CHRIST'S COLLEGE
CAMBRIDGE

Annual report of the Trustees and Accounts prepared under the Recommended Cambridge College Accounts (RCCA) format for the year ended 30 June 2013

Christ's College
St Andrew's Street
Cambridge
CB2 3BU

Registered charity number 1137540

Contents

Corporate Governance

This section describes the governance of the College and the arrangements for the management of its resources and for audit.

Christ's College is a self-governing corporate body, established by royal charter. It is a registered charity (registered number 1137540) and subject to regulation by the Charity Commission for England and Wales. Christ's College Enterprises Limited, a wholly owned subsidiary primarily involved in property development, donates its profits to the College, to be used in its charitable activities.

The Governing Body is comprised of the Fellows of the College. Undergraduate and postgraduate student representatives are also coopted members of the Governing Body. The Statutes & Ordinances govern the activities of the College.

The members of the College Council are the charity trustees and are responsible for ensuring compliance with charity law. The Council consists of the Master, the Senior Tutor and Bursar, ex officio, and ten members elected from the membership of the Governing Body. Each elected member is elected to serve for a period of two years and may be re-elected for two further terms of two years each. Members of the Council during the year ended 30 June 2013 are set out on page 4.

The College Council is responsible for oversight of the management of the assets, income, expenditure and educational business of the College, in accordance with the directions and subject to the limitations laid down in the College Statutes. They are advised in carrying out their duties by a number of Committees. The Education Committee advises the Council on educational matters, including teaching, pastoral care and admissions. The Financial Control Committee advises the Council on the annual budget, monitors income and expenditure during the year, and reviews the annual report and accounts before presentation to Council and the Governing Body. The accounts of the College and its subsidiary are externally audited. The Estates Committee and the Investments Committee meet regularly with and receive reports from professional advisers and advise the Council on estates and securities investments respectively. The principal officers of the College, as laid down by the College's Statutes and Ordinances are the Master, who is responsible overall for the work of the College; the Bursar who is its chief administrative and financial officer and the Senior Tutor who is responsible for the oversight of its educational work.

There are Registers of Interests of Trustees, the Financial Control Committee and Audit Committee and of the senior administrative officers. Declarations of interest are made systematically at meetings. No fees are paid to Fellows in respect of their duties as members of the College Council, although a number of the members of the Council hold office or employment with the College and receive remuneration in respect of the services they provide. Stipends, salaries and fees for these services are determined on the advice of a Remuneration Committee. The total amount paid to serving members of the Council in the year ended 30 June 2013, including pension contributions, was £0.4m (2012: £0.4m).

Statement of Internal Control

The College Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2013 and up to the date of approval of the financial statements.

The College Council is responsible for reviewing the effectiveness of the system of internal control. The Council's review is informed by the work of the various Committees, Bursar and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Trustees & Advisers

Charity Trustees (Members of the Council)

(ex officio)	Professor F P Kelly, Master, Dr R E Hunt, Senior Tutor, Mr D J Ball, Bursar
(elected)	Dr Green (to 01.09.12), Dr Bell and Dr Shvets (to 31.12.12), Professor Amin and Dr Browne (from 01.01.13), Professor Edwardson, Professor Gay, Professor Gillard, Dr Jones, Dr Punskaya, Professor Secord, Mrs Stirling and Dr Vout.

Principal officers

Master:	Professor F P Kelly FRS
Senior Tutor:	Dr R E Hunt
Bursar:	Mr D J Ball

Principal advisers

Auditors	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA
Bankers	Lloyds TSB Black Horse House Castle Park Cambridge CB3 0AR
Property Managers	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD
Investment Managers	Various
Legal Advisers	Ashton KCJ Chequers House 77-81 Newmarket Road Cambridge CB5 8EU

Operating & Financial Review – 2012/13

1. Aims, Objectives & Public Benefit

The College's objective is the advancement of education, religion, learning and research through the provision of a college within the University of Cambridge.

The primary aim of the College, as an independent foundation within a collegiate university, is the provision of education leading to degrees awarded by the University of Cambridge. It seeks to enable its students to achieve their full potential, through both academic success and participation in the broad range of extra-curricular activities which the College and the University provide.

Within the collegiate university, the College's role (in common with the other colleges) is to select and admit its own undergraduates and graduates, to provide advice about programmes of study and arrange small-group teaching for undergraduates, to provide pastoral care and to monitor each individual student's progress. Ancillary to this role, the College provides a chapel with a Chaplain, a library, residential accommodation, catering and recreational facilities. The College makes provision for student activities in sport, music, drama, the visual arts and other non-academic areas.

The College engages in outreach activities, in conjunction with the University and the other colleges generally, to encourage undergraduate applications from able candidates from all backgrounds and schools. Graduate students are selected by faculties and departments in the University before being admitted to the College. The University provides lecture courses, library and laboratory facilities, and is responsible for examinations and the award of degrees.

The benefits afforded by collegiate life in the Cambridge system are the interactions that are fostered within a relatively small but diverse community, academically across disciplines and socially, between students and Fellows (who are often leading scholars or researchers in their field). A high proportion of students live in or close by the College, take meals in College and participate in College clubs, societies, and sporting activities; some Fellows are resident in College and many are present in College during the day in term time, to teach, to participate in College business, or because that is their base to carry out research. The drop out rate among the College's undergraduates is extremely low, compared to the national average. This is attributed to the care taken in the selection of undergraduates for admission, the provision of pastoral care, the attention paid to teaching in small groups, the steps taken to monitor each individual student's progress, and the financial support available through bursaries in cases of hardship.

