ST EDMUND’S COLLEGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

St Edmund's College

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St Edmund's College

College Details

Year ended 30 June 2012

The College is a corporate body consisting of the Master, the Fellows and the Scholars. It is a registered charity (registration number 1137454), with its registered office at Mount Pleasant, Cambridge CB3 0BN.

The names of the members of the Governing Body during the year were as follows:

Master	Professor Paul Luzio*
Vice-Master	Professor Michael Herrtage*
Senior Tutor	Dr Helen Mason* (resigned as Senior Tutor 31st August 2011)
	Dr Judith Bunbury* (appointed as Senior Tutor 1st September 2011)
Bursar	Dr Richard Anthony*
Dean	Rev Dr Michael Robson* (resigned as Dean 30th September 2011)
	Rev Dr John Kenrick* (appointed 1st October 2011/resigned 31st August 2012)
Secretary of the Governing Body	Dr Phil Gardner*

Dr Denis Alexander
Dr Elizabeth Boyle
Dr Kate Brett*
Dr Sandra Brunnegger
Dr Sean Butler
Dr David Chatford Clark (resigned 31st August 2011)
Dr Robin Chatterjee
Professor Edwin Chilvers
Dr Matthew Cole (appointed 1st October 2011)
Dr Alan Colli
Dr Fernando Constantino Casas
Dr Lucy Davison (resigned 31st October 2011)
Dr Sarah Dewar Watson (resigned 30th June 2011)
Dr Petà Dunstan*
Professor Mark Field
Dr Tabitha Freeman
Dr Oscar Franco (appointed 1st October 2011,
resigned 31st January 2012)
Dr Anna Gannon*
Professor Hill Gaston*
Professor Peter Guthrie
Dr Andy Harter
Dr Peter Head
Professor Richard Hills
Dr Stephen Jenkins
Dr Dirk Jongkind
Dr Richard Jennings
Dr Ann Kaminski
Dr Edward Kessler
Miss Sorrel Langley-Hobbs
Dr Yi Li (appointed 1st October 2011)
Dr Pei-Yin Lin
Professor John Loughlin
Dr Josef Meri
Mr Allan McRobie*
Dr Simon Mitton*
Dr Maru Mormina (resigned 30th September 2011)
Dr Nicola Morrison (appointed 1 October 2011)
Mr Jonathan Newton (resigned 30th September 2011)
Miss Bernadette O'Flynn
Dr Andrew Peden (resigned 31st July 2012)
Dr Evan Reid
Dr Russell Re Manning (resigned 30th September 2011)
Professor Ullrich Steiner
Dr Mandy Swann
Professor Bob White
Dr Diana Wood*
Dr Eden Yin

* Member of Council and Trustee during 2011-12

Financial Report to the Council and Governing Body

Year ended 30 June 2012

Introduction

Founded in 1896, St Edmund's College was granted its Royal Charter in 1998. St Edmund's College is an autonomous, self-governing community of scholars, and one of the 31 colleges within the University of Cambridge. St Edmund's College can be distinguished from the majority of colleges in that it is classed as a graduate college and admits postgraduate students, mature undergraduates and affiliated students. The community consists of the Master, 50 fellows and 468 junior members, of whom 132 are undergraduates and 336 are graduates. Over 60 nationalities are represented within the student body, with a large majority coming from outside the UK.

Objectives

The College's charitable objectives are:
a) to advance education, religion, learning and research in the University of Cambridge;
b) to provide for that purpose a college for men and women who shall be members of the University wherein they may work for degrees of the University or may carry out postgraduate or other special studies at Cambridge.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for undergraduate and graduate students, which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. The College maintains a Library, providing a valuable resource for students of the College.

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University, regardless of their financial, social, religious or ethnic background. The College provides financial support to its students, through scholarships, awards and prizes to fund fees, living costs and reward academic excellence. It also contributes, together with the University, the Isaac Newton Trust and the other Cambridge Colleges, to the Cambridge Bursary Scheme, which is the primary mechanism of financial support for undergraduates to study at Cambridge.

There are no restrictions on entry to the College, other than academic excellence, and the College supports study in all subject areas offered by the University. However, under University Statutes, students must be 21 or over when they commence their studies at the College.

The College advances research through:

- Supporting the work of its two Research Institutes, the Von Hügel Institute and the Faraday Institute for Science and Religion
- Providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research
- Supporting research work pursued by its other Fellows through promoting interaction across disciplines, and encouraging visits from outstanding academics from abroad

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian faith and its implications for the individual and society. In particular, the College:

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services, which are open to the general public, as well as members of the College
- Supports, through the Dean, who is a Roman Catholic priest, the emotional, mental and spiritual well-being of all members of the College community, whatever their faith tradition, or none.
- Maintains its historic connection with the work of the Roman Catholic Church.

