WOLFSON COLLEGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

FINANCIAL STATEMENTS

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Financial Review

RESPONSIBILITIES OF THE GOVERNING BODY

In accordance with the College's Statutes, the Governing Body is responsible for the administration of the College's affairs.

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

The Governing Body is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and to send an abstract of its accounts in the form prescribed by the University Statutes to the University.

In causing the financial statements to be prepared, the Governing Body has ensured that:

suitable accounting policies are selected and applied consistently;

judgements and estimates are made that are reasonable and prudent; and

applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

Any system of internal financial control, however, can only provide reasonable, not absolute assurance against material misstatement or loss.

REPORT OF THE AUDITORS TO THE GOVERNING BODY OF WOLFSON COLLEGE

We have audited the financial statements of Wolfson College for the year ended 30 June 2008 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the reconciliation of net cash flow to movement in net funds, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 3 August 2008. Our audit work has been undertaken so that we might state to the 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 Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Governing Body and auditors

As described in the statement of responsibilities of the Governing Body, the Governing Body is responsible for preparing the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice, the provisions of the Statutes of the College and the University of Cambridge and the Statement of Recommended Practice for accounting in Further and Higher Education.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Auditing Standards (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. In addition, we report whether the University Contribution has been correctly calculated in accordance with the provisions of University Statute G, II.

We also report if, in our opinion, the Financial Review is not consistent with the financial statements, the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the accounts for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Auditing Standards (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College as at 30 June 2008 and of the College's income and expenditure for the year then ended and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice on Accounting for Further and Higher Education, the Statutes of the College and the University and the accounting policies set out therein.

In our opinion, the contribution due from the College to the University as set out in note 22 has been

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge. In addition, the Accounts comply with the Statement of

Tangible fixed assets

a. Land and buildings

Buildings held for operational purposes are stated at depreciated replacement cost as they are specialised assets. In accordance with FRS 15 'Tangible Fixed Assets', individual freehold buildings are re-valued every 5 years. The most recent formal valuation was carried out as at 30 September 2003 by Gerald Eve, Chartered Surveyors. In accordance with FRS 15, interim valuations are not carried out within 3 years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons. Freehold land is not capitalised.

Where 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 grant 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. Finance costs, which are directly attributable to the construction of buildings, are not capitalised as part of the cost of those assets.

In accordance with FRS 15, interim valuations are not carried out within 3 years of the last formal valuation as this is deemed to be inappropriate for cost/benefit reasons.

b. Maintenance and Renewal of premises

The College has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also has a major renewal programme, the costs of which are treated as capital improvements which bear upon the depreciated replacement cost of buildings.

c. Furniture, fittings and equipment

Assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
General equipment	20% per annum
Computer equipment	25% per annum

Where equipment is acquired with the aid of specific bequests or donations it is 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.

d. Silver, works of art and other assets not related to education

Silver, works of art and other assets not related to education, which are deemed to be inalienable, are not included in the balance sheet.

Investments

Investments are included in the balance sheet at market value. Securities are shown at their market value. For listed investments this is the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date.

Investment income is recognised as and when dividends and interest become receivable. Interest on bank deposits is included as earned.

Stocks

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

Income and Expenditure Account

Year to 30 June	Note	2008 £' 000	2007 £' 000
INCOME			
Academic	1	1,344	1,301
Residential and Catering	2	2,761	2,509
Endowment	3	265	221
Other	4	1,073	189

Statement of Total Recognised Gains and Losses

Year to 30 June	2008	2008		2008	2007
	Restricted Funds	Unrestricted Funds			
		Designated	Undesignated	Total	Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July 2007	**3,013**	**1,179**	**44,805**	**48,997**	**47,862**
Unrealised (loss) / gain on investment assets	(161)	(114)	(810)	(1,085)	832
Net withdrawal from funds	(129)	-	-	(129)	(98)
Surplus / (deficit) for the year	-	68	805	873	(263)
Donations	95	-	-	95	102
Capital grants from Colleges' Fund	-	-	494	494	480
Actuarial (loss) / gain in pension scheme	-	-	(107)	(107)	82
Total recognised gains / (losses) for the year	**(195)**	**(46)**	**382**	**141**	**1,135**
Balance at 30 June 2008	**2,818**	**1,133**	**45,187**	**49,138**	**48,997**

