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 2011

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. 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 2011 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 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. Dr R K Hinkley retired as Bursar on 31st May 2011 and was succeeded by Mr D J Ball.

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.

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 however 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 2011, including pension contributions, was £0.4m (2010: £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 2011 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, Dr R K Hinkley, Bursar (to 31.5.11), Mr D J Ball, Bursar (from 1.6.11)

(elected) Professor Fitzgerald, and Dr Rees (to 1.10.10), Professor Reynolds and Professor Edwardson (from 2.10.10), and Dr Wakelin, Professor Gillard, Dr Howard, Dr Green, Dr Punskaya, Mrs Stirling, Professor Gay and Dr Shvets.

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 Third Floor Black Horse House Castle Park Cambridge CB3 0AR
Property Managers	Bidwells Trumpington Road Cambridge CB2 9LD
Investment Managers	Royal Bank of Canada 71 Queen Victoria Street London EC4V 4DE
Legal Advisers	Kester Cunningham John Chequers House 77-81 Newmarket Road Cambridge CB5 8EU

Operating & Financial Review – 2010/11

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. In this endeavour, 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, provides.

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, to arrange small-group teaching, to provide pastoral care and to monitor each individual student's progress. Ancillary to this role, the College provides a chapel with a full-time Chaplain, a library, residential accommodation, catering and recreational facilities, including extensive sporting facilities. The College also 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. In exercise of our powers to that end we have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2006.

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	
	2010-11	2009-10
Academic Fees & Charges	2,119	1,921
Residences, Catering & Conferences	2,637	2,323
Investment Income	3,400	3,360

The revised accounting treatment of Donations is summarized in Section 4 below.

3. Achievements & Performance

3.1 Educational Activities

Undergraduate examination performance continued to be strong. In June 2011 the College was placed sixth (2010: twelfth) among the twenty nine Cambridge colleges in the Tompkins league table of University examination (Tripos) results. 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. Christ's target number for Home (UK/EU) undergraduate admissions in 2010/11 was 104 (2010: 108)

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

	2010/11	2009/10
Undergraduates	445	432
Postgraduates	117	91

One new College Teaching Officer (CTO) joined the College during the year. CTOs are required to undertake research, in addition to their teaching commitments. Two recently-appointed University Lecturers also joined the College as Teaching Fellows.

Six new Teaching Fellows (CTOs or College Lecturers) and a Professorial Fellow were also appointed during the year and will join the College shortly after the year end.

3.2 Research Activities

Two new Junior Research Fellows joined the College during the year (2010: two). 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 Fund, was also elected during the year. It is a condition of this fellowship that the holder continues to be employed as a post-doctoral worker in the University of Cambridge. The tenure of all the research fellowships is limited to four years.

Three new Research Fellows were also appointed during the year and will join the College shortly after the year end.

Fellows also received during the year a number of distinctions recognising their research achievements.

4. Financial Review

The College has this year prepared its consolidated accounts in accordance with a different accounting format (Recommended Cambridge College Accounts, or RCCA, which is based on the HE/FE SORP). This differs in various respects from the Charities SORP under which the College has reported in previous years. The comparators for the previous year have therefore been restated. The accounts look rather different but the changes are essentially presentational rather than economic.

The most evident changes are:

- the recognition of the College's main site on the balance sheet and the introduction of depreciation charges for these buildings and the College's other operational properties

- the changed treatment of donations and bequests e.g. the introduction of deferred capital grants

Income & expenditure

It will be seen from the accounts that the College continues to rely heavily on investment income, and bequests and donations to capital, in order to undertake its charitable activities.

The College reports under the new format a deficit on continuing operations after making its University Contribution under Statute G II (although the deficit for 2010-11 is lower than the prior year comparator). However, the Trustees consider that the position is acceptable because the position excluding depreciation (which largely relates to buildings) is positive:

	£'000	
	2010-11	2009-10
Deficit on continuing operations after Contribution	(143)	(399)
Surplus before depreciation of buildings (net of grants released)	486	224

The treatment of donations under the new format is shown below:

	£'000	
	2010-11	2009-10
Expendable Donations (Income & Expenditure)	315	46
New Endowments (STRGL)	600	1,711
Deferred Capital Grant	500	-
Releases of Deferred Capital Grant	(32)	(32)
TOTAL	1,383	1,725

Statement of Total Recognised Gains & Losses
The actuarial gain of £1,124k in respect of pension obligations reflects improved investment conditions during the year, although the College clearly remains exposed to significant investment uncertainties going forward.