The College charges fees for the following:

- To graduate students to contribute towards the cost of their education
- To undergraduates at externally regulated rates for those Home/EU students who are eligible for public support, and to other undergraduates to contribute towards the cost of their education
- For accommodation and meals at reasonable rates.

In order to fulfil its charitable objectives of advancing education, learning, research and religion, the College employs Fellows, Supervisors, Directors of Studies. Tutors, Clergy and senior college officers, twelve of whom with the Master serve as charity trustees through being members of the College Council. The employment of the Master and some of the Fellows is undertaken with the intention of furthering the College's charitable objectives and their employment directly contributes to their fulfilment. The private benefit accruing to the Master and the Fellows through salaries, stipends and other benefits is objectively reasonable, measured against academic stipends generally, and specifically against its peer group of Colleges. Without the employment of the Master and Fellows, the College would not be able to fulfil its charitable aims.

Achievements

During the period 2000-2010, the College's student numbers doubled, principally driven by the growth in graduate students attending courses at the University. In the year 2011/12, numbers fell slightly. However, the College believes that in the longer term, growth will continue. The College's most significant achievement has been the absorption of the growth over the past two decades, which benefits the collegiate University as a whole. The current year's fall in the number of undergraduates was associated with the uncertainty regarding increased university tuition fees, and which appears to have had a significant short-term impact on mature undergraduates. In contrast, the College did see a continued growth in the number of PhD students.

During 2011-12, the College continued to take steps to stabilise its financial position. The improvements in financial management, together with better operational management, means that the College has been in a position to commence a programme of works to invest in its existing infrastructure, and, as a result, is focused on improving facilities for students, Fellows and staff.

On the academic front, it was particularly pleasing to see a rise in the number of First and Upper Second class degrees awarded to members of College, as the College continues to improve its teaching provision.

Financial Review

The College funds its activities from academic fees, charges for student residences and catering, income from its conferencing and external functions business, income from investments and donations.

Income and Expenditure

Income grew by £837,688 to £4,540,878, principally driven by a significant rise in research income and also an increase in conference income. The latter is particularly pleasing as this represents a major contribution to the College's finances through the greater utilisation of its accommodation and catering resources. Academic fees and charges fell slightly due to the small reduction in student numbers, affecting both undergraduates and graduates.

It should be noted that £748,523 of the research grant money received during the year has been added to the Deferred Income creditor balance on the Balance Sheet, and will be released in future years as income to match the timing of the corresponding expenditure.

Expenditure rose by £314,358 to £4,408,767. There was a growth in research expenditure associated with the rise in income. However, it should also be noted that there was an across-the-board increase in all areas of Educational expenditure demonstrating the College's continuing commitment to recruiting, teaching and supporting students. There was also a rise in accommodation and catering expenditure relating to the growing conferencing business.

The surplus transferred from accumulated income in endowment funds relates to a positive net increase in the restricted funds of the College. This relates primarily to the activities of the Research Institutes.

Investments

During the year, the College changed its investment managers from Credit Suisse to J O Hambro. This was on the advice of the College's Investment Committee, which was reinstituted in 2011, and includes in its membership alumni of the College with significant investment management expertise. This coincided with the College formally setting an investment income target of 3% net of fees

The value of the College's investment portfolio as at 30th June 2012 was £3,554,706. The gross income yield during the year was 2.3%, and the total return was -6.0%, reflecting a fall in the investment markets.

Other gains and losses

<u>Pensions</u>
The College is a member of the Cambridge Colleges Federated Pension Scheme, a defined benefit pension scheme. The scheme is closed to new employees, but the College continues to contribute for existing employees. During the year, there was an actuarial loss of £98,723.

<u>Colleges Fund</u>
The College has been, for many years, a major recipient of funds from the Colleges Fund, which is supported by contributions from the wealthier colleges. The grant to St Edmund's increased by £92,000 to £547,000, with the sum being added to the endowment. The College is extremely grateful to the other colleges for their support, which is essential to the continuation of the collegiate system.

Cash Flow

The College continued to improve its cashflow management, particularly in relation to debtors. As a result there was a reduction in debts from members of College of £329,167.

The College commenced a significant programme of works to improve its older facilities, and as a result capital expenditure rose to £239,992 (2011: £20,213). This included £116,239 on a major project to refurbish the Norfolk Building, and to extend and refurbish the White Cottage, with the latter being turned into much-needed student accommodation. The bulk of the major project expenditure was incurred over the summer of 2012 after the year end.