The College also offers studentships for undergraduates and postgraduates and grants towards travel and research expenses for academic purposes. The College provides access bursaries, awarded on the assessment of financial need, for over 25% of non-overseas undergraduates and over 100 scholarships and prizes, awarded on performance in University examinations.

Although the academic progress of graduate students reading for higher degrees is primarily the responsibility of the faculty or department of the University in which they work, the College also provides considerable support for these students, through pastoral care, residential accommodation in College flats or houses, the opportunity to participate in social and sporting activities and to interact with the Fellows in a range of disciplines, access to research and travel grants, and financial support in cases of hardship.

The 500-year-old College site contains much that is uniquely important in the nation's architectural heritage. The College also maintains these ancient buildings and gardens, which are its main operational assets, and allows public access to the gardens at most times of the year.

2. Funding

The College's main sources of funding during the year were income generated from its charitable activities and investment income:

	£'000	
	2012-13	2011-12
Academic Fees & Charges	2,307	2,172
Residences, Catering & Conferences	2,986	2,859
Investment Income	3,160	3288

The College also received donations and new endowments of £2.4m (2011-12: £2.5m). Most of this was added to the endowment rather than recognized through the Income & Expenditure Account.

3. Achievements & Performance

3.1 Educational Activities

Undergraduate examination performance continued to be strong. At the same time students participated in a wide range of other sporting, cultural and charitable activities, with a number achieving distinction in their fields.

Graduate students also continued to achieve good results, while the graduate community within the college was active in organizing academic and social events through the MCR.

The College operates within policies and strategies determined by the University and, as appropriate, the colleges collectively, for example in matters of admissions targets, transfer from the University of the college fee in respect of publicly-funded UK undergraduates, the provision of courses and curriculum.

The full time equivalent numbers of undergraduate and graduate students in residence and registered with the University were:

	2012/13	2011/12
Undergraduates	454	450
Postgraduates	169	142

One new full time College Teaching Officer (CTO) joined the College during the year (2011-12: three). CTOs are required to undertake research, in addition to their teaching commitments. One University Lecturer (2011-12: three) also joined the College as a Teaching Fellow.

3.2 Research Activities

Fellows again received a number of distinctions recognising their research achievements.

Four new Junior Research Fellows joined the College during the year (2011-12: three). A further new Junior Research Fellow (2011-12: three) will join the College shortly after the year end. Research fellowships, for which there is strong competition, are intended to give young research workers who have shown outstanding promise an opportunity to continue their research as the first step towards developing an academic career. A non-stipendiary Fellow, supported by the Sackler and Cambridge Foundation, was also elected during the year (2011-12: one. The tenure of all the research fellowships is limited to four years.

4. Financial Review

The College has again prepared its consolidated accounts in accordance with the Recommended Cambridge College Accounts or RCCA format.

Income & Expenditure Account
Overall, the Account shows a small surplus on continuing operations after making the University Contribution under Statute G,II. General Funds again show a deficit, but the result here excluding depreciation (which largely relates to buildings) remains positive.

Statement of Total Recognised Gains & Losses
It will be seen that the College's investments performed strongly during the year. Further actuarial losses were recognized, however, in respect of pension obligations and this element of our reported results remains volatile.

Balance Sheet
The consolidated balance sheet remains strong, with total funds of £137m (2012: £127m). The College has no external long-term debt and has sufficient liquid funds to meet all normal contingencies. There was a small, outstanding capital commitment of £0.3m at 30 June 2013 in respect of the conversion of part of a property formerly held wholly for investment purposes to student accommodation.

Investment Income
At the beginning of the year the College changed its policy on the recognition of investment income to one ~~of~~ based on the total return, rather than the income only yield, from its investments. Accordingly, both income and capital gains/losses have been credited to the Statement of Total Recognised Gains and Losses, with an appropriate sum, determined by the trustees of the College, being transferred to the Income & Expenditure Account for application in the current financial year. After taking appropriate advice, the trustees have decided to make 4.5% per annum of the smoothed historic value of the total endowment available for transfer, after a transitional period, and this rate will be reviewed regularly. [Individual rates of transfer have also been set for the main asset classes.]

Donations & Bequests
It will be seen from the accounts that the College continues to rely heavily on its investment income, and on bequests and donations to capital, in order to undertake its charitable activities. The College was again very grateful to receive during the last year substantial gifts and pledges from Old Members and others in specific support of each of our current priorities:

- Additional bursaries for students
- Funding of teaching Fellowships
- Provision of additional accommodation for our growing number of graduate students

Together with donations and legacies for general purposes, these will help the College to continue to provide the quality of teaching and collegiate experience to which we remain committed.

Trading Subsidiary – Christ's College Enterprises
Further proceeds of £1.3m (2012: £1.1m) were recorded during the year from sales of land in which the College has an interest at North Hykeham, Lincoln. A contract was also agreed for the sale of further tranches of land over the next five years.

