

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS	Page
 TRUSTEES' REPORT	
Administrative Details	1
Trustee Details	2
Operating and Financial Review	
Introduction	3
Scope of the Financial Statements	3
Aims and Objectives of the College	3
Public Benefit	4
Funding	5
Achievements and Performance 2011 – 2012	5
Plans for the Future	9
 Corporate Governance	
Statement of Corporate Governance	11
Statement of Internal Controls	13
Transactions between College and Members of the Governing Body	13
Financial Management Control	13
Responsibilities of the Trustees	14
 INDEPENDENT AUDITOR'S REPORT	 15
 FINANCIAL STATEMENTS	
Statement of Principal Accounting Policies	17
Income & Expenditure account	21
Statement of Total Recognised Gains and Losses	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Accounts	25 - 39

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Administrative details

Address	Murray Edwards College Huntingdon Road Cambridge CB3 0DF
Charity Registration number	1137530
Senior officers	President (on sabbatical from 1.1.2012) Dr JC Barnes Acting President (from 3.1.2012) Professor Ruth Lynden-Bell Vice President Mrs E Strietman Bursar and Chief Operating Officer Mrs P Morris Senior Tutor Dr DA Jarvis

Principal advisors

Auditors (internal)	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA
Auditors (external)	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Bankers	Barclays Bank Benet Street Cambridge CB2 1NH
Investment Managers	SandAire Limited 105 Wigmore Street London W1U 1QY Ruffer LLP 80 Victoria Street London SW1E 5JL Cambridge Associates Ltd Cardinal Place 80 Victoria Street London SW1 E 5J
Legal Advisers	Mills & Reeve Francis House 112 Hills Road Cambridge CB2 1PH Taylor Vinters Merlin Place, Milton Road Cambridge CB4 0DP

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Trustees of the Charity – Council members

President (to 21 November 2011)
Acting President (from 3 January 2012)
Vice-President
Bursar and Chief Operating Officer
Senior Tutor

Ms K Kibbler (to 5 March 2012)
Ms M Tucker (to 5 March 2012)
Ms E Wilkinson (from 5 March 2012)
Ms L McMahon (from 5 March 2012)
Dr E Heydon (to 25 June 2012)
Ms T Ilanko (from 25 June 2012)
Dr P Filippucci (to 17 April 2012)
Dr P Forster (to 30 September 2011)
Dr R Hiley
Professor C Huang
Dr R Lyne
Dr O Saxton
Dr S Turenne
Dr A Piotrowski
Professor S Coakley (to 10 October 2011)
Dr F Henson (from 1 October 2011)
Dr L Mellor (from 1 October 2011)
Dr D Weiss (from 1 May 2012)

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW

Introduction

The College was founded on 11 March 1954 as an unincorporated association to promote a third foundation for women in the University of Cambridge. It was incorporated as New Hall, Cambridge, a company limited by guarantee, on 20 April 1954. On 3 November 1965, the University granted recognition to New Hall as an approved foundation within the University. A Royal Charter of Incorporation in the name of "The President and Fellows of New Hall in the University of Cambridge" was granted on 28 June 1972. From 17 August 2010, it is a registered charity (No. 1137530) with a registered office at Murray Edwards College, Huntingdon Road, Cambridge CB3 0DF. College Statutes provide for the constitution and government of the College including the membership and responsibilities of Governing Body and College Council.

In June 2008 the College announced that it was receiving a donation of £30million from alumna Ros (née Smith) and Steve Edwards, the largest personal donation to a Cambridge college in the University's 800 year history. The donation is paid to the College in equal instalments, over 10 years.

This transformational endowment gift is already making a difference in a number of areas. The Edwards' donation is building our funds over a decade, and as a direct consequence, since 2005, the College has been able to launch several initiatives, such as employing a full-time Schools' Liaison Officer, reinstating our Junior Research Fellowships, and initiating the Gateway Programme of study skills and professional development for students.

On 14th June 2011 the College's Supplemental Charter was received from the Privy Council. This document, authorised by HM the Queen, confirms that the name on our Charter and Statutes has been changed to "The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge."

Scope of the Financial Statements

The consolidated financial statements cover the activities of the College and its subsidiary companies that undertake activities, which for legal or commercial reasons, are more appropriately carried out by limited companies.

Aims and Objectives of the College

The principal objects of the College, as set out in its Charter, are to advance education, learning and research in the University of Cambridge. It is committed to the highest standards of education for women of all backgrounds.

Murray Edwards is a College within the University of Cambridge. It fulfils its objectives by selecting and admitting undergraduate students for University courses, and accepting graduates admitted by the University. It provides, with the University, an education of the highest quality, through small group teaching, academic supervision, library, computing and cultural facilities, living accommodation, and support for students in personal or financial need. The College provides rooms for teaching and research by Fellows, and also funds facilities for Research Fellows to establish themselves in the academic world through post-doctoral research. Measures of success include the high ranking of Cambridge University in the world, and the very low drop out rate compared with students in other Universities.

In furtherance of its objectives, the College maintains and manages an endowment of assets, including a property. Governance arrangements for the College are set out on page 11.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

The College comprises the President, 56 Fellows (at 30 June 2012), 170 graduate students in residence, 364 undergraduates and 81 full time equivalent non-academic staff.

Public Benefit

The College's purpose is to provide a world-class education to the students with the most potential in each subject, whatever their means or social background. It is the aim of the College to attract the best applicants from the widest range of schools and colleges. By encouraging applications, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits (41 in 2011-12, with 936 pupils participating overall), two College open days, a regional open day for students from Greater Manchester and a subject specific day for mathematics. The aim of these activities is also to encourage students who would not otherwise do so to apply to University.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Once here, students have access to several sources of financial assistance. In 2011-12, £192,250 was received through the Cambridge Bursary Scheme.

The College has a reputation for its excellent community relations and its wide range of public events. It is the home of the New Hall Art Collection, a collection of works by leading women artists unrivalled in the UK or Europe. Public interaction with the art at Murray Edwards College is promoted through outreach projects and workshops. Our leaflet, 'A Guide to the Collection' is an essential tool for both guided and self-led tours, improving access issues within the College buildings. There is a touch-screen guide available in the main College walkway and the Art Collection website provides another avenue for access and exploration. We are also involved with many national and local open access, art and culture initiatives, such as Heritage Open Days, Open Cambridge and Twilight at the Museums. Our Temporary Exhibitions Space holds a programme of shows promoting both established women artists and those who are just emerging in their field. This programme provides them with a free space, marketing and access, which help to bolster their proposals to exhibit in other spaces.

Alongside the New Hall Art Collections sit our regular film festivals and other lectures and tours which continue to create platforms, build audiences, and encourage public participation in the arts.

Our College gardens continue to attract attention with their welcoming and inclusive ethos and range of creative community initiatives.

Highlights include:

- In late summer 2011, the College partnered with 'Irregular Circle' in running two week-long holiday art workshops for young people.
- In September 2011, College once again played an active role in 'Open Cambridge', offering tours of the art collection, the buildings, and the gardens.
- In October 2011, as part of the Cambridge Festival of Ideas, the College hosted a film festival and conference entitled, 'MIRROR/LENS: WOMEN IN FILM & WOMEN MAKING FILM' which explored the dynamic interaction between women, their image on screen, and the films that they make. Filmmakers, producers, film historians and theorists met the community of Cambridge in order to explore and celebrate the cinematic and real-world narratives around women in and making film.
- In November 2011, the 25th anniversary of the New Hall Art Collection culminated with a public lecture in the University Library, given by Dr Ann Jones who was instrumental in establishing the original Collection.
- In April 2012, the College, in partnership with the UK Mathematics Trust, hosted the first ever

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

European Girls' Mathematical Olympiad. Countries from Europe and beyond sent teams of their strongest four female mathematicians of school age to compete in the competition. This ground-breaking initiative was developed to enable more girls in the UK, and across Europe, to pursue their interest in mathematics and to compete at the highest level nationally and internationally.