Net cash inflow was £1,121,421 during the year. The bulk of the cash inflow was due to the cash received in relation to the activities of the Research Institutes, which will be spent out over the next few years on research activities. However, the underlying educational operations of the College remain cash positive.

Balance Sheet

Net assets at the year end rose from £9,550,574 to £9,857,712, a consequence of the continuing improvement in the financial position of the College.

Funding

The expansion of the College in recent decades, essential in the support of the rise in University postgraduate numbers and in maintaining collegiate membership for all students, has been facilitated by long-term borrowing. This funded the construction of essential student accommodation and facilities. The College continues to meet its annual loan repayments of £528,701 plus interest, and the loan balance at the year end was £9,661,372 (2011: £10,190,073).

Since the year end, the College restructured its operational banking facilities, and replaced a £300,000 overdraft facility with a £800,000 five year revolving credit facility. The new facility enables the College to accommodate the fluctuating cashflow requirements of its Research Institutes, as well as provides funding for income-enhancing capital projects, such as the improvements to the White Cottage. In addition, it provides security of banking facilities until 2017.

Research Institutes

The Von Hügel Institute and the Faraday Institute for Science and Religion constitute important parts of the College. In August 2011, the Faraday was successfully awarded two major research grants by the Templeton World Research Foundation, which secured funding for its activities until January 2015.

Risk Management

The College's most significant financial liabilities, its long-term loans, are hedged at a fixed rate. The College Council, and its various sub-committees, are responsible for risk management, which is reported on formally to Council on an annual basis.

Outlook

The College continues to experience a stabilisation in its financial position, and is benefitting from improvements in operational management. Although 2011/12 saw a short-term interruption in its historic growth, in the long-term pressure is expected to continue from the University throught its plans for steadily-rising graduate student numbers. The College will continue to support the University in this strategy, including the proposed expansion in North-West Cambridge. However, future expansion will be limited by available resources.

Dr Richard Anthony
Bursar

13 November 2012

Statement of Internal Control

Year ended 30 June 2012

1. The Trustees are 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 Council and Governing Body are responsible, in accordance with the College's Statutes.

2. 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.

3. The systems of internal control are 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 2012 and up to the date of approval of the financial statements.

4. The Trustee's review of the effectiveness of the system of internal control 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.

Dr Richard Anthony
Bursar

13 November 2012

1. The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

2. The College is a registered charity (registered number 1137454) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

3. The Trustees are advised in carrying out its duties by the following Committees: academic agreements, accommodation, alumni, computing & information technology, Dean's, development, estates, ethics, finance & general purposes, health & safety, investment, library, nominations, remuneration, statutes & ordinances, stewards, tutorial and Von Hugel.

4. The principal officers of the College are the Master, the Vice Master, the Senior Tutor and the Bursar.

5. There are Registers of Interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.

6. The College's Trustees during the year ended 30 June 2012 are set out on page 1.

Dr Richard Anthony
Bursar

13 November 2012

Statement of Responsibilities of the College's Charity Trustees

Year Ended 30 June 2012

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

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body 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 those financial statements the Council in conjunction with the Governing Body is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Council in conjunction with the Governing body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dr Richard Anthony
Bursar

13 November 2012

Independent Auditors' Report to the Council and Governing Body of St Edmund's College

Year Ended 30 June 2012

We have audited the financial statements of St Edmund's College for the year ended 30 June 2012 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 frame work 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 Council and Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Council and Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and Governing Body and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the Council and Governing Body are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 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 College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council and Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Report 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 2012 and of the group's income and expenditure for the year then ended;

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;

- 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 Council and Governing Body's Annual Report 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

CAMBRIDGE

5 December 2012

Peters Elworthy & Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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 8.

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

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

Recognition of income

a) 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.

b) 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.

c) Capital grants and donations

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.

d) Income from Research Grants

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

e) Other income

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

Pension schemes

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. 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 College also contributes to the Cambridge Colleges Federated Pension Scheme, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

Tangible fixed assets

a) Freehold Land and Buildings

Freehold buildings are stated at cost and are depreciated on a straight line basis over their expected useful economic life of 40 years.

Leasehold buildings are stated at cost and are depreciated on a straight line basis over the period of the lease of 15 years.

b) Maintenance of premises

The cost of major refurbishment and maintenance which restores value is capitalised and depreciated over the expected useful economic life of the asset concerned.

c) Furniture, fittings and equipment

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

Garden equipment	10 years
Furniture and equipment	3 or 10 years

d) Heritage assets

The College does not hold any assets that should be classed as heritage assets.