5. Risk Management

The Council has identified the major risks to which the College might be exposed, and has established policies and procedures to manage those risks.

6. Plans for future periods

The College does not anticipate major changes to its activities and facilities in the short term. Planned growth in graduate student numbers will have implications for accommodation requirements. Plans for improvements to the library and boathouse have been developed, but any decision to proceed with these capital projects remains conditional on sufficient additional funding being obtained.

Prof F P Kelly
Master
Christ's College
Cambridge

Date: 4 October 2013

Responsibilities of the Trustees

The Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the College Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Trustees are responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept.

The Trustees are responsible for taking reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Prof F P Kelly
Master
Christ's College
Cambridge

Date: 4 October 2013

Independent Auditor's Report to the Trustees of Christ's College

We have audited the financial statements of Christ's College for the year ended 30 June 2013 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, 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 Trustees 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 Trustees, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the College's affairs as at 30 June 2013 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Annual Report of the Trustee's is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 10 October 2013

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP) except to the extent that operational buildings are held within endowment funds.

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 7.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments which are included at valuation.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertaking. Details of the subsidiary undertaking included are set out in note 26. Intra-group balances are eliminated on consolidation.

The consolidated financial statements do not include the activities of student societies as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no control.

Recognition of income

Academic fees
Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Donations and benefactions
Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

Capital grants and donations
Capital grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

Other income
Income is received from a range of activities including residences, catering, conferences and other services rendered.

Total return
With effect from 1 July 2012, the college invests its endowment investment portfolio and allocates a proportion of the related earnings and capital appreciation to the income and expenditure account in accordance with the

total return investment concept. The allocation to income is determined by a spending rule, which is designed to maintain an appropriate balance between annual levels of distribution from the endowment and the maintenance over time of the real value of the endowment.

Prior to 1 July 2012, all investment income was credited to the income and expenditure account in the period in which it was received. Comparative figures have not been adjusted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the income and expenditure for the financial year.

Tangible fixed assets

Land and buildings
The buildings on the main College site have been valued at depreciated replacement cost. The value of the land on the main College site has not been capitalised.

Freehold buildings on the main college site are depreciated on a straight line basis over their expected useful economic life of 100 years. Flats and hostels are depreciated over a period of 50 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Unless funded by capital grants or specific donations, land and buildings have been treated as Endowment Assets since in the majority of cases their construction, purchase, conversion or improvement was funded by Endowment.

Maintenance of premises
The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred.

Equipment
Fixtures, fittings and equipment are capitalised and depreciated over their expected useful life of 10 years.

Heritage assets
The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Fixed asset and endowment investments are included in the balance sheet at market value.

Stocks

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Taxation

The College is a registered charity (number 1137540) and 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 receives no similar exemption in respect of Value Added Tax.

Contribution under Statute G, II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Pension costs

The College participates in three funded defined benefit pension schemes, Cambridge Colleges Federated Pension Scheme (CCFPS), Universities Superannuation Scheme (USS) and the Church of England Funded Pension Scheme (CEFPS), and one defined contribution pension scheme, Cambridge Colleges Group Pension Plan, which is administered by Aviva. The assets of the schemes are held in separate trustee administered funds. Members of CCFPS and USS are contracted out of the State Second Pension.

Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the Fellows' or employees' services. In the case of the CCFPS, costs comprise service and finance costs.

Because of the mutual nature of the USS and CEFPS schemes, the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for each scheme as if it were a defined contribution scheme. As a result, the amounts charged to the Income and Expenditure Account represent the contributions payable to the schemes in respect of the accounting period.

The Aviva scheme is a defined contribution scheme, hence the cost charged to the Income and Expenditure Account represents the employer contributions due in the financial year.

Christ's College Cambridge
Consolidated Income and Expenditure Account
For the year ended 30 June 2013

	Note	2013 £'000	2012 £'000
Income			
Academic fees and charges	1	2,307	2,172
Residences, catering and conferences	2	2,986	2,859
Endowment and investment income	3	3,160	3,288
Donations	4	668	295
Total income		9,121	8,614
Expenditure			
Education	5	3,103	3,286
Residences, catering and conferences	6	4,694	4,258
Other expenditure		1,159	1,217
Total expenditure	7	8,956	8,761
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		165	(147)
Contribution under Statute G, II		36	33
Surplus/(deficit) on continuing operations after Contribution under Statute G, II		129	(180)
Surplus/(deficit) for the year transferred to accumulated income in endowment funds	18	345	138
Surplus/(deficit) for the year retained within general reserves		(216)	(318)

All items dealt with in arriving at the surplus/(deficit) for 2013 and 2012 relate to continuing operations.

The notes on pages 20 to 37 form part of these accounts.

Christ's College Cambridge
Consolidated Statement of Total Recognised Gains and Losses
For the year ended 30 June 2013

	Note	Restricted Funds £'000	Unrestricted Funds £'000	2013 Total Funds £'000	2012 Total Funds £'000
Surplus/(deficit) on income and expenditure account		345	(216)	129	(180)
Net investment income receivable		457	1,622	2,079	-
Increase/(decrease) in market value of investments					
- Endowment assets	18	2,237	7,722	9,959	274
- Fixed asset investments	19	-	231	231	(60)
Total return allocation		(944)	(2,162)	(3,106)	-
New endowments	18	1,379	349	1,728	2,251
Transfers		-	-	-	-
Actuarial gain/(loss) in respect of pension schemes	23	-	(939)	(939)	(1,517)
Total recognised gains/(losses) relating to the year		3,474	6,607	10,081	768
Reconciliation					
Opening reserves and endowments		23,594	99,780	123,374	122,606
Total recognised gains/(losses) for the year		3,474	6,607	10,081	768
Closing reserves and endowments		27,068	106,387	133,455	123,374

The notes on pages 20 to 37 form part of these accounts.