Funding

The College derives its income from fees, accommodation charges to students, catering, conferences, capital and donations.

The main sources of income in the Income & Expenditure Account were: the College fee £1,781,965; investments £1,546,204; donations £385,067; events and conferences £873,478; and charges to members for accommodation and catering £2,008,960.

This year, the College has followed the policy of increasing student rents at RPI +1% (6.6%) in order to increase income to a level which covers accommodation costs without prejudicing affordability.

Efforts are made to generate events and conference business out of term, to contribute towards general overhead costs.

Cambridge Colleges differ significantly in the size of their endowment. For this reason, an arrangement exists for the better endowed colleges to assist those less well endowed, through the Colleges Fund. As a relatively young College, Murray Edwards College had derived a significant proportion of its corporate capital from the Colleges Fund over a period of years. There was no payment from the Colleges Fund to the College this year. In addition, the College Development Office aims to raise donations from benefactors. In total £242,627 was received in donations.

The original College buildings date from the 1960s and in the past ten years have required substantial refurbishment and renovation. This, and other capital intensive work, principally rebuilding Buckingham House, building 40 new graduate student rooms, and the refurbishment of Orchard Court (completed in August 2010) was carried out with the assistance of bank loans that total £13.5 million.

Achievements and Performance 2011-12

Academic Community

The overarching mission of the College, as a secular, self-governing institution committed to the highest standards of education for women of all backgrounds, is to advance education, learning and research in the University of Cambridge.

2011-12 was another year of remarkable academic success for our students. The results of our graduating cohort in 2012 were close to the best in the College's history, and 93% of our graduands achieved a 2.1 or 1st. Particular highlights included five of our seven History Finalists achieving 1sts, four of our Masters of Engineering students achieving distinctions and all three of our Experimental and Theoretical Physics students being awarded 1sts (to put the latter into context, there were only five female ETP 1sts in the entire University).

Student highlights included:

- Deborah Fisher being awarded the 2012 Sir William Browne Medal for a Latin Epigram. These medals have been offered annually since 1775. The medals are open to all undergraduate students and entrants must write on topics specified by the Vice-Chancellor. Deborah was awarded a medal for her Latin Epigram on the subject of the Olympics.
- Isabel Boanas-Evans was been awarded the annual Osprey of the Year trophy, recognising her contribution towards furthering the cause of women's sport in Cambridge, supporting other

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

sportswomen and excelling in her own sport. She is also the President of Cambridge University Women's Boat Club and part of the victorious crew of the Newton Women's Boat Race in March 2012.

Our Gateway Programme providing study skills support and professional development for our students, which is one of the College's strategic priorities, took another significant step forward this year with the appointment of a full-time administrator and researcher and the launch of the new internship initiative. This initiative complements our existing alumnae-based online resource newhall.net, offering mentoring opportunities across many sectors and disciplines. The Gateway internship scheme builds on career development activity within the core programme and works with a variety of partner organisations to provide structured internships, with participating students eligible for Gateway awards to help meet their expenses. 2011-12 was a pilot year, during which we hoped to establish 10 new internships in the first instance. Interest from students and employers exceeded expectations however, and 18 students have already completed internships in the summer of 2012. The initiative has generated considerable interest within the University, and we are now promoting the Programme as a whole in research papers for conferences and subsequent publication.

We continue to promote the work of our Fellowship, whose academic research, publications and comment have reached a global audience. Highlights include:

- Dr Peter Forster's article in the journal *Science* shed new light on our understanding of linguistics, proving that men, rather than women, were the key transmitters of prehistoric language. This achieved national and international press coverage, as did research which challenged the popular theory that humans dispersed from Africa and the Middle East in a single wave of migration. This was also published in *Science*.
- David Scrase's book *Italian Drawings at the Fitzwilliam Museum, Cambridge* highlighted some of the greatest masterpieces of the collection in a new catalogue tracing the journeys of hundreds of drawings to the museum and asking questions concerning some of the more problematic attributions for these works.
- Fellow in Law and Director of Studies, Dr Sophie Turenne, discussed appointments to the Supreme Court in *the Guardian*.
- Dr Leo Mellor, Roma Gill Fellow in English, gave the 2011 TS Eliot Memorial Lecture and a podcast featuring Dr Mellor was nominated for two BBC Audio Drama Awards.
- Dr Kate Peters, the Zara Steiner Fellow in History, appeared on Radio 4 as part of Melvyn Bragg's *In Our Time* series.
- Dr Jorn Dunkel was awarded the 2011 Gustav Hertz Prize.
- Professor Sarah Coakley gave the University of Aberdeen Gifford Lecture series.
- Professor Chris Huang was elected a Fellow of the Society of Biology.
- Dr Rachel Polonsky's book *Molotov's Magic Lantern* was awarded the Dolman prize for travel writing and was chosen as one of the year's favourite books by *The New Yorker*.
- Bye Fellow Dr Claire Martin was awarded the 2012 British Cardiovascular Society Young Research Workers Prize.

Widening Access

As part of our commitment to widening access and creating greater opportunity for gifted women from all backgrounds, the Admissions Office ran a number of events in College; our Schools Liaison Officer travelled the length of the country to encourage high flying sixth form female students, irrespective of social background or prior family experience of higher education, to consider studying at Cambridge. Highlights include:

- In July 2011, eighty outstanding sixth form students from over twenty schools attended a pioneering overnight event entitled 'Pathways to Success'. The initiative brought together students and their teachers from a wide variety of schools and was designed to inspire some of the most able young women in the country to think ambitiously about their future options for University and beyond.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

- In April 2012, for a second year running, Murray Edwards College was delighted to welcome over 60 high achieving students from four state schools in the Manchester area for a two day visit. Part of the Cambridge HE+ initiative, the visit aimed to provide both information and a taster of the Cambridge academic experience.

Operational Activity

Internally, this has been a year of consolidation following the operational review in 2010-2011. Our appraisal system is now embedded. All staff and managers received training on the process and now each employee benefits from a development plan aligned to departmental goals. A comprehensive Management Development Programme will commence in the next financial year.

One of the major operational developments this year has been the design and implementation of a comprehensive new suite of software that will, when completed, greatly aid efficiency and transparency for many key functions within the College, including finance, payroll, HR, student billing, accommodation and room bookings, EPOS and conference bookings. This is an intensive, detailed and demanding project that has involved many departments and staff. Phase 1 of the project launched on time and on budget, delivering a new financial system, Great Plain Dynamics, full budget and management reporting and student billing modules. As the roll out commences, it looks set to add significant improvements to many of the College's core operational activities.

Over the year, we have also developed and formalised policies and procedures, including:

- HR Strategy.
- Training and Development Strategy.
- Financial Strategy.
- Standing Financial Instructions and Financial Delegations.
- Fire and Operational Management Strategy.
- Operational Risk Strategy and Registers for each College Department.
- Development Strategy.
- Ethical guidelines for philanthropic gifts and gift management.
- Updating and revising of our Staff Handbook.

In terms of the site, in September 2011, Phase 1 of the refurbishment of the Library was completed, as was the conversion of Grove Lodge into five new Fellows' studies.