Balance Sheet
The consolidated balance sheet is strong, with total funds of £126m. The College has no external debt and has sufficient liquid funds to meet all normal contingencies. There were no material capital commitments at the year end.

Investment Performance
The total return in the year to 30 June 2011 on the securities portfolio was 13.4% (2010: 15.0%). The dividend income from the securities portfolio was £1,423k (2010: £1,276k). The estimated total return on the commercial property portfolio in the year to 30 June 2011 was 8.8% net of expenses (2010: 7.8%). Stronger investment markets also reduced the projected pension funding deficit. However, market concerns about the ongoing economic challenges and, in consequence, market volatility rose sharply after the year end.

Donations & Bequests
The College's activities continue to receive significant support from its many benefactors, as shown above.

The College was 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 capital receipts of £919k (2010: £560k) were recorded during the year from sales of land in which the College has an interest at North Hykeham, Lincoln. Capital receipts from land sales at North Hykeham are expected to continue in 2011/12, although the level of such receipts will be influenced by prevailing market conditions.

5. Risk Management

The Council has identified the major risks to which the College might be exposed. It has established policies and procedures to manage those risks. The College's Risk Management Assessment, which summarises key risks and responsibilities, has been reviewed in the course of 2011.

6. Plans for future periods

The College does not anticipate major changes to its activities and facilities in the short term. In the longer term it aims to increase its graduate student intake, and this may have implications for its accommodation requirement. Proposals for improvements to the library and boathouse are also under discussion, but any decision to proceed with such investments will be conditional on sufficient additional funding being obtained.

Mr D J Ball
Bursar
Christ's College
Cambridge

Date: 1 October 2011

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.

Mr D J Ball
Bursar
Christ's College
Cambridge

Date: 1 October 2011

Christ's College
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 2011 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 10, 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 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 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 2011 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 1993 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 1993 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: 4 October 2011

Christ's College Cambridge
Statement of Principal Accounting Policies

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).

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 24. 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.

Endowment and investment income
All investment income is credited to the income and expenditure account in the period in which it is received. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are forward foreign exchange contract, 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. The valuation was carried out on 22 June 2011 by Gerald Eve LLP. Flats and hostels were previously treated as investment assets but have been transferred to operational assets at their estimated market value at 1 July 2009.

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 investment and endowment assets are included in the balance sheet at market value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their 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 two funded defined benefit pension schemes, Cambridge Colleges Federated Pension Scheme (CCFPS) and Universities Superannuation Scheme (USS), 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 the two defined benefit schemes 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 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 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 2011

	Note	2011 £'000	2010 £'000
Income			
Academic fees and charges	1	2,119	1,921
Residences, catering and conferences	2	2,637	2,323
Endowment and investment income	3	3,400	3,360
Donations	4	315	46
Total income		8,471	7,650
Expenditure			
Education	5	2,993	2,959
Residences, catering and conferences	6	4,320	3,886
Other expenditure		1,267	1,172
Total expenditure	7	8,580	8,017
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		(109)	(367)
Contribution under Statute G, II		34	32
Surplus/(deficit) on continuing operations after Contribution under Statute G, II		(143)	(399)
Surplus/(deficit) for the year transferred to accumulated income in endowment funds	18	29	(33)
Surplus/(deficit) for the year retained within general reserves		(172)	(366)

All items dealt with in arriving at the surplus/(deficit) for 2011 and 2010 relate to continuing operations.

The notes on pages 22 to 39 form part of these accounts.

Christ's College Cambridge
Consolidated Statement of Total Recognised Gains and Losses
For the year ended 30 June 2011

	Note	Restricted Funds £'000	Unrestricted Funds £'000	2011 Total Funds £'000	2010 Total Funds £'000
Surplus/(deficit) on income and expenditure account		29	(172)	(143)	(399)
Unspent endowment fund income		-	-	-	-
Increase/(decrease) in market value of investments					
- Endowment assets	18	1,274	1,414	2,688	2,478
- Fixed asset investments	19	-	135	135	159
New endowments	18	159	441	600	1,711
Actuarial gain/(loss) in respect of pension schemes	16	-	1,124	1,124	(1,227)
Total recognised gains/(losses) relating to the year		1,462	2,942	4,404	2,722
Reconciliation					
Opening reserves and endowments		21,506	96,696	118,202	115,480
Total recognised gains/(losses) for the year		1,462	2,942	4,404	2,722
Closing reserves and endowments		22,968	99,638	122,606	118,202

The notes on pages 22 to 39 form part of these accounts.