Christ's College Cambridge
Consolidated Balance Sheet as at 30 June 2013

	Notes	2013 Group £'000	2012 Group £'000
Fixed assets			
Tangible assets	9	4,049	3,831
Investments	10	2,633	2,434
Endowment assets	11	134,185	123,131
Current assets			
Stocks and work in progress	12	79	61
Debtors	13	673	621
Cash at bank and in hand	14	1,209	3,597
Creditors: amounts falling due within one year	15	(1,775)	(3,825)
Net current assets		186	454
Net assets excluding pension asset/(liability)		141,053	129,850
Net pension asset/(liability)	25	(3,796)	(2,942)
Net assets including pension asset/(liability)		137,257	126,908

Represented by:

		Restricted funds	Unrestricted funds	2013 Group	2012 Group
Deferred capital grants	17	-	3,802	3,802	3,534
Endowments	18				
Expendable endowments		3,172	-	3,172	2,789
Permanent endowments		23,896	107,117	131,013	120,342
Reserves	19				
General reserves excluding pension reserve		-	2,898	2,898	3,197
Pension reserve		-	(3,796)	(3,796)	(2,942)
Fixed asset investment revaluation reserve		-	168	168	(12)
Total funds		27,068	110,189	137,257	126,908

The financial statements were approved by the College Council on 4 October 2013 and signed on its behalf by:

Prof F P Kelly
Master, Christ's College, Cambridge

The notes on pages 20 to 37 form part of these accounts.

Christ's College Cambridge
College Balance Sheet as at 30 June 2013

	Notes	2013 College £'000	2012 College £'000
Fixed assets			
Tangible assets	9	4,049	3,831
Investments	10	2,762	2,563
Endowment assets	11	134,110	125,775
Current assets			
Stocks and work in progress	12	79	61
Debtors	13	570	508
Cash at bank and in hand	14	1,284	3,597
Creditors: amounts falling due within one year	15	(1,756)	(3,721)
Net current assets		177	445
Net assets excluding pension asset/(liability)		141,098	132,614
Net pension asset/(liability)	25	(3,796)	(2,942)
Net assets including pension asset/(liability)		137,302	129,672

Represented by:

	Notes	Restricted funds	Unrestricted funds	2013 College	2012 College
Deferred capital grants	17	-	3,802	3,802	3,534
Endowments	18				
Expendable endowments		3,172	-	3,172	2,789
Permanent endowments		23,896	107,042	130,938	122,986
Reserves	19				
General reserves excluding pension reserve		-	3,018	3,018	3,317
Pension reserve		-	(3,796)	(3,796)	(2,942)
Fixed asset investment revaluation reserve		-	168	168	(12)
Total funds		27,068	110,234	137,302	129,672

The financial statements were approved by the College Council on 4 October 2013 and signed on its behalf by:

Prof F P Kelly
Master, Christ's College, Cambridge

The notes on pages 20 to 37 form part of these accounts.

Christ's College Cambridge
Consolidated Cash Flow Statement
For the year ended 30 June 2013

	Note	**2013 £'000**	**2012 £'000**
Net cash inflow from operating activities	21	(9,107)	(2,863)
Returns on investments and servicing of finance	22	2,133	3,288
Capital expenditure and financial investment	22	4,586	2,060
Increase/(decrease) in cash in the year		(2,388)	2,485

Reconciliation in net cash flow to movement in net funds

Increase/(decrease) in cash in the year		(2,388)	2,485
Net funds at beginning of year		3,597	1,112
Net funds at end of year	23	1,209	3,597

The notes on pages 20 to 37 form part of these accounts.

Christ's College Cambridge
Notes to the Accounts
For the year ended 30 June 2013

1. Academic fees and charges

	2013 £'000	2012 £'000
College fees:		
Fee income paid on behalf of undergraduates at the publicly-funded undergraduate rate (per capita fee £3,951 - £4,500)	1,569	1,522
Privately-funded undergraduate fee income (per capita fee £5,450)	264	236
Fee income received at the Graduate fee rate (per capita fee £2,349)	306	291
Other income:		
Cambridge Bursary Scheme Compensation	168	123
Total	2,307	2,172

2. Income from residences, catering and conferences

	2013 £'000	2012 £'000
Accommodation:		
College members	1,865	1,787
Conferences and other external business	233	180
Total	2,098	1,967
Kitchen & Buttery:		
College members	506	501
Conferences and other external business	382	391
Total	888	892
Total	2,986	2,859

3. Endowment and Investment income

3a Analysis

	2013 £'000	2012 £'000
Total return allocation	3,106	-
Income from:		
Land and buildings	-	1,785
Securities	-	1,422
Other interest receivable	54	81
Total	3,160	3,288

