010	2009
	£	£
Catering & conference debtors	74,373	216,452
Other debtors	972,001	754,278
	<u>1,046,374</u>	<u>970,730</u>

**10 CREDITORS: AMOUNTS
FALLING DUE WITHIN ONE
YEAR**

	2010	2009
	£	£
Caution monies	187,283	168,474
Student balances	40,886	36,475
Receipts in advance	1,429,276	658,980
Contribution to Colleges Fund	26,000	26,000
Other creditors	419,598	567,433
	<u>2,103,043</u>	<u>1,457,362</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

11 CAPITAL AND RESERVES

	Expendable capital funds	Permanent capital funds	Total 2010	Total 2009
	£	£	£	£
<u>Restricted funds</u>				
Trust funds	3,160,561	8,454,243	11,614,804	10,268,171
<u>Unrestricted funds</u>				
Designated funds	11,781,944	3,415,921	15,197,865	20,354,920
Undesignated funds:	1,722,445	162,200	1,884,645	23,178,963
General capital	35,611,339	0	35,611,339	5,762,960
Pension reserve	(2,650,398)	0	(2,650,398)	(1,323,579)
	<u>49,625,891</u>	<u>12,032,363</u>	<u>61,658,254</u>	<u>58,241,435</u>

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 2010

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	2,798,686	361,875	3,160,561
Permanent capital	7,469,484	984,758	8,454,243
Unrestricted funds			
Designated, expendable capital	17,708,345	(5,926,401)	11,781,944
Undesignated, expendable capital	7,515,329	29,818,455	37,333,784
Designated permanent capital	2,646,575	769,345	3,415,921
Undesignated permanent capital	21,426,594	(21,264,394)	162,200
Pension reserve	(1,323,579)	(1,326,819)	(2,650,398)
	<u>58,241,435</u>	<u>3,416,819</u>	<u>61,658,254</u>

13 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Undesignated	Designated Restricted	Designated Unrestricted	Total 2010	Total 2009
	£	£	£	£	£
Fellowships Funds	0	6,606,770	4,342,116	10,948,886	9,702,568
Scholarships and Prizes Funds	0	2,058,251	568,819	2,627,070	2,323,575
Bursary Funds	0	1,483,776	2,313,436	3,797,212	3,378,817
Other Funds	34,845,585	1,466,007	7,973,494	44,285,086	42,836,474
Total	<u>34,845,585</u>	<u>11,614,804</u>	<u>15,197,865</u>	<u>61,658,254</u>	<u>58,241,434</u>

14 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed assets	Investment assets	Net current assets	Pension liability	Total 2010	Total 2009
	£	£	£	£	£	£
Restricted funds						
Expendable capital	0	3,160,561	0	0	3,160,561	2,798,686
Permanent capital	0	8,454,243	0	0	8,454,243	7,469,484
Unrestricted funds						
Designated, expendable capital	0	11,781,944	0	0	11,781,944	17,708,345
Expendable capital	13,104,215	24,493,120	(263,550)	0	37,333,784	7,515,329
Permanent capital	3,578,120	0	0	0	3,578,120	24,073,168
Pension reserve	0	0	0	(2,650,398)	(2,650,398)	(1,323,579)
Total at end of year	<u>16,682,335</u>	<u>47,889,868</u>	<u>(263,550)</u>	<u>(2,650,398)</u>	<u>61,658,254</u>	<u>58,241,433</u>
Total at start 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>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

15 STAFF COSTS

	College Fellows	Other academic	Non- academic	Total 2010	Total 2009
	£	£	£	£	£
Full employment cost	1,330,592	205,216	3,193,136	4,728,944	4,431,962
of which:					
Emoluments	1,058,049	205,216	2,544,164	3,807,428	3,534,180
Social security	89,242	0	176,018	265,260	280,787
Pension	183,301	0	472,955	656,256	616,995
Average staff numbers (full-time)	26.7	n.a.	127.0	153.7	138.5
Number of Fellows (Michaelmas Term, FTEs)					
President and Professors				16	16
University Teaching Officers				28	29
College Teaching Officers				8	8
Bye Fellows				9	8
Research Fellows				6	6
College Administrative Officers				5	4

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

16 CAPITAL COMMITMENTS

At 30 June 2010 future capital expenditure authorised and committed amounted to £0.25.m (2009 - £0.75m)

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 2010 it reveals that no material events occurred.

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

18 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.

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

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

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

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

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables – rated down 1 year
Female members' mortality	PA92 MC YoB tables – No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 22.8 (24.8) years

Males (females) currently aged 45 24.0 (25.9) years

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

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund Regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using 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 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 fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. 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 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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.

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

18 PENSION SCHEMES (CONTINUED)

The sensitivities regarding the principal assumption used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

18 PENSION SCHEMES (CONTINUED)

As at 31 March 2010, USS has over 130,000 active members and the College has 66 active members participating in the scheme.

The total pension cost of this Scheme for the College was £188,029 (2009 £177,611). The contribution rate payable by the College was 16% 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).