Investments and Endowment Assets

Investments

a) Securities

Securities are shown at their market value. Investment income is included when dividends and interest become payable. Interest on bank deposits is included as earned.

b) Works of Art

Works of art are included at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Endowment funds

Endowment funds are classified under three headings:

> Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College, the fund is classified as an unrestricted permanent endowment.
>
> Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.
>
> Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the College must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

Taxation

The College is a registered charity (number 1137454) 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.

St Edmund's College

Consolidated Income and Expenditure Account

Year Ended 30 June 2012

	Note	2012 £	Restated 2011 £
Income			
Academic fees and charges	1	1,180,826	1,208,634
Residence, catering and conferences	2	1,697,943	1,479,948
Endowment and investment income	3	83,655	69,528
Donations	4	196,403	236,753
Research Grants	5	1,382,051	708,327
Total income		**4,540,878**	**3,703,190**
Expenditure			
Education	6	2,172,352	1,957,502
Residence, catering & conferences	7	1,628,198	1,504,306
Other expenditure	8	608,217	632,601
Total expenditure	8	**4,408,767**	**4,094,409**
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		132,111	(391,219)
Contribution under Statute GII		-	-
Surplus/(deficit) on continuing operations after Contribution under Statute G, II		**132,111**	**(391,219)**
(Surplus)/deficit for the year transferred from accumulated income in endowment funds	20	(269,720)	194,350
Deficit for the year retained within general reserves		**(137,609)**	**(196,869)**

All items dealt with in arriving at the deficit for 2012 and 2011 relate to continuing operations.

The notes on pages 16 to 28 form part of these accounts

St Edmund's College

Consolidated Statement of Total Recognised Gains and Losses

Year Ended 30 June 2012

	Note	Restricted Funds £	Unrestricted Funds £	2012 Total £	2011 Total £
Deficit on income and expenditure account		-	(137,609)	(137,609)	(196,869)
Unspent endowment fund income		269,720	-	269,720	(194,350)
(Decrease)/increase in market value of endowment assets	20	(44,339)	(244,619)	(288,958)	342,472
New endowments	20	18,041	-	18,041	2,963
Capital grant from Colleges Fund		-	547,000	547,000	455,000
Actuarial (loss)/gain in respect of pension scheme	21	-	(98,723)	(98,723)	75,557
Total recognised gains relating to the year		243,422	66,049	309,471	484,773
Reconciliation					
Opening reserves and endowments		1,365,659	8,101,854	9,467,513	9,134,811
Prior year adjustment		-	-	-	(152,071)
		-	-	-	8,982,740
Total recognised gains for the year		243,422	66,049	309,471	484,773
Closing reserves and endowments		1,609,081	8,167,903	9,776,984	9,467,513

The notes on pages 16 to 28 form part of these accounts

St Edmund’s College

Consolidated Balance Sheet

As at 30 June 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	10	15,418,964	15,686,892
Investments	11	18,411	18,411
		15,437,375	15,705,303
Endowment assets	12	12,377,241	11,831,437
Current assets			
Stocks	13	30,331	38,892
Debtors	14	266,446	600,664
Cash	15	1,850,013	728,592
		2,146,790	1,368,148
Creditors: amounts falling due within one year	16	(2,030,477)	(1,671,561)
Net current assets/(liabilities)		116,313	(303,413)
Total assets less current liabilities excluding pension liability		27,930,929	27,233,327
Creditors : amounts falling due in more than one year	17	(17,955,205)	(17,648,871)
Net assets excluding pension liability		9,975,724	9,584,456
Pension liability	18	(118,012)	(33,909)
Net assets including pension liability		9,857,712	9,550,547

Represented by:

	Note	Restricted Funds £	Unrestricted Funds £	2012 Total £	2011 Total £
Deferred Capital Grants	19	80,727	-	80,727	83,034
Endowments					
Expendable endowments	20	1,043,648	-	1,043,648	773,928
Permanent endowments	20	565,433	10,768,160	11,333,593	11,057,509
		1,609,081	10,768,160	12,377,241	11,831,437
Reserves					
General reserves excluding pension reserve	21	-	(2,482,244)	(2,482,244)	(2,330,015)
Pension reserve	21	-	(118,012)	(118,012)	(33,909)
		-	(2,600,256)	(2,600,256)	(2,363,924)
Total Funds		1,689,808	8,167,904	9,857,712	9,550,547