Financial Performance

The Income and Expenditure Account showed a surplus of £47,243 compared with a deficit of £846,536 in the previous year. Donation income recognised in the Income and Expenditure Account increased by £30,400 in the year. Expenditure included loan interest repayable of £689,626 and past service deficit costs of the CCFPS pension scheme of £121,302 (see note 24). The cost of education exceeded income from the College Fee by £1,193,501 representing an education subsidy per student for the year of £2,443 financed out of investment income. Depreciation accounted for £702,944.

The College uses monthly management accounts for in-year financial management.

The College continues to be challenged in terms of resources but continues to work hard to put itself on the best footing operationally and financially.

The College remains undercapitalised to meet its running costs, especially as our Grade 2* listed buildings require more and more maintenance and upgrading. This presents us with an obvious and pressing challenge and we have continued to meet it head on in the last twelve months by scrutinising our cost bases to ensure we have consistent, efficient and effective costing models and a long term strategy making our procurement of goods and services as streamlined as possible.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

The College is a member of the Cambridge Colleges' CRC Consortium through which the Colleges work together to meet their obligations under the Government's CRC Energy Efficiency scheme. Throughout the year the College has been working to maintain the systems necessary to comply with the new requirements.

Capital Expenditure

Total capital expenditure incurred during the year was £970,140 being expenditure on the following: completion of Library refurbishment work (£359,915), completion of Grove Lodge refurbishment work (£440,665), upgrading of the College's financial and student billing software, upgrade of administrative PCs and move to Windows 7 environment (£155,836). £5,021 was spent on improvements to the Dome ventilation. Retentions of £8,703 were also paid relating to the Orchard Court Development project, completed in 2010.

Capital Projects 2011-12 and Future Works

The Library project commenced in June 2011 and was completed in September 2011.

The Grove Lodge project commenced in June 2011 and was completed in March 2012; this consisted of a full refurbishment of Grove Lodge to provide 5 additional Fellows studies as well as external hard and soft landscaping work to improve disabled access and accessibility to the main College building.

2012-13 will see the delivery of Year 1 of the 5 Year Maintenance Plan. The Plan focusses on creating sustainable improvements through a planned and cost effective preventative approach to repairs and maintenance. Works are planned to improve the quality and standard of student accommodation in Beaufort House, Hammond and Clover House and in our external houses. Following comprehensive systems' audits, major improvements to health and safety compliance will be carried out to our fire detection and protection systems, Old Block fire doors, fire escapes and bedrooms' internal staircases, plant and building maintenance, and to the structure and shell of the main College buildings.

Investments

The market value of the College's investments at the year-end was lower than the previous year by £3,164,609.

This includes a capital withdrawal of £1m made from the Amalgamated Fund during the year, to finance the Library and Grove Lodge projects. The College is committed to repay the capital over 25 years from 2013-14, in instalments of £40,000 per annum.

The total investment portfolio of £42.2 million, comprising the College endowment and general reserves, amounts to 6.8 times core expenditure (i.e. total expenditure less fundraising costs). In order to maintain in present and foreseeable circumstances, an increasing standard of excellence in teaching and research, the College considers that this cover ratio needs to be raised substantially.

Staff Costs and Pensions

The College makes pension-fund contributions on behalf of its employees to two defined benefits and one defined contributions schemes:

- The Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff.
- The Universities Superannuation Scheme (USS) on behalf of some non-academic and academic staff.
- The AVIVA Scheme on behalf of some non-academic staff.

Payroll costs (academic and non-academic) decreased by £385,735 (10.0%) over the year, mainly due to a reduction in non-academic staff following a restructure programme concluded in August 2011.

Reserves Policy

A Cambridge College requires a high level of capital if it is to fulfil its role within the University and survive in

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

the long term. Capital is needed to build and replace operational buildings, and provide income to meet operational expenses of which the largest single element is salaries for academic and non-academic staff. In past years it has been noted that the College was undercapitalised. The major gift from the Edwards family is a step in correcting this position and it is expected that undercapitalisation will diminish as the gift is received over time.

However, as at June 2012 the College remains undercapitalised. The College takes a long-term view of the need for reserves, and intends to maintain an equitable balance between present members of the College and future generations.

Investment Policy

Finance Committee formulates general investment policy and delegates the management of investments to an Investment Committee, which is advised by independent professionals. Currently SandAire, Ruffer and Cambridge Associates provide advice. The policy followed is to achieve the highest total return on investments over the long term consistent with preservation and growth of capital in real terms, and income requirements in the shorter term. There is a prudent policy of limited individual exposures. The College will not directly invest in companies that are in conflict with its own objectives, nor will it hold shares in tobacco companies.

Principal Risks and Uncertainties

This year, the College has designed and implemented a root and branch risk management framework that covers all areas of operation, feeding into the higher-level corporate risk planning and amelioration of risk. Risk management is becoming embedded within College activity and mitigation of identified risks will be carried out where possible. The risk management framework will be reviewed and refreshed annually and approved by Council.

The impact of tuition fees has, as expected, had no 'knock on' financial benefit for the College - but student expectation of enhanced service provision from the College is now very real. We continue to compete for the best students without being able to offer the additional financial support and enhanced facilities that some better endowed Colleges can provide.

We continue to seek resources to invest in:

- Accommodation and buildings (upgrading of current provision and building of new rooms).
- Site development (provision of enhanced communal spaces and offices).
- IT facilities and communication networks.
- Additional student financial support and reward.
- Additional teaching provision.
- Personal development training and support for students.

As well as being significantly under-capitalised, we continue to struggle in terms of student recruitment because of our single sex status and the low recognition of our name. We continue to seek out and actively promote our positive points of difference to potential applicants and are looking to secure philanthropic money to fund a push on marketing and communications.

Further, we have developed a new strategy for fundraising which is beginning to prove effective. This year's telephone fundraising campaign was the most successful in the College's history, raising £117k of additional revenue.

Plans for the Future

We will continue to hold discussions towards the formulation of a new strategy to take the College forward for the next 5 – 10 years. This will provide a new articulation of our core mission and outline key strategic goals and mechanisms for delivery.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OPERATING AND FINANCIAL REVIEW (continued)

We will continue to strive towards excellence of academic performance and in taking our pioneering Gateway Programme to the next level; in particular assessing the impact of our first year of the internship programme and planning for year two.

We will continue to prioritise fundraising. We will implement our new strategy and consolidate our 2011 telephone campaign performance with wider annual fund activity; launch a legacy programme, and research and reach out to a new pool of mid-range and top-range individual donor prospects.

The College will continue to work proactively towards increasing student recruitment with high profile initiatives, including a second year of the 'Pathways to Success' event, with an overnight stay, presentations and workshop sessions for high flying young women, providing a forum for them to discuss their options, their hopes and their aspirations for their University choices and professional careers.

The College's profile will continue to be a focus, as we will look to promote the activities of our Fellowship, our students, alumnae and staff, as well as the Art Collection and the gardens, and develop other mechanisms for gaining a positive image.

Our busy schedule of outreach/public events will continue with:

- Regular temporary exhibitions taking place throughout the year.
- A film festival, this year investigating tragedy on film.
- A student film festival.
- Ongoing participation in:
 - Open Cambridge
 - Heritage Open Days
 - Twilight at the Museums

The College continues to struggle with under-capitalisation, the uncertain economic environment and the current challenges of the higher education sector, but in the last twelve months has made considerable advances in terms of putting itself on a better financial footing. In the next twelve months we will continue to scrutinise our income and costs while working hard to improve our performance, without losing sight of our primary purpose – the promotion of excellence in the higher education of women.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE GOVERNANCE

Statement of Corporate Governance

The Governing Body has the ultimate authority in the government of the College, subject to Statutes. It comprises the President and Fellows, and meets at least once in each Term. Statutes specify that one meeting of the Governing Body in each academic year shall be the Audit Meeting.