3b Summary of total return

	2013 £'000	2012 £'000
Income from land and buildings	1,594	1,785
Quoted and other securities and cash	715	1,422
Gains/(losses) on endowment assets:		
land and buildings	6,825	1,075
Quoted and other securities and cash	3,365	(861)
Investment management costs (see note 3c)	(230)	(260)
Total return for the year	12,269	3,161
Total return transferred to income and expenditure account (see note 3a)	(3,106)	(2,947)
Unapplied total return for the year included within the statement of total recognised gains and losses (see note 20)	9,163	214

3c Investment management costs

	2013 £'000	2012 £'000
Land and buildings	(202)	(260)
Securities	(28)	-
Total	(230)	(260)

4. Donations

	2013 £'000	2012 £'000
Unrestricted donations	354	264
Restricted donations	282	-
Released from deferred capital grants	32	31
Total	668	295

5. Education expenditure

	2013 £'000	2012 £'000
Teaching	1,332	1,444
Tutorial	605	579
Admissions	237	229
Research	506	515
Scholarships and awards	284	256
Other educational facilities	139	263
Total	3,103	3,286

6. Residences, catering and conferences expenditure

	2013 £'000	2012 £'000
Accommodation		
College members	3,409	3,093
Conferences and other external business	308	304
Total	3,717	3,397
Catering		
College members	622	495
Conferences and other external business	355	366
Total	977	861
Total	4,694	4,258

7a Analysis of 2012/2013 expenditure by activity

	Staff costs (note 8) £'000	Other operating expenses £'000	Depreciation £'000	Total £'000
Education	1,210	1,893	-	3,103
Residences, catering and conferences	2,212	1,771	711	4,694
Other	706	453	-	1,159
Total	4,128	4,117	711	8,956

7b Analysis of 2011/12 expenditure by activity

	Staff costs (note 8) £'000	Other operating expenses £'000	Depreciation £'000	Total £'000
Education	1,308	1,978	-	3,286
Residences, catering and conferences	2,117	1,432	709	4,258
Other	522	695	-	1,217
Total	3,947	4,105	709	8,761

7c Auditor's remuneration

	2013 £'000	2012 £'000
Other operating expenses include:		
Audit fees payable to the College's external auditors	20	29
Other fees payable to the College's external auditors	14	30

8. Staff costs

	College Fellows £'000	Other academic £'000	Non-academic £'000	2013 Total £'000	2012 Total £'000
Staff costs:					
Emoluments	926	-	2,520	3,446	3,302
Social security costs	81	-	177	258	242
Other pension costs	72	-	352	424	403
Total	1,079	-	3,049	4,128	3,947
Average staff numbers:					
Academic	47	-	-	47	42
Non-academic (full time equivalent)	3	-	101	104	99

The Governing Body comprises 81 Fellows, of which the 50 declared above are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000.

During the year emoluments paid to trustees in their capacity as College Fellows was £0.4m (2012: £0.4m). The trustees received no emoluments in their role as trustees of the charity.

9. Tangible fixed assets

Group and College	Land and buildings £'000	Assets in construction £'000	Equipment £'000	2013 Total £'000	2012 Total £'000
Cost:					
At beginning of year	68,765	490	495	69,750	69,829
Additions at cost	327	3	-	330	106
Disposals	-	-	-	-	(185)
At end of year	69,092	493	495	70,080	69,750
Depreciation:					
At beginning of year	1,972	-	198	2,170	1,464
Charge for the year	661	-	50	711	709
Eliminated on disposals	-	-	-	-	(3)
At end of year	2,633	-	248	2,881	2,170
Net book value:					
At end of year	66,459	493	247	67,199	67,580
At beginning of year	66,793	490	297	67,580	68,365
Allocation:					
Endowment assets	63,149	-	-	63,149	63,750
Other	3,310	493	247	4,050	3,830
Total	66,459	493	247	67,199	67,580

The value of freehold land and buildings for insurance purposes as at 30 June 2013 was £120,549k (2012: £107,076k).

Heritage assets

The College holds and conserves collections of silverware, documents and manuscripts of historical, artistic or scientific importance. As reliable estimates of cost or valuation are not available for these, and the cost of obtaining such information would exceed the benefit to be derived by readers of the accounts, they have not been capitalised.

10. Fixed asset investments

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Balance at beginning of year	59,581	59,101	62,423	61,405
Additions	1,010	1,401	1,009	1,401
Disposals	(3,896)	(1,134)	(2,558)	(5)
Appreciation/(depreciation)	10,190	214	6,139	(378)
Balance at end of year	66,885	59,582	67,013	62,423
Represented by:				
Property	27,020	24,091	22,020	23,803
Securities	37,417	23,156	37,417	23,156
Investments in subsidiary undertakings	-	-	5,129	3,129
Cash in hand and at investment managers	2,448	12,335	2,447	12,335
	66,885	59,582	67,013	62,423
Allocation:				
Endowment assets	64,252	57,148	64,251	59,860
Other	2,633	2,434	2,762	2,563
Total	66,885	59,582	67,013	62,423