The financial statements were approved by the Council and Governing Body on 13 November 2012 and are signed on their behalf by:

Prof P Luzio
Master

The notes on pages 16 to 28 form part of these accounts

St Edmund's College

Consolidated Cash Flow Statement

For the Year Ended 30 June 2012

	Note	**2012** **£**	**2011** **£**
Net cash inflow from operating activities	22	1,813,423	846,528
Returns on investments and servicing of finance	23	(488,625)	(489,856)
Capital expenditure and financial investment	23	325,324	938,860
Cash inflow before management of liquid resources		1,650,122	1,295,532
Financing			
Loan repayment in year		(528,701)	(528,702)
Increase in cash in the year		1,121,421	766,830
Reconciliation of net cash flow to movement in net debt			
Increase in cash in year		1,121,421	766,830
Cash used to repay loan		528,701	528,702
Change in net debt		1,650,122	1,295,532
Net debt at beginning of the year		(9,461,481)	(10,757,013)
Net debt at end of the year	24	(7,811,359)	(9,461,481)

The notes on pages 16 to 28 form part of these accounts

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2012

1. Academic Fees and Charges

	2012 £	2011 £
College Fees:		
Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,951)	237,687	243,243
Privately-funded Undergraduate Fee Income (per capita fee £5,082/£4,688)	338,124	346,259
Fee Income received at the Graduate Fee rate (per capita fee £2,289)	585,509	601,550
	1,161,320	1,191,052
Other income	19,506	17,582
Total	1,180,826	1,208,634

2. Income from Residences, Catering and Conferences

	2012 £	2011 £
Accommodation		
College members	1,189,616	1,073,112
Conferences	177,989	119,117
Catering		
College members	220,244	207,233
Conferences	110,094	80,486
Total	1,697,943	1,479,948

3. Endowment and Investment Income

Analysis

	2012 £	2011 £
Quoted securities	46,277	30,748
Fixed interest securities	32,390	40,817
Foreign exchange		(2,521)
Other interest receivable	4,988	484
Total	83,655	69,528

4. Donations

	2012 £	Restated 2011 £
Unrestricted donations	45,460	81,466
Restricted donations	36,386	40,201
Cambridge Bursary	112,250	112,779
Released from deferred capital grants (note 19)	2,307	2,307
Total	196,403	236,753

5. Research Grants

	2012 £	2011 £
Research grants received	2,130,574	783,463
Transfer to deferred income	(748,523)	(75,136)
Total	1,382,051	708,327

6. Education Expenditure

	2012 £	Restated 2011 £
Teaching	422,560	405,567
Tutorial	231,188	188,554
Admissions	136,882	124,652
Research	859,008	761,783
Scholarships and awards	167,025	166,899
Other educational facilities	350,784	302,051
Other expenditure	4,905	7,996
Total	2,172,352	1,957,502

Included within Scholarships and Awards are payments under the Cambridge Bursary Scheme amounting to £114,561 (2011: £115,510).

7. Residences, Catering and Conferences Expenditure

	2012 £	2011 £
Accommodation		
College members	743,554	749,307
Conferences	111,250	83,174
Catering		
College members	515,640	483,890
Conferences	257,754	187,935
Total	1,628,198	1,504,306

8a. Analysis of 2011/12 Expenditure by Activity

	Staff costs (note 9) £	Other operating expenses £	Dep'n £	Total £
Education	994,401	1,081,933	96,018	2,172,352
Residence, catering and conferences	228,230	989,340	410,628	1,628,198
Other		608,217		608,217
Total	1,222,631	2,679,490	506,646	**4,408,767**

8b. Analysis of 2010/11 Expenditure by Activity

	Staff costs (note 9) £	Other operating expenses £	Dep'n £	Total £
Education	828,888	1,031,311	98,303	1,957,502
Residence, catering and conferences	233,536	850,372	420,398	1,504,306
Other	-	632,601	-	632,601
Total	1,062,424	2,514,284	518,701	**4,094,409**

8c. Auditors' remuneration

	2012	2011
	£	£
Other operating expense include:		
Audit fees payable to the College's external auditors	12,660	16,764
Other fees payable to the College's external auditors	2,592	13,143

9. Staff

	College fellows	Non-academic	Total 2012	Total 2011
	£	£	£	£
Staff costs:				
Emoluments	266,255	766,901	1,033,156	907,880
Social security costs	19,950	57,220	77,170	68,830
Other pension costs (note 26)	24,844	87,461	112,305	85,714
	311,049	911,582	1,222,631	1,062,424

	No	No
Average staff numbers:		
Academic	52	45
Non-academic	40	36
	92	81

The Governing Body comprises of 50 fellows, of which 32 are stipendiary.

