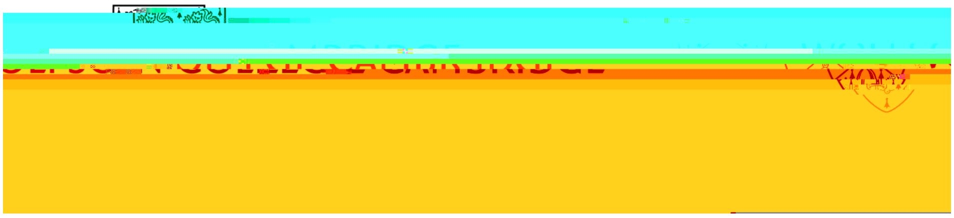

This year's result is a surplus of £375k before depreciation of £1,145k and a deficit of £770k after depreciation. The balance sheet is stronger by £479k over the previous year, at £53.4m.

Income, at £5,012k, is £146k higher than in the previous year. Donations which are deemed to be unrestricted are included in the Income & Expenditure account (£190k of the Other income total of £248k); whereas donations, which are deemed to be restricted, do not appear here and instead are included in the Statement of Total Recognised Gains and Losses (STRGL), thus adding to the balance sheet. The figure for Endowment income represents the investment income (dividends and interest) deriving from only the unrestricted funds in the endowment, together with interest earned on bank balances, and does not reflect any capital growth in the unrestricted funds.

Academic income rose by 9.9%, having risen by 9.0% the previous year, based once again on increased student numbers. Academic income represented 32% of income. Residential & Catering income rose by 6.7% to £3,085k, representing 62% of income.

Expenditure rose by 3.0% including depreciation, or units at £32.00 each. The distribution rate for the University's financial year to 31 July 2010 was £1.4055 per

We have audited the financial statements of Wolfson College for the year ended 30 June 2010 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 29 September 2010. 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.

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 and the provisions of the Statutes of the College and the University of Cambridge.

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.

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 accountinsi6-.3g9641 -1dminatio

The accounts 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.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and the depreciated replacement cost of freehold land and buildings.

The College has three subsidiary companies, each of which is dormant. The financial statements of Lee Library Ltd, Wolfson College Cambridge Properties Ltd. and Wolfson College Developments Ltd have not been consolidated in the financial statements of the College. The activities of student societies have not been consolidated, because they are not within the control of the college.

All income is credited to the Income and Expenditure Account on an accruals basis. Unrestricted donations and benefactions are shown as income in the year in which they arise. Donations and benefactions to restricted funds are accounted for as permanent or expendable endowments.

Income earned on investments is recognised in the same way, according to the unrestricted or restricted 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.

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.

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.

Silver, works of art and other artefacts not related to education are included in the balance sheet at cost or valuation, where such cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

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

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

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is 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.

The College is liable to be assessed for Contribution unde

	Note	£' 000	£' 000
Academic	1	1,610	1,465
Residential and Catering	2	3,085	2,892
Endowment Income and Interest	3	69	167
Other	4	248	342
Education	5	2,132	2,002
Residential and Catering	6	3,388	3,328
Development and Alumni Relations	7	190	220
Other	8	72	65
Contribution to Colleges' Fund		-	-

Income and expenditure are in respect of continuing activities.

	Note	£' 000	£' 000
Tangible Assets	10	44,792	45,721
Investments	11	9,475	7,181
Stocks		74	74
Debtors	12	371	371
Cash		1,345	2,147
Creditors: amounts falling due within one year	13	(778)	(894)
Creditors: amounts falling due after more than one year	14	(1,200)	(1,200)
Defined benefit pension liability	23	(721)	(521)
Restricted funds	15	2,750	2,567
Unrestricted funds	15	50,608	50,312

	Note	£' 000	£' 000
Net cash inflow from operating activities	20a	20	421
Net cash outflow from returns on investments and servicing of finance	20b	(58)	(136)
Net cash outflow from capital transactions	20c	(764)	(611)
Net cash inflow from financing	20d		780

(Decrease) / increase in cash in year	21	(802)	454
Change in net debt	21		(780)
Cash flow relating to purchase and sale of investments	21	1,241	336
Non-cash movements in investments	21	1,053	(1,759)
Movement in net funds during the year		1,492	(1,749)
Opening net funds	21	8,128	9,877
	21		

	£' 000	£' 000
Teaching	760	669
Tutorial	464	427
Admissions	309	314
Research	281	265
Scholarships and Awards	94	101
Other Educational Facilities	198	200
College Courses	26	26
Accommodation	2,451	2,400
Catering	937	928
Development and Alumni Relations		
Loan Interest, etc	58	52
Amenities	14	13

	Note	£' 000	£' 000	£' 000	£' 000
Education	5	683	1,173	276	2,132
Residential and Catering	6	1,735	799	854	3,388
Development and Alumni Relations	7	88	87	15	190
Other	8	-	72	-	72

		£' 000	£' 000	£' 000	£' 000
Education	5	623	1,137	242	2,002
Residential and Catering	6	1,624	793	911	3,328
Development and Alumni Relations	7	84	136	-	220
Other	8	-	65	-	65

	£' 000	£' 000	£' 000	£' 000	£' 000
As at 1 July	50,423	1,784	365	52,572	45,917
Additions at Cost	157	59	-	216	1,038
Increase in Depreciated Replacement Cost of Freehold Buildings	-	-	-	-	5,617

As at 1 July	5,571	1,280	-	6,851	5,698
Charge for the Year	1,008	137	-	1,145	1,153
			-		

As at 30 June 2010

As at 30 June 2009

The insured value of freehold buildings as at 30 June 2010 was £67,297,742 (£67,297,742 in 2009).