Christ's College Cambridge
Consolidated Balance Sheet as at 30 June 2011

	Notes	2011 Group £'000	2010 Group £'000
Fixed assets			
Tangible assets	9	3,912	3,493
Investments	10	2,463	2,271
Endowment assets	11	120,468	117,151
Current assets			
Stocks and work in progress	12	63	59
Debtors	13	1,290	2,804
Cash at bank and in hand	14	1,112	(448)
Creditors: amounts falling due within one year	15	(1,578)	(1,362)
Net current assets		887	1,053
Net assets excluding pension asset/(liability)		127,730	123,968
Net pension asset/(liability)	16	(1,559)	(2,669)
Net assets including pension asset/(liability)		126,171	121,299

Represented by:

	Notes	Restricted funds	Unrestricted funds	2011 Group	2010 Group
Deferred capital grants	17	-	3,565	3,565	3,097
Endowments					
Expendable endowments	18	2,636	-	2,636	2,573
Permanent endowments	18	20,332	97,500	117,832	114,578
Reserves					
General reserves excluding pension reserve	19	-	3,649	3,649	3,633
Pension reserve	19	-	(1,559)	(1,559)	(2,669)
Fixed asset investment revaluation reserve	19	-	48	48	87
Total funds		22,968	103,203	126,171	121,299

The financial statements were approved by the College Council on 1 October 2011 and signed on its behalf by:

Mr D J Ball
Bursar, Christ's College, Cambridge

The notes on pages 22 to 39 form part of these accounts.

Christ's College Cambridge
College Balance Sheet as at 30 June 2011

	Notes	2011 College £'000	2010 College £'000
Fixed assets			
Tangible assets	9	3,912	3,493
Investments	10	2,592	2,271
Endowment assets	11	122,587	118,806
Current assets			
Stocks and work in progress	12	63	59
Debtors	13	1,263	2,923
Cash at bank and in hand	14	1,111	(448)
Creditors: amounts falling due within one year	15	(1,560)	(1,362)
Net current assets		877	1,172
Net assets excluding pension asset/(liability)		129,968	125,742
Net pension asset/(liability)	16	(1,559)	(2,669)
Net assets including pension asset/(liability)		128,409	123,073

Represented by:

	Notes	Restricted funds	Unrestricted funds	2011 College	2010 College
Deferred capital grants	17	-	3,565	3,565	3,097
Endowments					
Expendable endowments	18	2,636	-	2,636	2,573
Permanent endowments	18	20,332	99,619	119,951	116,233
Reserves					
General reserves excluding pension reserve	19	-	3,768	3,768	3,753
Pension reserve	19	-	(1,559)	(1,559)	(2,669)
Fixed asset investment revaluation reserve	19	-	48	48	86
Total funds		22,968	105,441	128,409	123,073

The financial statements were approved by the College Council on 1 October 2011 and signed on its behalf by:

Mr D J Ball
Bursar, Christ's College, Cambridge

The notes on pages 22 to 39 form part of these accounts.

Christ's College Cambridge
Consolidated Cash Flow Statement
For the year ended 30 June 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	20	(2,482)	(3,420)
Returns on investments and servicing of finance	21	3,400	3,360
Capital expenditure and financial investment	21	642	1,239
Increase/(decrease) in cash in the year		1,560	1,179
Reconciliation in net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		1,560	1,179
Net funds at beginning of year		(448)	(1,627)
Net funds at end of year	22	1,112	(448)

The notes on pages 22 to 39 form part of these accounts.