Balance Sheet

As at 30 June

	Note	2008 £' 000	2007 £' 000
FIXED ASSETS			
Tangible Assets	10	39,854	40,272
Investments	11	8,604	8,911
Total Fixed Assets		**48,458**	**49,183**
CURRENT ASSETS			
Stocks		81	83
Debtors	12	375	435
Cash		1,693	787
Total Current Assets		**2,149**	**1,305**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	720	683
Net Current Assets		**1,429**	**622**
Total Assets less Current Liabilities		**49,887**	**49,805**
Creditors: amounts falling due after more than one year	14	420	520
NET ASSETS excluding pension liability		**49,467**	**49,285**
Defined benefit pension liability	23	329	288
NET ASSETS including pension liability		**49,138**	**48,997**
CAPITAL and RESERVES			
Restricted funds	15	2,818	3,013
Unrestricted funds	15	46,320	45,984
TOTAL		**49,138**	**48,997**

Approved on behalf of the Council

Christopher Lawrence
Bursar

Cash Flow Statement

Year to 30 June	Note	**2008** £' 000	**2007** £' 000
Net cash inflow from operating activities	20a	1,808	416
Net cash outflow from returns on investments and servicing of finance	20b	(335)	(191)
Net cash outflow from capital transactions	20c	(467)	(414)
Net cash inflow/(outflow) before financing		**1,006**	**(189)**
Net cash outflow from financing	20d	(100)	(100)
Net cash inflow/(outflow) after financing		**906**	**(289)**

Reconciliation of Net Cash Flow to Movement in Net Funds

Increase/(decrease) in cash in year	21	906	(289)
Change in net debt	21	100	100
Cash flow relating to purchase and sale of investments	21	777	925
Non-cash movements in investments	21	(1,085)	832
Movement in net funds during the year		698	1,568
Opening net funds	21	9,179	7,611
Closing net funds	21	**9,877**	**9,179**

Notes to the Accounts

Year to 30 June	2008	2007
	£' 000	£' 000

Notes to the Accounts

Year to 30 June

			2008	2007
			£' 000	£' 000
5	**EDUCATION EXPENDITURE**			
	Teaching		564	539
	Tutorial		342	329
	Admissions		260	252
	Research		238	231
	Scholarships and Awards		68	55
	Other Educational Facilities		173	174
	College Courses		67	69
			1,712	**1,649**
6	**RESIDENTIAL and CATERING EXPENDITURE**			
	Accommodation		2,004	1,988
	Catering		815	793
			2,819	**2,781**
	Expenditure redounds to College Members			
7	**OTHER EXPENDITURE**			
	Loan Interest, etc		36	38
	Amenities		3	15
			39	**53**
	Expenditure includes auditors' remuneration of:			
	External audit		23	21
	Other services		-	5

Expenditure includes £62,043 (£22,252 in 2007) as the cost of fundraising.
This expenditure includes some of the the costs of alumni relations.