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

The trustees receive no emoluments in their role as trustees of the Charity.

10. Tangible Assets Consolidated

Group and College	Land & Buildings	Equipment	2012 Total	2011 Total
	£	£	£	£
Cost				
At beginning of year	18,887,224	900,856	19,788,080	20,118,839
Additions at cost	116,239	123,753	239,992	20,213
Disposals	-	(2,938)	(2,938)	(350,972)
At end of year	19,003,463	1,021,671	20,025,134	19,788,080
Depreciation				
At beginning of year	3,477,070	624,118	4,101,188	3,933,459
Charge for the year	443,287	63,359	506,646	518,701
Eliminated on disposal		(1,664)	(1,664)	(350,972)
At end of year	3,920,357	685,813	4,606,170	4,101,188
Net book value				
At end of year	15,083,106	335,858	15,418,964	15,686,892
At beginning of year	15,410,154	276,738	15,686,892	16,185,380

The insured value of Freehold Land and Buildings as at 30 June 2012 was £25,211,840 (2011: £25,211,840)

11. Fixed Asset Investments

	2012 £	2011 £
Works of Art	18,411	18,411
	18,411	18,411

12. Endowment Assets

	2012 £	2011 £
Balance at beginning of year	11,831,437	11,224,610
Additions	5,071,300	2,393,598
Disposal	(5,370,423)	(1,951,918)
Appreciation on revaluation	111	196,651
Increase in cash balances held at fund managers	9,781	(816,136)
Increase in loan from Endowment to General Reserves	835,035	784,631
Balance at end of year	12,377,241	11,831,437
Represented by:		
Quoted Securities	2,521,962	2,759,872
Fixed interest securities	1,011,864	1,072,970
Cash with investment managers	20,880	11,096
Works of art	18,411	18,411
Loan from General Reserves	8,822,535	7,987,499
	12,395,652	11,849,848
College Expendable Investments (note 11)	(18,411)	(18,411)
	12,377,241	11,831,437

13. Stocks

	2012 £	2011 £
Other stocks	30,331	38,892

14. Debtors

	2012 £	2011 £
Members of the College	176,188	505,355
Other debtors	12	24,706
Prepayments and accrued income	90,246	70,603
	266,446	600,664

15. Cash

	2012 £	2011 £
Bank deposits	1,839,203	540,119
Current accounts	10,630	188,293
Cash in hand	180	180
	1,850,013	728,592

16. Creditors: Amounts Falling Due within one year

	2012 £	2011 £
Bank Loan	528,701	528,701
Trade Creditors	155,978	185,012
Members of the College	293,507	240,241
University fees	146,844	296,044
Other creditors	23,250	41,252
Accruals & deferred income	882,197	380,311
	2,030,477	1,671,561

17. Creditors: Amounts Falling Due after more than one year

	2012 £	2011 £
Due to endowment	8,822,535	7,987,499
Bank loans	9,132,670	9,661,372
	17,955,205	17,648,871

The bank loan is being repaid in quarterly instalments and the final repayment is due in 2031.

18. Pension Liability
Group and College

	2012 £	2011 £
Balance at beginning of year	33,909	114,885
Movement in year:		
Current service cost	17,230	25,533
Contributions	(30,530)	(32,773)
Other finance (income)/cost	(1,320)	1,821
Actuarial loss/(gain) recognised in the statement of total recognised gains and losses	98,723	(75,557)
Balance at end of year	118,012	33,909

19. Deferred capital grants
College Buildings

	2012 £ Total	2011 £ Total
Balance at beginning of year	83,034	85,341
Released to income and expenditure account	(2,307)	(2,307)
Balance at end of year	80,727	83,034

20. Endowments

College	**Unrestricted Permanent £**	**Restricted Permanent £**	**Total Permanent £**	**Restricted Expendable £**	**2012 Total £**	**2011 Total £**
Balance at beginning of year:						
As previously stated	10,465,779	591,731	11,057,510	773,928	11,831,438	10,250,038
Prior year adjustment						974,573
Restated opening balance:	10,465,779	591,731	11,057,510	773,928	11,831,438	11,224,611
Capital	10,465,779	591,731	11,057,510		11,057,510	10,250,038
Unspent Income				773,928	773,928	974,573
	10,465,779	591,731	11,057,510	773,928	11,831,438	11,224,611
New endowments received	547,000	18,041	565,041	-	565,041	457,963
Income receivable from endowment asset investments	-	-	-	1,431,735	1,431,735	758,878
Expenditure	-	-	-	(1,162,015)	(1,162,015)	(953,227)
Net transfer from/(to) Income and expenditure account	-	-	-	269,720	269,720	(194,350)
Transfers	-	-	-	-	-	743
Increase in market value of investments	(244,619)	(44,339)	(288,958)	-	(288,958)	342,472
Balance at end of year	10,768,160	565,433	11,333,593	1,043,648	12,377,241	11,831,437
Comprising:						
Capital	10,768,160	565,433	11,333,593		11,333,593	11,057,509
Unspent Income				1,043,648	1,043,648	773,928
Balance at end of year	10,768,160	565,433	11,333,593	1,043,648	12,377,241	11,831,437