Christ's College Cambridge
Notes to the Accounts
For the year ended 30 June 2011

1. Academic fees and charges

	2011 £'000	2010 £'000
College fees:		
Fee income paid on behalf of undergraduates at the publicly-funded undergraduate rate (per capita fee £3,861)	1,442	1,330
Privately-funded undergraduate fee income (per capita fee £4,614)	294	316
Fee income received at the Graduate fee rate (per capita fee £2,229)	253	195
Other income:		
Cambridge Bursary Scheme Compensation	130	80
Total	2,119	1,921

2. Income from residences, catering and conferences

	2011 £'000	2010 £'000
Accommodation:		
College members	1,665	1,502
Conferences and other external business	155	90
Total	1,820	1,592
Kitchen & Buttery:		
College members	487	454
Conferences and other external business	330	277
Total	817	731
Total	2,637	2,323

3. Endowment and Investment income

	2011 £'000	2010 £'000
Income from:		
Land and buildings	1,880	1,952
Quoted securities	1,423	1,276
Other interest receivable	97	132
Total	3,400	3,360

4. Donations

	2011	2010
	£'000	£'000
Unrestricted donations	283	14
Released from deferred capital grants	32	32
	315	46

5. Education expenditure

	2011	2010
	£'000	£'000
Teaching	1,196	1,241
Tutorial	548	485
Admissions	229	225
Research	610	527
Scholarships and awards	179	254
Other educational facilities	231	227
Total	2,993	2,959

6. Residences, catering and conferences expenditure

	2011	2010
	£'000	£'000
Accommodation		
College members	3,186	2,789
Conferences and other external business	272	252
Total	3,458	3,041
Catering		
College members	558	587
Conferences and other external business	304	258
Total	862	845
Total	4,320	3,886

7a Analysis of 2010/2011 expenditure by activity

	Staff costs (note 8)	Other operating expenses	Depreciation	Total
	£'000	£'000	£'000	£'000
Education	1,257	1,736	-	2,993
Residences, catering and conferences	2,012	1,598	710	4,320
Other	531	736	-	1,267
Total	3,800	4,070	710	8,580

7b Analysis of 2009/10 expenditure by activity

	Staff costs (note 8)	Other operating expenses	Depreciation	Total
	£'000	£'000	£'000	£'000
Education	1,215	1,744	-	2,959
Residences, catering and conferences	2,067	1,115	704	3,886
Other	514	658	-	1,172
Total	3,796	3,517	704	8,017

7c Auditor's remuneration

	2011	2010
	£'000	£'000
Other operating expenses include:		
Audit fees payable to the College's external auditors	32	28
Other fees payable to the College's external auditors	15	89

8. Staff costs

	College Fellows	Other academic	Non-academic	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000
Staff costs:					
Emoluments	922	-	2,272	3,194	3,106
Social security costs	79	-	155	234	221
Other pension costs	84	-	288	372	469
Total	1,085	-	2,715	3,800	3,796
Average staff numbers:					
Academic	42	-	-	42	42
Non-academic (full time equivalent)	3	-	96	99	95

The Governing Body comprises 70 Fellows, of which the 45 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 (2010: £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	2011 Total £'000	2010 Total £'000
Cost:					
At beginning of year	68,209	-	495	68,704	68,704
Additions at cost	637	488	-	1,125	-
At end of year	68,846	488	495	69,829	68,704
Depreciation:					
At beginning of year	655	-	99	754	50
Charge for the year	661	-	49	710	704
At end of year	1,316	-	148	1,464	754
Net book value:					
At end of year	67,530	488	347	68,365	67,950
At beginning of year	67,554	-	396	67,950	68,654
Allocation:					
Endowment assets	64,453	-	-	64,453	64,457
Other	3,077	488	347	3,912	3,493
Total	67,530	488	347	68,365	67,950

The value of freehold land and buildings for insurance purposes as at 30 June 2011 was £114,637k (2010: £114,637k).

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 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Balance at beginning of year	56,945	53,836	58,774	55,398
Additions	252	1,263	252	1,263
Disposals	(919)	(791)	-	(230)
Appreciation/(depreciation)	2,823	2,637	2,379	2,343
Balance at end of year	59,101	56,945	61,405	58,774
Represented by:				
Property	23,968	24,017	23,143	22,717
Quoted securities – equities	26,511	24,580	26,511	24,580
Investments in subsidiary undertakings	-	-	3,129	3,129
Cash in hand and at investment managers	8,608	8,332	8,608	8,332
Other investments	14	16	14	16
	59,101	56,945	61,405	58,774
Allocation:				
Endowment assets	56,638	54,674	58,813	56,374
Other	2,463	2,271	2,592	2,400
Total	59,101	56,945	61,405	58,774