		Note	2008	2007
8	**CONTRIBUTION UNDER STATUTE GII**	Note		
	Endowment Income as per Income & Expenditure Account	3	265	221
	Less: Items not Assessable to Contribution		(91)	(78)
	Assessable Income	22	174	143
	Less: Deductible Items	22	(378)	(356)
	Net Assessable Income		Nil	Nil

Notes to the Accounts

Year to 30 June

	2008	2007
	£' 000	£' 000
11 INVESTMENT ASSETS		
Market Value at 1 July	8,911	7,155
Income retained in Fund	222	271
Management charges refunded	6	3
Net additional investments	550	650
Net (loss) / gain on revaluation at 30 June	(1,085)	832
Market Value at 30 June	**8,604**	**8,911**
Represented by:		
Quoted securities - equities	5,232	6,044
Quoted securities - fixed interest	440	445
Unquoted securities - equities	1,921	1,464
Cash held for reinvestment	1,011	958
Total	**8,604**	**8,911**

The college owns 100% of the issued ordinary £1 shares of Lee Library Ltd., Wolfson College Cambridge Properties Ltd. and Wolfson College Development Ltd., all of which are companies incorporated in the United Kingdom. All three subsidiary companies are dormant.

12 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
Members of the College	199	179
Subsidiary companies	1	1
Other debtors	175	255
	375	**435**

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
Social Security and Other Taxation	39	33
Members of the College	75	106
Other creditors	526	464
Bank loan	80	80
	720	**683**

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
Bank Loan - secured on the College's Investment portfolio		
Repayable: - in more than one year but less than five	240	240
- in more than five years	180	280
	420	**520**

The rate of interest payable on the loan is Base Rate plus 1%. The loan is repayable in 10 consecutive annual instalments commencing 31 October 2005, the last instalment being due on 31 October 2014. In September 2008, the total outstanding loan of £500,000 was repaid.

Notes to the Accounts

Year to 30 June

15 CAPITAL AND RESERVES

	Expendable Capital Funds	Permanent Capital Funds	Total 2008

Notes to the Accounts

Year to 30 June

Notes to the Accounts

Year to 30 June

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2007	Cash Flows	Other Changes	At 30 June

Notes to the Accounts

23 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme:

The College's share of the underlying assets and liabilities of the scheme is separately identifiable and is shown below, as at 30 June 2008.

The contribution made by the College in respect of the 15 months ended 30 June 2008 was £242,129

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

	30 June 2008 £'000	30 June 2007 £'000	30 June 2006 £'000
Total value of assets	2,090	1,989	1,756
Present value of defined benefit obligation - liabilities	(2,419)	(2,277)	(2,181)
Deficit in Scheme	(329)	(288)	(425)
Net pension liability	**(329)**	**(288)**	**(425)**

Amounts recognised in the Profit & Loss

	30 June 2008 £'000	30 June 2007 £'000
Current service cost	187	139
Interest Cost	157	108
Expected Return on Asset	(165)	(114)
Total operating charge	**179**	**133**
Actual Return on Assets	**(78)**	**(121)**

Changes in the present value of the defined benefit obligation

	30 June 2008 £'000	30 June 2007 £'000
Opening defined benefit obligation	**2,277**	**2,181**
Service Cost (including employee's contribution)	236	178
Interest Cost	157	108
Actuarial gains	(138)	(76)
Benefits (& Expenses) paid	(113)	(114)
Closing defined benefits obligation	**2,419**	**2,277**

Amounts for the current and previous four periods

	30 June 2008 £'000	30 June 2007 £'000	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Defined benefit obligation	(2,419)	(2,277)	(2,181)	(1,709)	(1,348)
Scheme Assets	2,090	1,989	1,756	1,339	1,163
Deficit	**(329)**	**(288)**	**(425)**	**(370)**	**(185)**
Experience adjustments on Scheme liabilities	61	(42)	18	(99)	(25)
Experience adjustments on Scheme assets	(242)	7	135	22	51

Universities Superannuation Scheme:

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if the scheme were a defined contribution scheme. The cost recognised within the deficit for the year in the Income and Expenditure account is equal to the contributions payable to the scheme for the year.

The most recent full actuarial valuation of the scheme was as at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salaries and pensions and the assumed rates of mortality. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c=2020) for all retired and non-retired members

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

Males	19.8 years
Females	22.8 years

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past service liabilities and provision for expenses was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% 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. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pension Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS were a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109% and on a buy-out basis was approximately 84%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.