11. Endowment assets

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Balance at beginning of year	123,131	120,468	125,775	122,587
Additions	5,559	3,204	6,890	4,319
Disposals	(3,487)	(815)	(3,487)	(815)
Appreciation/(depreciation)	8,982	274	4,932	(316)
Balance at end of year	134,185	123,131	134,110	125,775
Represented by:				
Property	27,020	24,091	22,020	23,803
Securities	35,698	21,568	35,698	21,568
Investments in subsidiary undertakings	-	-	5,000	3,000
Cash in hand and at investment managers	1,534	11,489	1,534	11,489
Other cash balances	6,784	-	6,709	-
Loan to General Reserves	-	2,233	-	2,165
Fixed Assets	63,149	63,750	63,149	63,750
	134,185	123,131	134,110	125,775

12. Stocks and work in progress

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Goods for resale	-	-	-	-
Work in progress	-	-	-	-
Other stocks	79	61	79	61

13. Debtors

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Members of the College	25	31	25	31
Amounts due from subsidiary undertakings	-	-	-	7
Other debtors	429	374	429	374
Prepayments and accrued income	219	216	116	96
Total	673	621	570	508

14. Cash and bank balances

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Bank deposits	1	706	1	706
Current accounts	10,439	15,225	10,439	15,225
Cash in hand	1	1	1	1
Total cash at bank and in hand	10,441	15,932	10,441	15,932
Investment assets	(2,448)	(12,335)	(2,448)	(12,335)
Endowment assets	(6,784)	-	(6,709)	-
General Reserve balance	1,209	3,597	1,284	3,597

15. Creditors: amounts falling due within one year

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Trade creditors	505	298	505	298
Members of the College	222	198	222	198
Amounts due to subsidiary undertakings	-	-	37	-
University fees	-	41	-	41
Other creditors (e.g. VAT)	209	212	209	212
Loan from Endowment	-	2,233	-	2,165
Accruals and deferred income	839	843	783	807
Total	1,775	3,825	1,756	3,721

16. Pension liabilities

	Group 2013 £'000	Group 2012 £'000	College 2013 £'000	College 2012 £'000
Balance at beginning of year	(2,942)	(1,559)	(2,942)	(1,559)
Movement in year:				
Current service cost including life assurance	(320)	(330)	(320)	(330)
Contributions	486	502	486	502
Other finance income/(cost)	(81)	(38)	(81)	(38)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(939)	(1,517)	(939)	(1,517)
Balance at end of year	(3,796)	(2,942)	(3,796)	(2,942)

17. Deferred capital grants

Group and College	Grants £'000	Donations £'000	2013 Total £'000	2012 Total £'000
Buildings:				
Balance at beginning of year	-	3,534	3,534	3,565
Grants and donations received	-	300	300	-
Released to income and expenditure account	-	(32)	(32)	(31)
Balance at end of year	-	3,802	3,802	3,534

18. Endowments

Group	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2013 Total	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year:						
- Capital	99,537	18,388	117,925	2,510	120,435	117,939
- Unspent income	-	2,417	2,417	279	2,696	2,529
New endowments received	348	1,380	1,728	-	1,728	2,251
Income receivable from endowment asset investments	-	832	832	393	1,225	935
Expenditure	-	664	664	216	880	797
Net transfer (to)/from income and expenditure account	-	168	168	177	345	138
Increase/(decrease) in market value of investments	7,722	1,972	9,694	265	9,959	274
Net investment income receivable	1,575	403	1,978	54	2,032	2,859
Total return allocation	(2,065)	(832)	(2,897)	(112)	(3,009)	(2,859)
Balance at end of year						
Comprising:						
- Capital	107,117	21,132	128,249	2,818	131,067	120,435
- Unspent income	-	2,764	2,764	354	3,118	2,696
Balance at end of year	107,117	23,896	131,013	3,172	134,185	123,131
Representing:						
Fellowship funds	-	8,485	8,485	1,649	10,134	9,208
Scholarship funds	-	869	869	476	1,345	1,263
Prize funds	-	314	314	25	339	313
Hardship funds	-	472	472	-	472	433
Bursary funds	-	6,294	6,294	279	6,573	4,918
Travel & research grant funds	-	1,276	1,276	236	1,512	1,365
Other funds	-	6,186	6,186	507	6,693	6,094
General endowments	107,117	-	107,117	-	107,117	99,537
Group total	107,117	23,896	131,013	3,172	134,185	123,131

College	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2013 Total	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year:						
- Capital	102,181	18,388	120,569	2,510	123,079	120,058
- Unspent income	-	2,417	2,417	279	2,696	2,529
New endowments received	1,679	1,380	3,059	-	3,059	3,368
Income receivable from endowment asset investments	-	832	832	393	1,225	935
Expenditure	-	664	664	216	880	797
Net transfer (to)/from income and expenditure account	-	168	168	177	345	138
Increase/(decrease) in market value of investments	3,672	1,972	5,644	264	5,908	(318)
Net investment income receivable	1,575	403	1,978	54	2,032	2,859
Total return allocation	(2,065)	(832)	(2,897)	(112)	(3,009)	(2,859)
Balance at end of year						
Comprising:						
- Capital	107,042	21,132	128,174	2,818	130,992	123,079
- Unspent income	-	2,764	2,764	354	3,118	2,696
Balance at end of year	107,042	23,896	130,938	3,172	134,110	125,775
Representing:						
Fellowship funds	-	8,485	8,485	1,649	10,134	9,208
Scholarship funds	-	869	869	476	1,345	1,263
Prize funds	-	314	314	25	339	313
Hardship funds	-	472	472	-	472	433
Bursary funds	-	6,294	6,294	279	6,573	4,918
Travel & research grant funds	-	1,276	1,276	236	1,512	1,365
Other funds	-	6,186	6,186	507	6,693	6,094
General endowments	107,042	-	107,042	-	107,042	102,181
College total	107,042	23,896	130,938	3,172	134,110	125,775