11. Endowment assets

	Group 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Balance at beginning of year	117,151	112,995	118,806	114,390
Additions	1,271	2,301	2,179	2,854
Disposals	(641)	(623)	(641)	(623)
Appreciation/(depreciation)	2,687	2,478	2,243	2,185
Balance at end of year	120,468	117,151	122,587	118,806
Represented by:				
Property	23,968	24,017	23,143	22,716
Quoted securities - equities	24,652	22,885	24,652	22,885
Investments in subsidiary undertakings	-	-	3,000	3,000
Cash in hand and at investment managers	7,382	5,777	7,326	5,732
Other investments	13	15	13	16
Fixed Assets	64,453	64,457	64,453	64,457
	120,468	117,151	122,587	118,806

12. Stocks and work in progress

	Group 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Goods for resale	-	-	-	-
Work in progress	-	-	-	-
Other stocks	63	59	63	59

13. Debtors

	Group 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Members of the College	46	26	46	26
Amounts due from subsidiary undertakings	-	-	-	103
Other debtors	451	460	450	460
Loan to Endowment	623	1,980	679	2,025
Prepayments and accrued income	170	338	88	180
	1,290	2,804	1,263	2,794

14. Cash and bank balances

	Group 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Bank deposits	5,193	1,678	5,193	1,678
Current accounts	4,526	6,205	4,525	6,205
Cash in hand	1	1	1	1
Total cash at bank and in hand	9,720	7,884	9,719	7,884
Investment assets	(8,608)	(8,332)	(8,608)	(8,332)
General Reserve balance	1,112	(448)	1,111	(448)

15. Creditors: amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Trade creditors	278	230	278	230
Members of the College	161	138	161	138
Amounts due to subsidiary undertakings	-	-	54	-
University fees	7	(2)	7	(2)
Other creditors (e.g. VAT)	224	214	223	214
Accruals and deferred income	908	782	837	782
	1,578	1,362	1,560	1,362

16. Pension liabilities

	Group 2011 £'000	Group 2010 £'000	College 2011 £'000	College 2010 £'000
Balance at beginning of year	(2,669)	(1,551)	(2,669)	(1,551)
Movement in year:				
Current service cost including life assurance	(472)	(216)	(472)	(216)
Contributions	564	435	564	435
Other finance (income)/cost	(106)	(110)	(106)	(110)
Actuarial loss/(gain) recognised in statement of total recognised gains and losses	1,124	(1,227)	1,124	(1,227)
Balance at end of year	(1,559)	(2,669)	(1,559)	(2,669)

17. Deferred capital grants

Group and College	Grants £'000	Donations £'000	2011 Total £'000	2010 Total £'000
Buildings:				
Balance at beginning of year	-	3,097	3,097	3,129
Grants and donations received	-	500	500	-
Released to income and expenditure account	-	(32)	(32)	(32)
Balance at end of year	-	3,565	3,565	3,097

18. Endowments

Group	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year:						
- Capital	95,646	16,900	112,546	2,363	114,909	110,984
- Unspent income	-	2,032	2,032	210	2,242	2,011
New endowments received	441	135	576	24	600	1,711
Income receivable from endowment asset investments	-	845	845	115	960	848
Expenditure	-	702	702	229	931	881
Net transfer (to)/from income and expenditure account	-	143	143	(114)	29	(33)
Increase/(decrease) in market value of investments	1,413	1,122	2,535	153	2,688	2,478
Balance at end of year						
Comprising:						
- Capital	97,500	18,037	115,537	2,402	117,939	114,909
- Unspent income	-	2,295	2,295	234	2,529	2,242
Balance at end of year	97,500	20,332	117,832	2,636	120,468	117,151
Representing:						
Fellowship funds	-	7,792	7,792	1,338	9,130	8,523
Scholarship funds	-	834	834	475	1,309	1,229
Prize funds	-	299	299	22	321	298
Hardship funds	-	436	436	-	436	409
Bursary funds	-	3,960	3,960	307	4,267	4,009
Travel & research grant funds	-	1,147	1,147	221	1,368	1,274
Other funds	-	5,864	5,864	273	6,137	5,764
General endowments	97,500	-	97,500	-	97,500	95,645
Group total	97,500	20,332	117,832	2,636	120,468	117,151