Subject to ultimate authority being vested by Statute in the Governing Body, the College Council is the chief executive body of the College, responsible for administering the affairs of the College. College Council consists of the President, Vice President, Senior Tutor, and Bursar (all ex officio), plus nine elected members from Governing Body, and three Junior Members representing graduate and undergraduate students. From 2011-12 there are also two Staff Observers who attend Council meetings. **Council members are the College Trustees.**

The President chairs Governing Body and Council; the Senior Tutor has overall responsibility for admissions, education, and welfare of graduate and undergraduate students; the Bursar has overall responsibility for the finances, buildings, and administration of the College. Officers are appointed, and may be removed, by Council. Council fulfils its responsibilities through a committee structure.

The following statement is provided by Council as the College 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.

- 1 The College is a registered charity (registered number 1137530) 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.
- 2 The Trustees are advised in carrying out their duties by a number of Committees. They are:
Academic Policy (Sub-Committees: Admissions, Library, Fellowship, Research Fellowship).
Development (Sub-Committees: Art, Film, Links and Exchanges).
Domestic and Estates (Sub-Committees: IT Strategy, Catering, Gardens, Facilities, Wine, Conferences).
Finance (Sub-Committees: Budget, Investments).
Personnel (Sub-Committees: Health and Safety, Staff Joint Consultative).
Student Matters (Sub-Committees): Graduate Liaison, Liaison, Undergraduate, Funding, Graduate Funding).
Audit.
- 3 The principal officers of the College are:
President: Dr JC Barnes (on sabbatical from 1.1.2012)
Acting President: Professor R Lynden-Bell (from 3.1.2012)
Vice President: Mrs E Strietman
Bursar and Chief Operating Officer: Mrs P Morris
Senior Tutor: Dr D Jarvis
- 4 It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Trustees. Membership of the Audit Committee consists of three Fellows other than the Bursar and Chief Operating Officer, one to be elected annually each for a term of three years. Serving members of the Finance Committee shall not be eligible for election.

The Audit Committee may examine the accounts, consult with the auditor, and is required to report to Council and Governing Body at the Audit Meeting on matters of general policy in relation to the accounts as they see fit.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

CORPORATE GOVERNANCE

- 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 2.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE GOVERNANCE (continued)

Statement of Internal Controls

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 Governing Body is 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 is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2012 and up to the date of approval of the financial statements.
4. The Trustees are responsible for reviewing the effectiveness of the system of internal control.
5. The Trustees' 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.

Council is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept and money appropriately spent.

Council 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.

Transactions between College and Members of the Governing Body

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by Council.

Financial Management and Control

The College operates a devolved budgeting system under which individual budget holders are responsible for managing income and expenditure within their own areas of operation, and for bringing forward budget proposals through an annual budgeting process. Fellows, members of staff and students are encouraged to participate in the process through their membership of the College's Committees. The Budget Committee is responsible for turning the proposals into a coherent and transparent budget proposal which is part of a sustainable financial plan. The budget proposal is then considered in detail by the Finance Committee to ensure that it is consistent with the College's strategic aim and objectives and then recommended to Council for approval.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE GOVERNANCE (continued)

Statement of Trustees' Responsibilities

College Council, as Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

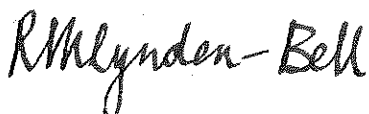
The College's Statutes and the Statutes and Ordinances of the University of Cambridge requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent college and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the college will continue in operation.

The Trustees are responsible for keeping accounting records that are sufficient to show and explain the college's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent college and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge, the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent college and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by College Council on 5 November 2012



Professor Ruth Lynden-Bell
Acting President

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MURRAY EDWARDS COLLEGE

We have audited the group and parent college financial statements ("the financial statements") of Murray Edwards 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 balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with College's Statutes, the Statutes of the University of Cambridge, and regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the College's Trustees those matters we are required to state to them in an auditor's 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 Trustees and auditor

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements, which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with 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 Ethical Standards for Auditors.

Scope of the audit of the 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 group's and parent college's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report 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 parent college's affairs as at 30 June 2012 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge and regulations made thereunder; and
- shows the contribution due from the College to the University which 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.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MURRAY EDWARDS COLLEGE

Matters on which we are required to report by exception

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

- sufficient accounting records have not been kept in respect of the college; or
- the financial statements do not accord with the accounting records; or
- any information contained in the financial statements is inconsistent in any material respect with the Trustees' report; or
- we have not received all the information and explanations we require for our audit.

PKF (UK) LLP

PKF (UK) LLP
Statutory auditor

London, UK

7 November 2012

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

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

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties that are included at valuation.

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2012. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only has not been included because the balance sheet would not be materially different to the one included in these financial statements. Details of the subsidiary companies are included in note 26. The College has applied the FRS 8 exemption on disclosing intragroup transactions.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

Restricted grant income

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

Donations and benefactions

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

Capital Grants and Donations

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 a restricted expendable capital fund and then released over the same estimated useful life that is used to determine the depreciation charge for respective assets.

Endowment and investment income

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Total return on Segregated Funds

The College also holds certain restricted and unrestricted permanent capital, derived from specific donations, in a Segregated Fund, the terms of which require that 4% per annum of the capital value at the end of January each year is recognised as income in the Income and Expenditure Account. The income is stated net of investment management and property fees.

Other Income

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

Foreign Currency Translation

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

Tangible and Fixed Assets

a) Operational Land and Buildings

Operational land and buildings are stated at valuation. In accordance with FRS 15 'Tangible Fixed Assets' full valuations are undertaken at least every five years and an interim valuation is carried out in year three. The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve included within Expendable Unrestricted Designated Reserves. Buildings on the main College site, being specialised properties, were valued on the basis of their depreciated replacement cost at 30 June 2010 by Davis Langdon LLP, property consultants. Certain off-campus land and buildings are valued on the basis of their existing use. The most recent valuation was carried out by Carter Jonas LLP, property consultants, as at 30 June 2010.

Existing land is not capitalised unless it is held for investment purposes. Land purchased since 1 July 2002 is capitalised in the balance sheet. Freehold land is not depreciated.

Operational buildings are depreciated on a straight-line basis over their expected economic useful lives at the rate of 1.5% per annum.

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 account and are released to the Income and Expenditure Account at the rate of 1.5% per annum.

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

Buildings under construction are valued at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date and are depreciated at the rate of 1.5% per annum when they are brought into use.

b) Maintenance of Premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The cost of major refurbishment and maintenance that restores value is capitalised and depreciated at the rate of 1.5% per annum.

c) Furniture, Fittings and Equipment

Furniture, fittings and equipment with a cost of more than £5,000 are capitalised and depreciated at the rate of 10% per annum. Project specific IT equipment costs (Great Plains Dynamics and Project Red implementations), were capitalised in 2011-12 and will be depreciated at a rate of 20% per annum from 2012-13.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Heritage Assets

According to FRS30 (Heritage Assets), works of art books and other valuable artefacts should be capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a 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.

The College has a large Art Collection most of which has been gifted to the College. The collection is formally valued every five years. The College will include all assets over £10k as valued and include additions in between valuations at a fair value if applicable.

All heritage assets are maintained and conserved by College staff with access available by permission of the College. The assets held are properly insured if appropriate, with records kept by those responsible for care of the 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) Investment Properties

Investment properties are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Total Recognised Gains and Losses. In accordance with SSAP 19, no depreciation has been charged on investment properties.