19. Reserves

Group	General reserves	Fixed asset investment revaluation reserve	2013 Total	2012 Total
	£'000	£'000	£'000	£'000
Balance at beginning of year	255	(12)	243	2,138
Surplus retained for the year	(214)	-	(214)	(318)
Actuarial gain/(loss)	(939)	-	(939)	(1,517)
Increase/(decrease) in market value of investments	-	231	231	(60)
Net investment income receivable	-	47	47	95
Total return contribution	-	(97)	(97)	(95)
Balance at end of year	(898)	169	(729)	243

College	General reserves	Fixed asset investment revaluation reserve	2013 Total	2012 Total
	£'000	£'000	£'000	£'000
Balance at beginning of year	374	(12)	362	2,257
Surplus retained for the year	(213)	-	(213)	(318)
Actuarial gain/(loss)	(939)	-	(939)	(1,517)
Increase/(decrease) in market value of investments	-	231	231	(60)
Net investment income receivable	-	47	47	95
Total return contribution	-	(97)	(97)	(95)
Balance at end of year	(778)	169	(609)	362

20. Memorandum of Unapplied Total Return

	2013	2012
	£'000	£'000
Unapplied Total Return at beginning of year	38,200	37,986
Unapplied Total Return for year (see note 3b)	9,163	214
Unapplied Total Return at end of year	47,363	38,200

21. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2013	2012
	£'000	£'000
Surplus/(deficit) on continuing operations	129	(180)
Depreciation of tangible fixed assets	711	709
Deferred capital grants released to income	(32)	(31)
Pension costs less contributions payable	(85)	(135)
Investment income	(3,160)	(3,288)
Decrease/(increase) in stocks	(18)	2
Decrease/(increase) in debtors	(52)	669
Increase/(decrease) in Endowment cash balances	(4,550)	(2,856)
Increase/(decrease) in creditors	(2,050)	2,247
Net cash inflow from operating activities	(9,107)	(2,863)

22. Cash flows

	2013	2012
	£'000	£'000
Returns on investments and servicing of finance		
Income from investments	3,160	3,288
Release of unapplied total return	(1,027)	-
	2,133	3,288

	2013 £'000	2012 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(330)	(106)
Donations for buildings and other deferred capital grants received	300	-
Proceeds of disposal of tangible fixed assets	-	182
Net (purchases)/sales of long-term investments	2,888	(267)
New endowments received	1,728	2,251
Net cash inflow from capital expenditure and financial investment	4,586	2,060

23. Analysis of cash and bank balances

	At beginning of year £'000	Cashflows £'000	Other Movements £'000	At end of year £'000
Cash at bank and in hand	15,932	(5,491)	-	10,441
Investment assets	(12,335)	3,103	-	(9,232)
Net Funds	3,597	(2,388)	-	1,209

24. Capital Commitments

	2013 £'000	2012 £'000
Commitments contracted at 30 June	277	-

25. Pension schemes

The College participates in three defined benefits schemes, the Universities Superannuation Scheme (USS), the Cambridge Colleges Federated Pensions Scheme (CCFPS) and the Church of England Funded Pensions Scheme (CEFPS), and one defined contribution scheme, Cambridge Colleges Group Personal Pension Scheme.

The total pension cost, after personal health insurance contributions, for the year to 30 June 2013 (see note 8) was as follows:

	2013 £'000	2012 £'000
CCFPS: charge to Income and Expenditure Account	292	293
USS Contributions	91	94
CEFPS	15	-
Cambridge Colleges Group Personal Pension Scheme	26	16
	424	403

Universities Superannuation Scheme

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

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

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

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 CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% 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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

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

New Entrants
Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age
The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement
Flexible retirement options were introduced.

Member contributions increased
Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS section and CRB section members respectively.

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

Pension increase cap
For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

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

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

Assumption	*Change in assumption*	*Impact on shortfall*
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 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 by the trustee are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that, putting the issue of USS fund's size and scale to one side for a moment, it might 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 sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee 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 importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together – in an integrated form – the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had over 148,000 active members and the college had 20 active members participating in the scheme. The total pension cost for the College was £0.09m (2012: £0.09m). 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 benefits scheme, the Cambridge Colleges Federated Pension Scheme (CCFPS). A full valuation was undertaken as at 31 March 2011 and updated to 30 June 2013 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2013	30 June 2012
	% p.a.	% p.a.
Discount rate	4.6	4.7
Expected long-term rate of return on Scheme assets	6.2	5.6
Increase in salaries	2.8*	2.2**
Retail Prices Index (RPI) assumption	3.3	2.7
Consumer Prices Index (CPI) assumption	2.3	1.7
Pension increases (RPI linked)	3.3	2.7
Pension increases (capped RPI linked)	3.1	2.5