Buildings are shown at depreciated replacement cost. The current valuation figure was obtained in 2008. Historical cost records are not available.

Properties were valued as at 30 September 2008 by Gerald Eve LLP, Chartered Surveyors, as External Valuers, on the basis of reinstatement cost, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards, sixth edition.

	£' 000	£' 000
Market Value at 1 July	7,181	8,604
Income retained in Fund	71	138
Management charges	(13)	(2)
Net additional investments	1,183	200
Net gain / (loss) on revaluation at 30 June	1,053	(1,759)
Represented by:		
Quoted securities - equities	-	4,222
Unquoted securities - unit trust	8,493	-
Unquoted securities - equities	531	1,480
Cash held for reinvestment	451	1,479

Members of the College	205	214
Subsidiary companies	1	1
Other debtors	165	156

Social Security and Other Taxation	47	45

	Note	£' 000	£' 000	£' 000	£' 000
155.29-336603c209					

	£' 000	£' 000	£' 000	£' 000
Expendable capital	2,028	(287)	375	2,116
Permanent capital	539	(42)	137	634
Designated Funds:				
Expendable capital	801	(122)	223	902
Permanent capital	174	(5)	38	207
Undesignated Funds:				
Expendable capital	43,409	(1,160)	-	42,249
Permanent capital	5,928	-	1,322	7,250

	£' 000	£' 000	£' 000	£' 000
Fellowships Funds	330	118	448	382
Scholarships Funds	309	799	1,108	899
Library Funds	196	1	197	155
Support Funds	419	36	455	422
Travel Grants Funds	27	-	27	25
Prizes Funds	3	5	8	8
Building Grants	1,466	-	1,466	1,444
Other Funds	-	150	150	207

Capital is invested in the
following categories of assets:

	£' 000	£' 000	£' 000	£' 000	£' 000	
Expendable capital	15	1,466	635	2,116	2,028	
Permanent capital	20	-	614	634	5395	1F5-2.5(

	Note	£' 000	£' 000	£' 000	£' 000
Staff Costs:					
Salaries		291	1,783	2,074	1,898
Social security costs		23	124	147	135
Other pension costs		34	251	285	298
Average Staff numbers (full-time equivalents)					
Academic				9	9
Non-academic				78	76

There were 162 Fellows in the Governing Body, as at 1 October 2009, 20 of whom were stipendiary, as declared above.

	Note	£' 000	£' 000
Operating Deficit		(770)	(749)
Depreciation	10	1,145	1,153
Decrease in stocks			7
Decrease in debtors	12		4
(Decrease) / increase in creditors	13	(116)	174
Movement in pension deficit		(239)	(168)
Retained Endowment income	11	(71)	(138)
Investment management fees		13	2
Receipts re-invested		160	180
Capital Grant received from Colleges Fund		460	445
Donations to Permanent Capital		15	2
Payments to acquire tangible fixed assets	10	(216)	(1,038)
Payments to acquire investment assets	11	(1,183)	(200)
Long-term loans repaid			(420)
Long-term loans received			1,200

	£' 000	£' 000	£' 000	£' 000
Cash at Bank and in hand	2,147	(802)	-	1,345
Bank loan	(1,200)	-	-	(1,200)
			-	
Investments in securities	5,701	1,183	1,053	7,937
Short term investments	1,480	58	-	1,538

	£' 000	£' 000	£' 000	£' 000
Balance at 1 July	5,928	-	5,928	7,384

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

Total value of assets	2,379	1,999	2,090
Present value of defined benefit obligation - liabilities	(3,100)	(2,520)	(2,419)
Deficit in Scheme	(721)	(521)	(329)

Current service cost	146	166
Interest Cost	157	163
Expected Return on Asset	(123)	(139)

Service Cost (including employee's contribution)	183	204
Interest Cost	157	163
Actuarial losses/ (gains)	364	(124)
Benefits (& Expenses) paid	(124)	(142)

Expected Return	123	139
Actuarial gains/(losses)	145	(304)
Contributions by employer	198	178

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 small 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 market value of the assets of the scheme was £28,842.6 million and the value of the past service liabilities and provision for expenses 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 and by sector. The trustee recognises that it would be 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 has agreed 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 to take investment risk relative to the liabilities, the trustee receives advice from 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. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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

At 31 March 2010, USS had over 135,000 active members and the institution had 38 active members participating in the scheme.

The total pension cost for the College was £125,507 (£92,363 in 2009). The contribution rate payable by the College was 16% of pensionable salaries.

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.