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:

Unrestricted permanent endowment – 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.

Restricted 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.

Restricted expendable endowment – where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets and the College must or may convert the donated sum into income.

Deferred Capital Grants

These comprise funds that have been set up by the College from donations that have been given to fund the purchase or refurbishment of buildings.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

General Reserves

These include all other donations and income reserves.

Taxation

The College is a registered charity (number 1137530) within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 - 488 of the Corporation Tax Act 2010 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.

Operating Leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

Pension Schemes

The College participates in the following pension schemes:-

Universities Superannuation Scheme (USS) - a defined benefit scheme that is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period. The scheme is closed to new non-academic members of the College.

Cambridge Colleges Federated Pension Scheme (CCFPS) - a similar defined benefit scheme which is externally funded and contracted out of the (S2P). The scheme is closed to new members of the College. As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by FRS 17 'Retirement Benefits'. As a result, the amount charged to the Income and Expenditure Account represents the amount calculated under FRS17 guidelines.

Aviva - a defined contributions pension scheme set up for non-academic staff in 2010-11. The College matches employee contributions to a maximum of 5%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

		2012 Total	(Restated Notes 1,5,7) 2011 Total
	Note	£	£
INCOME			
Academic fees and charges	1	2,001,225	1,843,846
Residences, catering and conferences	2	2,882,438	2,706,459
Endowment income	3	1,546,204	1,430,956
Donations	4	385,067	354,667
Other income		53,893	56,347
Total income		6,868,827	6,392,275
EXPENDITURE			
Education	5	2,975,466	2,922,605
Residences, catering and conferences	6	3,418,487	3,992,642
Fundraising		378,087	296,729
General administration		49,544	26,835
Total expenditure	7a	6,821,584	7,238,811
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		47,243	(846,536)
Contribution under Statute G,II	7d	-	-
Surplus/(deficit) on continuing operations after contribution under Statute G, II		47,243	(846,536)
Surplus for year transferred to accumulated income in endowment funds		36,896	79,540
Surplus/(deficit) for the year retained within general reserves		84,139	(766,996)

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>Restricted Funds</u>	<u>Unrestricted Funds</u>	<u>Total funds 2012</u>	<u>Total funds 2011</u>
	£	£	£	£
Surplus/(Deficit) on income and expenditure account	-	84,139	84,139	(766,996)
Unspent restricted income transferred to endowments	(36,896)	-	(36,896)	(79,540)
Realised/Unrealised gains/(losses) on investments	(242,844)	(1,062,546)	(1,305,390)	5,434,717
Actual return on Segregated Fund	11,910	226,006	237,916	116,124
Endowment - 4% return transferred to Income & Expenditure Account	(67,342)	(1,023,725)	(1,091,067)	(971,316)
New endowments	10,573	-	10,573	6,068,761
Heritage assets capitalised / revalued	9a 166,000	-	166,000	144,500
Actuarial gain/(loss) in respect of pension scheme	19 -	(773,151)	(773,151)	310,144
Total Recognised Gains/(Losses) for the Year	(158,599)	(2,549,277)	(2,707,876)	10,256,394
Reconciliation				
Opening Reserves and Endowments	5,119,795	57,592,176	62,711,971	52,455,577
Total recognised (losses) and gains for the year - above	(158,599)	(2,549,277)	(2,707,876)	10,256,394
Closing reserves and endowments	4,961,196	55,042,899	60,004,095	62,711,971

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

BALANCE SHEET AT 30 JUNE 2012

	Note	Consolidated 2012 £	Consolidated 2011 £
FIXED ASSETS			
Tangible assets	9	39,550,611	39,283,415
Investments	10	13,178,970	14,943,959
ENDOWMENT ASSETS			
Endowments	11	29,597,764	30,592,018
CURRENT ASSETS			
Stocks		25,747	31,305
Debtors	12	447,222	345,045
Cash at bank and in hand	13	1,573,142	1,571,718
		<u>2,046,111</u>	<u>1,948,068</u>
Creditors: amounts falling due within one year	14	(961,851)	(1,201,521)
Net current assets		<u>1,084,260</u>	<u>746,547</u>
Creditors: amounts falling due after one year	15	(13,500,000)	(13,500,000)
Net Assets excluding Pension Liability		<u>69,911,605</u>	<u>72,065,939</u>
Net Pension (Liability)	16	(1,441,116)	(734,561)
Net Assets including Pension Liability		<u><u>68,470,489</u></u>	<u><u>71,331,378</u></u>

Represented by

		Restricted funds £	Unrestricted funds £	2012 Total £	2011 Total £
Deferred capital grants	17	8,466,394	-	8,466,394	8,619,407
Endowments					
Expendable endowments		762,572	-	762,572	822,232
Permanent endowments	18	4,198,624	24,636,568	28,835,192	29,769,786
		<u>4,961,196</u>	<u>24,636,568</u>	<u>29,597,764</u>	<u>30,592,018</u>
Reserves					
General reserves excluding pension reserve		-	31,847,447	31,847,447	32,854,514
Pension Reserve		-	(1,441,116)	(1,441,116)	(734,561)
	19	<u>-</u>	<u>30,406,331</u>	<u>30,406,331</u>	<u>32,119,953</u>
Closing Reserves and Endowments		<u>4,961,196</u>	<u>55,042,899</u>	<u>60,004,095</u>	<u>62,711,971</u>
Total		<u><u>13,427,590</u></u>	<u><u>55,042,899</u></u>	<u><u>68,470,489</u></u>	<u><u>71,331,378</u></u>

These accounts were approved by the College Council on 5 November 2012 and are signed on their behalf by:

RMLynden-Bell
.....
Professor Ruth Lynden-Bell
Acting President

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED CASH FLOW STATEMENT

		2012	2011
		£	£
OPERATING ACTIVITIES			
Net cash (outflow) from operating activities	23	<u>(676,466)</u>	<u>(1,027,563)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Net investment income		528,998	575,763
Effects of foreign exchange		(64,895)	-
Interest paid		(689,626)	(689,661)
Net cash (outflow) from returns on investment and servicing of finance		<u>(225,523)</u>	<u>(113,898)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(970,140)	(367,088)
Proceeds of disposals of fixed assets		-	1,500
Net purchase of investment assets		(1,045,254)	(8,273,995)
New endowments received		24,750	6,141,553
Net cash outflow from capital transactions		<u>(1,990,644)</u>	<u>(2,498,030)</u>
Net cash outflow before financing		<u>(2,892,633)</u>	<u>(3,639,491)</u>
(Decrease) in cash in the year		(2,892,633)	(3,639,491)
Net debt at beginning of year	23	(7,535,215)	(3,895,724)
Change in net debt resulting from cash flows		-	-
Net debt at end of year	23	<u>(10,427,848)</u>	<u>(7,535,215)</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

1 ACADEMIC FEES AND CHARGES	2012	(Restated) 2011
	£	£
COLLEGE FEES		
Fee income paid on behalf of undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,951)	1,342,369	1,234,792
Privately-funded undergraduate fee income (per capita fee £5,016)	173,899	179,487
Graduate fee income (per capita fee £2,289)	265,697	244,388
Sub-total College Fees (per Education Memorandum Account)	<u>1,781,965</u>	<u>1,658,667</u>
Degree Fees and Other Academic Income	219,260	185,179
Total	<u>2,001,225</u>	<u>1,843,846</u>

Income in respect of the Cambridge Bursary Scheme is included in Degree Fees and Other Academic Income. The prior year comparative accordingly has been restated.