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 2010 was £495,350 (2009: £388,564), excluding PHI premiums. Contributions over the next year are expected to be at the rate 18.49% of Contribution Pay plus £170,427pa subject to review at future actuarial valuations. These rates exclude PHI.

The major assumptions used by the actuary were:

	<u>31 March</u> <u>2010</u>	<u>31 March</u> <u>2009</u>	<u>31 March</u> <u>2008</u>	<u>31 March</u> <u>2007</u>
Discount rate	5.6%	6.4%	6.6%	5.4%
Price Inflation assumption	3.7%	2.9%	3.4%	3.3%
Rate of increase in salaries	4.7% *	3.9%	4.9%	3.9%
Rate of increase in pensions in deferment	3.7%	2.9%		
- GMP		3.9%	4.9%	3.9%
- Excess pension	3.7%	2.9%	3.4%	3.3%
Rate of increase in pensions in payment	3.7%	2.9%		
- GMP accrued up to 5 April 1988	0.0%	0.0%	0.0%	0.0%
- GMP accrued after 5 April 1988	2.8%	2.7%	2.8%	2.6%
- Excess Pension over GMP and pension accrued after 5 April 1997	3.7%	2.9%	3.4%	3.3%

*1.5% in 2010, 4.7% thereafter.

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 adjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables.

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

18 PENSION SCHEMES (CONTINUED)

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

	<i>Long-term rate of return expected at 31/03/2010</i>	<i>Value at 31 March 2010</i>	<i>Long-term rate of return expected at 31/03/2009</i>	<i>Value at 31 March 2009</i>	<i>Long-term rate of return expected at 31/03/2008</i>	<i>Value at 31/03/2008</i>
		£		£		£
Equities and Hedge Funds	7.5%	4,279,903	7.3%	2,714,274	7.5%	3,054,262
Cash, Bonds & Net Current Assets	5.0%	2,211,283	4.8%	2,326,520	5.0%	2,372,317
Property	6.5%	<u>641,985</u>	6.3%	<u>498,541</u>	6.5%	<u>695,239</u>
Total	6.6%	<u>7,133,171</u>	6.2%	<u>5,539,335</u>	6.4%	<u>6,121,818</u>

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

	2010	2009	2008	2007
	£	£	£	£
Total market value of assets	7,133,171	5,539,335	6,121,818	5,926,392
Present value of Scheme liabilities	<u>(9,783,569)</u>	<u>(6,862,914)</u>	<u>(6,953,922)</u>	<u>(6,858,590)</u>
Surplus/(deficit) in the Scheme	<u>(2,650,398)</u>	<u>(1,323,579)</u>	<u>(832,104)</u>	<u>(932,198)</u>

The amounts recognised in income and expenditure are as follows:

	31 March 2010	31 March 2009
	£	£
In staff costs: Current service cost (net of employee contributions)	<u>281,778</u>	<u>321,485</u>
In endowment and investment income:		
Interest cost	446,767	461,621
Expected return on pension scheme assets	<u>(348,033)</u>	<u>(395,466)</u>
Net return	<u>380,512</u>	<u>387,640</u>
Actual return on pension scheme assets	<u>1,101,047</u>	<u>(795,404)</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

18 PENSION SCHEMES (CONTINUED)

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

	31 March 2010 £	31 March 2009 £
Present value of Scheme liabilities at beginning of year	6,862,914	6,953,922
Service cost (including employee's contributions)	398,474	430,465
Interest cost	446,767	461,621
Actuarial losses (gains)	2,194,671	(698,471)
Benefits paid	<u>(119,257)</u>	<u>(284,623)</u>
Present value of Scheme liabilities at end of year	<u>9,783,569</u>	<u>6,862,914</u>

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

	31 March 2010 £	31 March 2009 £
Market value of Scheme assets at beginning of year	5,539,335	6,121,818
Expected return	348,033	395,466
Actuarial gains and (losses)	753,014	(1,190,870)
Contributions by employer	495,350	388,564
Additional contributions by members (including AVCs)	116,696	108,980
Benefits (and expenses) paid	<u>(119,257)</u>	<u>(284,623)</u>
Market value of Scheme assets at end of year	<u>7,133,171</u>	<u>5,539,335</u>

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

	31 March 2010 £	31 March 2009 £	31 March 2008 £	31 March 2007 £	31 March 2006 £
Present value of Scheme liabilities	(9,783,569)	(6,862,914)	(6,953,922)	(6,858,590)	(6,777,655)
Market value of Scheme assets	<u>7,133,171</u>	<u>5,539,335</u>	<u>6,121,818</u>	<u>5,926,392</u>	<u>5,312,447</u>
Surplus/(deficit)	<u>(2,650,398)</u>	<u>(1,323,579)</u>	<u>(832,104)</u>	<u>(83,749)</u>	<u>(109,385)</u>
Experience adjustments on scheme liabilities	152,626	(195,733)	(223,348)	117,566	(56,387)
Experience adjustments on scheme assets	753,014	(1,190,870)	(451,213)	(8,425)	450,418
Change in assumptions underlying present value of Scheme liabilities	(2,347,297)	894,204	614,366	377,086	(668,719)