College	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year:						
- Capital	97,301	16,900	114,201	2,363	116,564	112,379
- Unspent income	-	2,032	2,032	210	2,242	2,011
New endowments received	1,349	135	1,484	24	1,508	2,264
Income receivable from endowment asset investments	-	845	845	115	960	848
Expenditure	-	702	702	229	931	881
Net transfer (to)/from income and expenditure account	-	143	143	(114)	29	(33)
Increase/(decrease) in market value of investments	969	1,122	2,091	153	2,244	2,185
Balance at end of year						
Comprising:						
- Capital	99,619	18,037	117,656	2,402	120,058	116,565
- Unspent income	-	2,295	2,295	234	2,529	2,241
Balance at end of year	99,619	20,332	119,951	2,636	122,587	118,806
Representing:						
Fellowship funds	-	7,792	7,792	1,338	9,130	8,523
Scholarship funds	-	834	834	475	1,309	1,229
Prize funds	-	299	299	22	321	298
Hardship funds	-	436	436	-	436	409
Bursary funds	-	3,960	3,960	307	4,267	4,009
Travel & research grant funds	-	1,147	1,147	221	1,368	1,274
Other funds	-	5,864	5,864	273	6,137	5,764
General endowments	99,619	-	99,619	-	99,619	97,300
Group total	99,619	20,332	119,951	2,636	122,587	118,806

19. Reserves

Group	General reserves	Fixed asset investment revaluation reserve	2011 Total	2010 Total
	£'000	£'000	£'000	£'000
Balance at beginning of year	1,138	(87)	1,051	2,485
Surplus retained for the year	(172)	-	(172)	(366)
Actuarial gain/(loss)	1,124	-	1,124	(1,227)
Increase/(decrease) in market value of investments	-	135	135	159
Balance at end of year	2,090	48	2,138	1,051

College	General reserves	Fixed asset investment revaluation reserve	2011 Total	2010 Total
	£'000	£'000	£'000	£'000
Balance at beginning of year	1,257	(87)	1,170	2,604
Surplus retained for the year	(172)	-	(172)	(366)
Actuarial gain/(loss)	1,124	-	1,124	(1,227)
Increase/(decrease) in market value of investments	-	135	135	159
Balance at end of year	2,209	48	2,257	1,170

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

	2011	2010
	£'000	£'000
Surplus/(deficit) on continuing operations	(143)	(399)
Depreciation of tangible fixed assets	710	704
Deferred capital grants released to income	(32)	(32)
Pension costs less contributions payable	15	(109)
Investment income	(3,400)	(3,360)
Decrease/(increase) in stocks	(4)	2
Decrease/(increase) in debtors	1,514	1,684
Increase/(decrease) in loan to Endowment	(1,358)	(1,861)
Increase/(decrease) in creditors	216	(49)
Net cash inflow from operating activities	(2,482)	(3,420)

21. Cash flows

	2011	2010
	£'000	£'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,125)	-
Donations for buildings and other deferred capital grants received	500	-
Net sales of long-term investments	667	(473)
New endowments received	600	1,711
Net cash inflow from capital expenditure and financial investment	642	1,238

22. Analysis of cash and bank balances

	At beginning of year	Cashflows	Other Movements	At end of year
	£'000	£'000	£'000	£'000
Cash at bank and in hand	7,884	1,836	-	9,720
Investment assets	(8,332)	(276)	-	(8,608)
Net Funds	(448)	1,560	-	1,112

23. Pension schemes

The College participates in two defined benefits schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pensions Scheme (CCFPS), 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 2011 (see note 8) was as follows:

	2011	2010
	£'000	£'000
USS Contributions	111	112
CCFPS: charged to income and expenditure Account	256	357
Cambridge Colleges Group Personal Pension Scheme	5	0
	372	469

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; 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 scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and 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 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 2011 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 6.4% 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 the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, 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. 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 scheme-wide 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 institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years 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). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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 scheme liabilities*
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 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 towards 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 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 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the college had 29 active members participating in the scheme. The total pension cost for the College was £0.11m (2009: £0.11m). 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 2008 and updated to 30 June 2011 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2011	31 March 2010
	% p.a.	% p.a.
Discount rate	5.5	5.6
Expected long-term rate of return on Scheme assets	6.2	6.6
Increase in salaries	3.2*	4.7
Retail Prices Index (RPI) assumption	3.4	3.7
Consumer Prices Index (CPI) assumption	2.7	n/a
Pension increases (RPI linked)	3.4	3.7
Pension increases (capped RPI linked)	3.2	3.5

*2% in 2011, 3.2% 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 2009 projection and a target long-term improvement rate of 0.75% p.a. Both the base table and the allowance for improvements have been updated from 2010 when the PA92 tables were used with the Medium Cohort projections. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.7 years (previously 20.7 years).
- Female age 65 now has a life expectancy of 23.6 years (previously 23.5 years).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.7 years (previously 21.8 years).
- Female age 45 now and retiring in 20 years would have a life expectancy then of 24.8 years (previously 24.5 years).