Representing

	2012	2011
Fellowship Funds	98,971	105,086
Scholarship Funds	92,996	102,250
Prize Funds	36,159	39,072
Hardship Funds	205,890	229,740
Bursary Funds	88,889	96,018
Other Funds	1,086,176	793,492
General endowments	10,768,160	10,465,779
Group Total	12,377,241	11,831,437

21. Reserves

Consolidated and College	Pension Reserve	General Reserve £	2012 Total £	2011 Total £
Balance at beginning of year as previously stated	(33,909)	(2,330,015)	(2,363,924)	(2,254,341)
Prior year adjustment				12,473
Restated opening balance	(33,909)	(2,330,015)	(2,363,924)	(2,241,868)
Surplus / (deficit) retained for the year	14,620	(152,229)	(137,609)	(196,869)
Actuarial (loss)/gain	(98,723)		(98,723)	75,557
Transfers				(743)
Balance at end of year	(118,012)	(2,482,246)	(2,600,256)	(2,363,924)

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

	2012 £	2011 £
Surplus/(deficit) on continuing operation	132,111	(391,219)
Depreciation of tangible fixed assets	506,646	518,701
Loss on Disposal of Fixed Asset	1,273	
Deferred capital grants released to income	(2,307)	(2,307)
Investment Income	(83,655)	(69,528)
Interest Payable	572,280	578,549
Pension costs less contributions payable	(14,620)	(5,419)
Decrease/(increase) in Stocks	8,561	(124)
Decrease/(increase) in Debtors	334,218	(10,850)
Increase in Creditors	358,916	228,726
Net cash inflow from operating activities	1,813,423	846,528

23. Cash flows

	2012 £	2011 £
Returns on investments and servicing of finance		
Endowment and investment income received	83,655	69,528
Other endowment and investment income		19,165
Interest Paid	(572,280)	(578,549)
	(488,625)	(489,856)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(239,992)	(20,213)
Sale Proceeds	275	
Cash withdrawn from endowment assets		501,111
New endowments received	565,041	457,963
Net cash outflow from capital expenditure and financial investment	325,324	938,860
Financing		
Repayment of long term loan	(528,701)	(528,702)
Net cash outflow	(528,701)	(528,702)

24. Analysis of changes in net debt

	At beginning of year £	Cash flows £	Other Changes £	At end of year £
Cash at bank and in hand	728,592	1,121,421		1,850,013
Overdrafts	-			
		1,121,421		1,850,013
Debts due within one year	(528,701)	528,701	(528,701)	(528,701)
Debts falling due after more than one year	(9,661,372)	-	528,701	(9,132,671)
Net Funds	(9,461,481)	1,650,122	-	(7,811,359)

25. Pension Scheme

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federation Pension Scheme (CCFPS). The total pension cost for the period was £112,305 (2011: £85,714).

University Superannuation Scheme

The institution 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.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual colleges and a scheme-wide contribution rate is set. The college is therefore exposed to actuarial risks associated with other colleges' 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 a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 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 (ie 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.

25. Pension Schemes continued

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 (ie 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. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The 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, increased the college 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 £700 million). 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 an 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 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 college's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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

25. Pension Schemes continued

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 16 active members participating in the scheme.