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES	2012	2011
	£	£
Accommodation		
College members	1,627,474	1,490,238
Conferences	493,648	433,973
Catering		
College members	381,486	350,914
Conferences	379,830	431,334
Total	<u>2,882,438</u>	<u>2,706,459</u>

3 ENDOWMENT INCOME	2012	2012	2012	2011
	Income from	Income from	Total	Total
	restricted funds	unrestricted		
	£	£	£	£
Total return contribution from Segregated Fund	-	1,091,068	1,091,068	971,316
Amalgamated Administration Fee	32,061	134,270	166,331	-
Quoted securities-equities	30,422	138,431	168,853	261,172
Quoted securities-fixed interest	19,831	90,240	110,071	184,295
Cash (Variable Interest)	8,651	1,230	9,881	14,173
Total Endowment Income	<u>90,965</u>	<u>1,455,239</u>	<u>1,546,204</u>	<u>1,430,956</u>

3b SUMMARY OF TOTAL RETURN	2012	2011
	£	£
Income from:		
Quoted securities & cash	288,805	459,640
Segregated fund	237,917	117,125
Gains/losses on Endowment Assets	(1,305,390)	5,434,699
Total return for year	<u>(778,668)</u>	<u>6,011,464</u>
Return transferred to I&E a/c	(1,546,204)	(1,430,956)
Unapplied total return for STRGL	<u>(2,324,872)</u>	<u>4,580,508</u>

4 DONATIONS	2012	2012	2012	2011
	Income from	Income from	Total	Total
	restricted funds	unrestricted		
	£	£	£	£
Donations	105,035	112,842	217,877	187,904
Release of Deferred Capital	167,190	-	167,190	166,763
	<u>272,225</u>	<u>112,842</u>	<u>385,067</u>	<u>354,667</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

5 EDUCATION EXPENDITURE	2012 £	(Restated) 2011 £
Teaching	1,832,302	1,803,404
Tutorial	424,289	403,180
Admissions	206,642	207,877
Research	141,247	144,604
Scholarships and Awards	268,607	255,330
Other Educational Facilities	102,379	108,210
Total	2,975,466	2,922,605

Gross expenditure in respect of the Cambridge Bursary Scheme is included in Scholarships and Awards for the first time. The prior year comparative accordingly has been restated.

6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE	2012 £	2011 £
Accommodation	College members 1,843,798	1,987,565
	Conferences 831,172	899,740
Catering	College members 421,270	597,609
	Conferences 322,247	507,728
Total	3,418,487	3,992,642

7a ANALYSIS OF 2011/12 EXPENDITURE BY ACTIVITY

	Staff costs (note 8) £	Other operating expenses £	Depreciation £	Total £
Education (note 5)	1,707,456	1,180,188	87,822	2,975,466
Residences, catering and conferences (note 6)	1,488,734	1,314,631	615,122	3,418,487
Fundraising *	220,020	158,067	0	378,087
General Administration	36,406	13,138	0	49,544
	3,452,616	2,666,024	702,944	6,821,584

7b ANALYSIS OF 2010/2011 EXPENDITURE BY ACTIVITY

	Staff costs (note 8) £	Other operating expenses £	Depreciation £	(Restated) Total £
Education (note 5)	1,777,568	1,058,187	86,850	2,922,605
Residences, catering and conferences (note 6)	1,819,846	1,558,856	613,940	3,992,642
Fundraising *	225,589	71,140	0	296,729
General Administration	15,348	11,487	0	26,835
	3,838,351	2,699,670	700,790	7,238,811

* The amount allocated to Fundraising is the estimate of the costs of that activity, and includes a proportion of the Alumni Relations Office costs

Gross expenditure in respect of the Cambridge Bursary Scheme is included in Other operating expenses for the first time. The prior year comparative accordingly has been restated.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

7c AUDITORS REMUNERATION

	2012	2011
	£	£
Other operating expenses include:-		
Auditors fees payable to College's external auditors	19,500	18,500
Other fees payable to the College's external auditors (include audit fees under accrued for prior years)	5,261	21,350
Internal Auditors fees paid	6,017	-
	<u> </u>	<u> </u>

7d CONTRIBUTION UNDER STATUTE G,II

There is no liability under Statute G,II.	-	-
	<u> </u>	<u> </u>

8 STAFF

	2012	2012	2012	2012	2012	2011
	Head of House & College Fellows	Non- Academic Staff	Sub- Total	External Supervisors & Directors of Studies	Total	Total
	£	£	£	£	£	£
Staff costs:						
Emoluments	879,243	1,614,869	2,494,112	-	2,494,112	2,715,792
Social security costs	73,527	125,086	198,613	-	198,613	199,640
Pension costs (see note 19)	127,544	232,012	359,556	-	359,556	408,801
Other staff costs	89,289	156,883	246,172	-	246,172	354,494
	<u>1,169,603</u>	<u>2,128,850</u>	<u>3,298,453</u>	-	<u>3,298,453</u>	<u>3,678,727</u>
External Supervisors, Directors of Studies, etc	-	-	-	154,163	154,163	159,624
Total	<u>1,169,603</u>	<u>2,128,850</u>	<u>3,298,453</u>	<u>154,163</u>	<u>3,452,616</u>	<u>3,838,351</u>

	2012	2012	2012	2012	2011
	Total				Total
Total College Staff as at 30 June					
Head of House (on sabbatical from 01.01.12)	1	-	-	1	1
Acting Head of House (wef 03.01.12)	1	-	-	1	-
Fellows-Academic	50	-	-	50	47
Fellows-Non-Academic	4	-	-	4	7
Academic Staff-Other	-	1	-	1	4
Non-Academic Staff (Full-time equivalents)	-	-	81	81	86
Total as at 30 June	<u>56</u>	<u>1</u>	<u>81</u>	<u>138</u>	<u>145</u>

Of the 56 Fellows declared above, 53 are stipendiary.

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

The trustees receive no emoluments in their role as trustees of the charity

During the year the trustees received £412,586 in remuneration for college duties.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

9 FIXED ASSETS	2012	2012	2012	2012
9a TANGIBLE FIXED ASSETS	Freehold land and buildings	Furniture, fittings and equipment	Heritage Assets	Total
	£	£	£	£
COST/VALUATION				
As at 1 July 2011	39,241,821	1,025,720	144,500	40,412,041
Surplus on revaluation	-	-	22,000	22,000
Additions at cost	814,304	155,836	144,000	1,114,140
Disposals as cost	-	-	-	-
Cost/valuation as at 30 June 2012	<u>40,056,125</u>	<u>1,181,556</u>	<u>310,500</u>	<u>41,548,181</u>
DEPRECIATION				
As at 1 July 2011	594,797	389,329	-	984,126
Depreciation on disposals	-	-	-	-
Charge for the year	600,368	102,576	-	702,944
Accumulated Depreciation as at 30 June 2012	<u>1,195,165</u>	<u>491,905</u>	<u>-</u>	<u>1,687,070</u>
Net Book Value				
At 30 June 2012	<u>38,860,960</u>	<u>689,651</u>	<u>310,500</u>	<u>39,861,111</u>
At 30 June 2011	<u>38,647,024</u>	<u>636,391</u>	<u>144,500</u>	<u>39,427,915</u>

Included in the Balance sheet as follows:	2012	2011
	£	£
Fixed Assets	<u>39,550,611</u>	<u>39,283,415</u>
Endowment Assets (see note 11)	<u>310,500</u>	<u>144,500</u>

The College's land and buildings were revalued at 30 June 2010 and in accordance with the accounting policies will be revalued after five years.