Employee Benefit Obligations

The amounts recognized in the balance sheet as at 30 June 2011 (with comparative figures as at 31 March 2010) are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Market value of Scheme assets	7,062	6,058
Present value of Scheme liabilities	(8,621)	(8,727)
Surplus/(deficit) in the Scheme	(1,559)	(2,669)

The amounts recognized in the income and expenditure account are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Current service cost	472	216
Contributions paid by the College	(564)	(435)
Interest on pension scheme liabilities	621	413
Expected return on pension scheme assets	(514)	(302)
Total charge	15	(108)
Actual Return on Scheme assets	(706)	(975)

Changes in the present value of the Scheme liabilities for the 15 months ending 30 June 2011 (with comparative figures for the year ending 30 March 2010) are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Present value of Scheme liabilities at beginning of period	8,727	6,530
Service cost (including employee contributions)	550	330
Interest cost	621	413
Actuarial losses/(gains)	(933)	1,900
Benefits paid	(344)	(446)
Present value of Scheme liabilities at end of period	8,621	8,727

Changes in the fair value of Scheme assets for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Market value of Scheme assets at beginning of period	6,058	4,979
Expected return	514	302
Actuarial gains/(losses)	191	673
Contributions paid by the College	564	435
Employee contributions	79	114
Benefits paid	(344)	(445)
Market value of Scheme assets at end of period	7,062	6,058

The agreed contributions to be paid by the College for the forthcoming year are 14.25% of Contribution Pay (reducing to 13.25% from 1 January 2012) for non salary sacrifice members (23.25% of Contribution Pay for salary sacrifice members) plus £214,000 p.a. subject to review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	30 June 2011	31 March 2010
Equities and Hedge Funds	56%	61%
Bonds & Cash	36%	31%
Property	8%	8%
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 7.1% (2010: 7.5%), on property of 6.1% (2010: 6.5%) and on bonds & cash of 4.8% (2010: 5.0%).

Analysis of the amount recognizable in the statement of total recognised gains and losses (STRGL) for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Actuarial return less expected return on Scheme assets	191	673
Experience gains and losses arising on Scheme liabilities	116	89
Changes in assumptions underlying the present value of Scheme liabilities	817	(1,989)
Total charge	1,124	(1,227)

Cumulative amount of actuarial gains and losses recognized in the STRGL for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Cumulative actuarial gain/(loss) at beginning of period	(1,753)	(526)
Recognised during the period	1,124	(1,227)
Cumulative actuarial gain/(loss) at end of period	(629)	(1,753)

Movement in the surplus/(deficit) during the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	30 June 2011	31 March 2010
	£'000	£'000
Surplus/(deficit) in Scheme at beginning of year	(2,669)	(1,551)
Service Cost (Employer Only)	(472)	(216)
Contributions paid by the College	564	435
Finance Cost	(106)	(110)
Actuarial gain/(loss)	1,124	(1,227)
Surplus/(deficit) in Scheme at the end of the year	(1,559)	(2,669)

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

	30 June 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
	£'000	£'000	£'000	£'000	£'000
Present value of Scheme liabilities	(8,621)	(8,727)	(6,530)	(6,708)	(6,518)
Market value of Scheme assets	7,062	6,058	4,979	5,678	5,561
Surplus/(deficit) in the Scheme	(1,559)	(2,669)	(1,551)	(1,030)	(957)
Actual return less expected return on Scheme assets	191	673	(1,124)	(420)	(17)
Experience gain/(loss) arising on Scheme liabilities	116	89	(127)	(106)	(96)
Change in assumptions underlying present value of Scheme liabilities	817	(1,989)	802	430	291

24. 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

25. 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.

26. 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. (2010: 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 arms length and in accordance with the College's normal procedures.