The total pension cost for the College was £112,305 (2011: £85,714). The contribution rate payable by the College was 16% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme

The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme. 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 2012	**30 June 2011**
Discount rate	4.7%	5.5%
Expected long-term rate of return on Scheme assets	5.6%	6.2%
Salary inflation assumption	2.2%	3.2%*
Inflation assumption (RPI)	2.7%	3.4%
Consumer Prices Index (CPI) assumption	1.7%	2.7%
Pension increases (inflation linked - RPI)	2.7%	3.4%

*2.0% 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. 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 the of 22.7 years (previously 21.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy the of 24.8 years (previously 24.5 years)

25. Pension Schemes continued

Employee Benefit Obligations

The amounts recognized in the balance sheet as at 30 June 2012 (with comparative figures as at 30 June 2011) are as follows:

	2012	2011
Present value of Scheme liabilities	(535,378)	(504,930)
Market value of Scheme assets	417,366	471,021
Deficit in the Scheme	**(118,012)**	**(33,909)**

The amounts to be recognised in the profit and loss for the year to 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012	2011
Current service cost	17,230	25,533
Interest on Scheme liabilities	27,315	27,212
Expected return on Scheme assets	(28,635)	(25,391)
Past service cost	-	-
Curtailment gain	-	-
Total	**15,910**	**27,354**
Actual return on Scheme assets	(53,584)	54,191

Changes in the present value of the Scheme liabilities for the year ending 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012	2011
Present value of Scheme liabilities at beginning of period	504,930	504,376
Service cost including Employee contributions	23,485	32,726
Interest cost	27,315	27,212
Actuarial losses/(gains)	16,504	(46,757)
Benefits paid	(36,856)	(12,627)
Present value of Scheme liabilities at end of period	**535,378**	**504,930**

Changes in the fair value of the Scheme assets for the year ending 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012	2011
Market value of Scheme assets at beginning of period	471,021	389,491
Expected return	28,635	25,391
Actuarial (losses)/gains	(82,219)	28,800
Contributions paid by the College	30,530	32,773
Employee contributions	6,255	7,193
Benefits paid	(36,856)	(12,627)
Market value of Scheme assets at end of period	**417,366**	**471,021**

The agreed contributions to be paid by the College for the forthcoming year are 14.32% of Contribution Pay plus £5,574.67 pa from 1 July 2012, subject to review at future actuarial valuations. This rate excludes PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012	2011
Equities and Hedge Funds	66%	56%
Bonds and Cash	25%	36%
Property	9%	8%
Total	**100%**	**100%**

25. Pension Schemes continued

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

	2012 £	2011 £	2010 £	2009 £	2008 £
Present value of Scheme liabilities	(535,378)	(504,930)	(504,376)	(406,868)	(397,756)
Market value of Scheme assets	417,366	471,021	389,491	318,511	323,629
Deficit in the Scheme	**(118,012)**	**(33,909)**	**(114,885)**	**(88,357)**	**(74,127)**
Actual return less expected return on Scheme assets	(82,219)	28,800	24,571	(47,303)	(39,155)
Experience (loss)/gains arising on Scheme liabilities	(12,262)	4,298	11,470	15,811	3,839
Change in assumptions underlying present value of Scheme liabilities	(4,242)	42,459	(69,550)	16,331	(5,798)

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: 7.1%), property 6.1% (2010: 6.1%) and an expected rate of return on bonds and cash of 4.8% (2010: 4.7%).

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the year ending 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012 £	2011 £
Actual return less expected return on Scheme assets	(82,219)	28,800
Experience gains and losses arising on Scheme liabilities	(12,262)	4,298
Changes in assumptions underlying the present value of Scheme liabilities	(4,242)	42,459
Actuarial (loss)/gain recognized in STRGL	**(98,723)**	**75,557**

Cumulative amount of actuarial gains and losses recognised in STRGL for the year ending 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012 £	2011 £
Cumulative actuarial gain/(loss) at beginning of period	14,661	(60,896)
Recognised during the period	(98,723)	75,557
Cumulative actuarial (loss)/gain at end of period	**(84,062)**	**14,661**

Movement in surplus/(deficit) during the year ending 30 June 2012 (with comparative figures for the year ending 30 June 2011) are as follows:

	2012 £	2011 £
Surplus/(deficit) in Scheme at beginning of year	(33,909)	(114,885)
Service Cost (Employer Only)	(17,230)	(25,533)
Contributions paid by the College	30,530	32,773
Finance Cost	1,320	(1,821)
Actuarial gain/(loss)	(98,723)	75,557
Deficit in Scheme at the end of the year	**(118,012)**	**(33,909)**

26. Related Party Transactions

The College owns the whole of the ordinary share capital of ED Developments Limited, a company which is registered in England and Wales. Its principal activity is that of general construction.

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations 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.

27. Revised Accounting Policies

The College has adopted the new RCCA guidelines and therefore comparative figures have been restated to reflect the revised accounting policies. This has affected the figures as follows:

- Under the latest university guidance, income and expenditure in respect of Isaac Newton Trust for Cambridge Bursaries are now shown grossed up within the Income and Expenditure account and the prior year comparative figures have been restated accordingly.