The insured value of freehold operational buildings (excluding investment assets) at 30 June 2012 was £63,659,981 (2011 £65,999,981).

9b HERITAGE ASSETS

According to FRS30 (Heritage Assets), works of art, books and other valuable artefacts acquired should be capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. The College holds and conserves an Art Collection which has been built up over a number of years and which consists of mainly donated works. The Art Collection is preserved, conserved and managed in accordance with recognised national standards and the collection on display is open to the public for viewing. Those items not on general display can be accessed by the wider public by prior arrangement. The works are normally donated on a permanent basis so will be included as endowment assets. The Collection is professionally valued every five years, the latest being carried out in the year by Bonhams. As stated in the Statement of Accounting Policies all works of art valued over £10,000 are included in the accounts. Assets totalling £144,000 (£2011 £144,500) have been brought into the accounts as additions this year of which £36,000 (2011 £87,500) were acquired prior to 2003, £28,000 (2011 £0) in 2004, £80,000 (2011 £27,000) in 2006, and £0 (2011 £30,000) in 2008. Movement in value in the year £22,000 (2011 £0 - first year Heritage Assets capitalised).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

10 INVESTMENTS

	2012	2011
	£	£
Balance at 1 July 2011	45,391,477	34,714,911
Additions	27,907,446	43,526,878
Disposals	(26,862,192)	(35,252,885)
Appreciation/(depreciation) on disposals/revaluation	(1,076,440)	5,434,717
Increase/(decrease) in cash balances	(3,133,423)	(3,032,144)
Balance at 30 June 2012	<u>42,226,868</u>	<u>45,391,477</u>
Represented by:	£	£
Freehold buildings	2,309,399	2,309,399
Quoted securities - equities	15,734,471	23,491,791
Quoted securities - fixed interest	19,101,719	13,396,502
Alternative investments	3,816,845	1,795,996
Loan-Joint Colleges Nursery Scheme	4,790	4,722
Cash held for reinvestment	1,259,644	4,393,067
Total Investment Assets	<u>42,226,868</u>	<u>45,391,477</u>

One property was acquired as an investment asset in 2011 and is included at cost £2,309,000
The College incurred investment management advice charges of £364,028 in the year. £126,313 has been deducted from income in note 3 and £237,715 has been included in gains and losses for the year. This reflects the treatment by fund managers and advisers.

Allocated as:-	£	£
Fixed Asset investments	13,178,970	14,943,959
Endowment Investments	29,047,898	30,447,518
Total Investment Assets	<u>42,226,868</u>	<u>45,391,477</u>

11 ENDOWMENT ASSETS

Investments - as above	£	£
Freehold buildings	2,309,399	2,309,399
Quoted securities - equities	10,508,608	24,341,154
Quoted securities - fixed interest	12,690,237	898,645
Alternative investments	2,537,989	374,697
Loan-Joint Colleges Nursery Scheme	942	985
Cash held for reinvestment	1,000,723	2,522,638
Total Investment Assets	29,047,898	30,447,518
Heritage Assets - see notes 9a and 9b	310,500	144,500
Other Assets included in Cash	239,366	-
	<u>29,597,764</u>	<u>30,592,018</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

12 DEBTORS	2012	2011
	£	£
Members of College	90,499	58,324
Other Debtors	356,723	286,721
	<u>447,222</u>	<u>345,045</u>

13 CASH	£	£
Bank and Building Society deposits	1,390,285	1,292,403
Current accounts	419,926	276,750
Cash in hand	2,297	2,565
	<u>1,812,508</u>	<u>1,571,718</u>
Endowment Assets (Note 11)	(239,366)	-
	<u>1,573,142</u>	<u>1,571,718</u>

The cash held in subsidiaries at the year end was £410,241 included in Current accounts above.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Members of College	88,665	38,033
Other creditors	873,186	1,163,488
	<u>961,851</u>	<u>1,201,521</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	£	£
Loan-Barclays Bank	13,500,000	13,500,000
	<u>13,500,000</u>	<u>13,500,000</u>

During 2009/10 the repayment terms of the bank loans of £13.5m were rescheduled and are repayable as follows
£3 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048.
They currently bear all-in rates between 4.55% and 5.65% per annum.

16 PENSION LIABILITY	£	£
Deficit in scheme at 1 July 2011	(734,561)	(1,134,034)
Movement in year		
Current service cost	(66,570)	(94,687)
Contributions paid by college	149,796	221,705
Finance cost	(16,630)	(37,689)
Actuarial gain/(loss) recognised in STRGL	(773,151)	310,144
Deficit in scheme at 30 June 2012 - see note 19	<u>(1,441,116)</u>	<u>(734,561)</u>

17 DEFERRED CAPITAL GRANTS	£	£
Balance brought forward at 1 July 2011	8,619,407	8,713,377
Donations received	14,177	72,793
Released to Income and expenditure account	(167,190)	(166,763)
	<u>8,466,394</u>	<u>8,619,407</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

18 ENDOWMENTS	2012 Restricted Permanent £	2012 Unrestricted Permanent £	2012 Total Permanent £	2012 Restricted Expendable £	2012 Total £	2011 Total £
Balance at beginning of year	4,297,563	25,472,223	29,769,786	822,232	30,592,018	41,018,312
Reclassification of reserves 2010-11 from unrestricted permanent to general reserve	-	-	-	-	-	(18,744,571)
	4,297,563	25,472,223	29,769,786	822,232	30,592,018	22,273,741
(Decrease)/increase in investments	(197,431)	(37,622)	(235,053)	(45,413)	(280,466)	3,023,263
Income receivable from endowment asset investments	11,910	226,006	237,916	-	237,916	116,124
4% drawdown to income and exp	(67,342)	(1,023,725)	(1,091,067)	-	(1,091,067)	(971,316)
New endowments received	10,573	-	10,573	-	10,573	6,088,761
Heritage Assets capitalised	166,000	-	166,000	-	166,000	144,500
Transfers	(32,299)	(314)	(32,613)	32,299	(314)	16,485
Income receivable from endowment asset investments and donations	73,144	258	73,402	138,836	212,238	131,948
Expenditure	(63,494)	(258)	(63,752)	(185,382)	(249,134)	(211,488)
Net transfer from Income and expenditure accounts	9,650	-	9,650	(46,546)	(36,896)	(79,540)
Balance at end of year	4,198,624	24,636,568	28,835,192	762,572	29,597,764	30,592,018

In the absence of historic records the college has presented all capital income as capital.

Representing:-

Awards Funds	43,678	-	43,678	88,671	132,349	149,380
Hardship Funds	634,964	16,769	651,733	262,459	914,192	933,614
Other Student Support	-	-	-	63,034	63,034	66,722
Research Funds	852,237	-	852,237	157,398	1,009,635	1,130,521
Graduate Studentships Funds	74,676	-	74,676	4,370	79,046	88,748
Travel Funds	-	-	-	77,986	77,986	87,489
Fellowships Funds	2,282,569	579,303	2,861,872	81,503	2,943,375	3,014,296
Other Funds	310,500	24,040,496	24,350,996	27,151	24,378,147	25,121,248
Total	4,198,624	24,636,568	28,835,192	762,572	29,597,764	30,592,018

19 RESERVES	2012 General Reserves £	2012 Total £	2011 Total £
Balance at beginning of year	32,119,953	32,119,953	11,437,265
Reclassification of reserves 2010-11	-	-	18,744,571
	32,119,953	32,119,953	30,181,836
Surplus/(deficit) for year	84,139	84,139	(766,996)
Revaluation gain/(loss) on investments	(1,024,924)	(1,024,924)	2,411,454
Transfer to funds	314	314	(16,485)
Pension fund movement	(773,151)	(773,151)	310,144
Balance at end of year	30,406,331	30,406,331	32,119,953

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

20 CAPITAL COMMITMENTS	2012	2011
	£	£
Commitments contracted for at 30 June:		
Authorised and contracted - re Library refurbishment	8,257	361,742
Authorised and contracted - re Grove Lodge	9,686	445,819
	<u>17,943</u>	<u>807,561</u>

21 FINANCIAL COMMITMENTS

At 30 June the College had annual commitments under non-cancellable operating leases as follows:

Land and Buildings:	£	£
Expiring between one and five years' time	<u>76,500</u>	<u>54,850</u>
	76,500	54,850
Other:	£	£
Expiring between one and five years' time	<u>8,819</u>	<u>3,735</u>
	8,819	3,735

22 CONTINGENT LIABILITIES

The College's endowment capital includes conditional capital donations amounting in total to £24,952,676. Under certain limited circumstances these donations could be repayable to the donor, but in the opinion of the members of Council, such repayment is not foreseen and accordingly no provision is made in these accounts.