* 1.5% in 2013, 2.8% thereafter
** 1.5% in 2012 and 2013, 2.2% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2012 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements has been updated from 2012 when the CMI 2011 projection table was adopted. This results in the following life expectancies:

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

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2013 (with comparative figures as at 30 June 2012) are as follows:

	30 June 2013	30 June 2012
	£'000	£'000
Market value of Scheme assets	7,102	6,254
Present value of Scheme liabilities	(10,897)	(9,196)
Surplus/(deficit) in the Scheme	(3,796)	(2,942)

The amounts recognized in the income and expenditure account for the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30 June 2013	30 June 2012
	£'000	£'000
Current service cost	320	330
Contributions paid by the College	(486)	(502)
Interest on pension scheme liabilities	430	468
Expected return on pension scheme assets	(349)	(430)
Total charge	(85)	(133)
Actual Return on Scheme assets	760	(792)

Changes in the present value of the Scheme liabilities for the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30 June 2013	30 June 2012
	£'000	£'000
Present value of Scheme liabilities at beginning of period	9,196	8,621
Service cost (including employee contributions)	349	367
Interest cost	430	468
Actuarial losses/(gains)	1,349	295
Benefits paid	(427)	(556)
Present value of Scheme liabilities at end of period	10,897	9,196

Changes in the fair value of Scheme assets for the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30 June 2013	30 June 2012
	£'000	£'000
Market value of Scheme assets at beginning of period	6,254	7,062
Expected return	349	430
Actuarial gains/(losses)	411	(1,222)
Contributions paid by the College	486	502
Employee contributions	29	37
Benefits paid	(427)	(556)
Market value of Scheme assets at end of period	7,102	6,254

The agreed contributions to be paid by the College for the forthcoming year are 9.53% of Contribution Pay for non salary sacrifice members (19.53% of Contribution Pay for salary sacrifice members) plus £20,398 to cover expenses plus £21,545 to complete the current Recovery Plan by 31 July 2013, subject to review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2013 (with comparative figures at 30 June 2012) are as follows:

	30 June 2013	30 June 2012
Equities and Hedge Funds	68%	66%
Bonds & Cash	24%	25%
Properties	8%	9%
Total	100%	100%

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.0% (2012: 6.4%), on properties of 6.0% (2012: 5.4%) and on bonds and cash of 4.0% (2012: 3.7%).

The amount recognisable in the statement of total recognised gains and losses (STRGL) for the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) is as follows:

	30 June 2013	30 June 2012
	£'000	£'000
Actuarial return less expected return on Scheme assets	411	(1,222)
Experience gains and losses arising on Scheme liabilities	(106)	(179)
Changes in assumptions underlying the present value of Scheme liabilities	(1,243)	(116)
Actuarial gain/(loss) recognised in STRGL	(938)	(1,516)

The cumulative amount of actuarial gains and losses recognized in the STRGL for the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) is as follows:

	30 June 2013	30 June 2012
	£'000	£'000
Cumulative actuarial gain/(loss) at beginning of period	(2,145)	(629)
Recognised during the period	(938)	(1,516)
Cumulative actuarial gain/(loss) at end of period	(3,084)	(2,145)

Movements in the surplus/(deficit) during the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30 June 2013 £'000	30 June 2012 £'000
Surplus/(deficit) in Scheme at beginning of year	(2,942)	(1,559)
Service Cost (Employer Only)	(320)	(330)
Contributions paid by the College	486	502
Finance Cost	(81)	(38)
Actuarial gain/(loss)	(938)	(1,516)
Surplus/(deficit) in Scheme at the end of the year	(3,796)	(2,942)

Amounts for the current and previous 4 periods are as follows:

	30 June 2013 £'000	30 June 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Present value of Scheme liabilities	(10,897)	(9,196)	(8,621)	(8,727)	(6,530)
Market value of Scheme assets	7,102	6,254	7,062	6,058	4,979
Surplus/(deficit) in the Scheme	(3,796)	(2,942)	(1,559)	(2,669)	(1,551)
Actual return less expected return on Scheme assets	411	(1,222)	191	673	(1,124)
Experience gain/(loss) arising on Scheme liabilities	(106)	(179)	116	89	(127)
Change in assumptions underlying present value of Scheme liabilities	(1,243)	(116)	817	(1,989)	802

Church of England Funded Pensions Scheme

The college participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the college is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

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

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

Following the results of the 2009 valuation, changes were made to benefits being built up in the Scheme from 1 January 2011 and the college's contribution rate was set at 38.2% of pensionable stipends.

Contributions rates will be reviewed at the next valuation of the Scheme, due no later than as at 31 December 2012.

26. Principal subsidiary and associated undertakings and other significant investments

Name of subsidiary undertaking	*Country of registration and operation*	*Class of share*	*Proportion held*	*Nature of business*
Christ's College Enterprises Ltd	England	Ordinary	100%	Development partner

27. Contingent Liabilities

As noted in note 18, with effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a "last man standing" scheme so that in the event of an 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.

28. Related Party Transactions

During the year no fees or expenses were paid to Fellows in respect of their duties as members of the Council or Governing Body. (2012: nil)

Owing to the nature of the College's operations and the composition of the Governing Body it is inevitable that transactions will take place with organizations in which a member of the Governing Body has an interest. All transactions involving organizations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.