23 CASH FLOW STATEMENT

Net cash outflow reconciliation	£	£
Operating surplus/(deficit)	47,243	(846,536)
Depreciation of tangible fixed assets	702,944	696,398
Loss on disposal of tangible fixed assets	-	4,392
Deferred capital grants released to income	(167,190)	(166,763)
Investment income	(1,546,204)	(1,430,956)
Interest payable	689,626	689,661
FRS 17 adjustment	(66,596)	(89,329)
Decrease/(increase) in stocks	5,558	(5,360)
Decrease/(increase) in debtors	(102,177)	54,838
Increase/(decrease) in creditors	(239,670)	66,092
Net cash outflow from operating activities	<u>(676,466)</u>	<u>(1,027,563)</u>

Analysis of cash and bank balances

	At 1 July 2011	Cash Flows	At 30 June 2012
	£	£	£
Cash at bank and in hand*	1,571,718	240,790	1,812,508
Cash held as part of investments	<u>4,393,067</u>	<u>(3,133,423)</u>	<u>1,259,644</u>
	5,964,785	(2,892,633)	3,072,152
Debt due after one year	<u>(13,500,000)</u>	-	<u>(13,500,000)</u>
	<u>(7,535,215)</u>	<u>(2,892,633)</u>	<u>(10,427,848)</u>

* This balance is stated before re-analysis of cash to Endowment Assets (see notes 11 and 13).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES

The College participates in two defined benefit schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS) and a defined contribution scheme administered by Aviva. The details of the schemes are as follows:

Universities Superannuation Scheme

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

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

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

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality S1NA ["light"] YoB tables — No age rating

Female members' mortality S1NA ["light"] YoB tables — rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

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

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

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

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

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

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

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.

These include:

New Entrants

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

Normal pension age

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

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

Cost sharing

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

Pension increase cap

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

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The 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.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the College had 72 active members participating in the scheme.

The total pension cost for the College was £264,911 (2011: £317,211). This includes £30,532 (2011: £38,353 outstanding contributions at the balance sheet date. 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 benefits scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2011 and updated to 30 June 2012 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	June 2012 % p.a.	June 2011 % p.a.
Discount rate	4.7	5.5
Expected long-term rate of return on Scheme assets	5.6	6.2
Increase in salaries	2.2*	3.2**
Retail Prices Index (RPI) assumption	2.7	3.4
Consumer Prices Index (CPI) assumption	1.7	2.7
Pension increases (RPI linked)	2.7	3.4
Pension increases (capped RPI linked)	2.5	3.2

* 1.5% in 2012 and 2013; 2.2% thereafter, ** 2% in 2011, 3.2% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2011 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements has been updated from 2011 when the CMI2009 projection table was adopted. This results in the following life expectancies:

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

Employee Benefit Obligations

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

	June 2012 £	June 2011 £
Present value of Scheme liabilities	(4,448,116)	(4,353,213)
Market value of Scheme assets	3,007,000	3,618,652
Surplus (deficit) in the Scheme	(1,441,116)	(734,561)
Related deferred tax asset	n/a	n/a
Net Pension Asset (liability)	n/a	n/a

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Cambridge Colleges 'Federated Pension Scheme (continued)

The amounts to be recognised in profit and loss for the 12 months ending 30 June 2012 (with comparative figures for the 15 months ending 30 June 2011) are as follows.

	June 2012 £	June 2011 £
Current service cost	66,570	94,687
Interest on Scheme liabilities	230,366	302,863
Expected return on Scheme assets	(213,736)	(265,174)
Past service cost	0	0
Curtailment gain	0	0
Total	83,200	132,376

Actual return on Scheme assets	(411,741)	366,647
--------------------------------	-----------	---------

Changes in the present value of the Scheme liabilities for the 12 months ending 30 June 2012 (with comparative figures for the 15 months ending 30 June 2011) are as follows:

	June 2012 £	June 2011 £
Present value of Scheme liabilities at beginning of period	4,353,213	4,358,822
Service cost (including Employee contributions)	90,968	126,789
Interest cost	230,366	302,863
Past service cost	0	0
Curtailment gain	0	0
Actuarial losses/(gains)	147,674	(208,671)
Benefits paid	(374,105)	(226,590)
Present value of Scheme liabilities at end of period	4,448,116	4,353,213

Changes in the fair value of the Scheme assets for the 12 months ending 30 June 2012 (with comparative figures for the 15 months ending 30 June 2011) are as follows:

	June 2012 £	June 2011 £
Market value of Scheme assets at beginning of period	3,618,652	3,224,788
Expected return	213,736	265,174
Actuarial gains/(losses)	(625,477)	101,473
Contributions paid by the College	149,796	221,705
Employee contributions	24,398	32,102
Benefits paid	(374,105)	(226,590)
Market value of Scheme assets at end of period	3,007,000	3,618,652

The agreed contributions to be paid by the College for the forthcoming year are 7.99% of Contribution Pay plus £10,861 p.a. to cover expenses plus £121,302 p.a. subject to review at future actuarial valuations. These rates exclude PHI.

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

	June 2012	June 2011
Equities & Hedge Funds	66%	56%
Bonds & Cash	25%	36%
Properties	9%	8%
Total	100%	100%

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Cambridge Colleges' Federated Pension Scheme (continued)

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 6.4% (2011: 7.1%), an expected rate of return on properties of 5.4% (2011: 6.1 %) and an expected rate of return on bonds and cash of 3.7% (2011: 4.8%).

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the 12 months ending 30 June 2012 (with comparative figures for the 15 months ending 30 June 2011) are as follows:

	June 2012 £	June 2011 £
Actual return less expected return on Scheme assets	(625,477)	101,473
Experience gains and losses arising on Scheme liabilities	(100,036)	20,738
Changes in assumptions underlying the present value of Scheme liabilities	(47,638)	187,933
Actuarial gain/(loss) recognised in STRGL	(773,151)	310,144

Cumulative amount of actuarial gains and losses recognised in STRGL for the 12 months ending 30 June 2012 (with comparative figures for the 15 months ending 30 June 2011) are as follows:

	June 2012 £	June 2011 £
Cumulative actuarial gain/(loss) at beginning of period	(687,682)	(997,826)
Recognised during the period	(773,151)	310,144
Cumulative actuarial gain/(loss) at end of period	(1,460,833)	(687,682)

Movement in surplus/(deficit) during the 12 months ending 30 June 2012 (with comparative figures for the 15 months ending 30 June 2011) are as follows:

	June 2012 £	June 2011 £
Surplus/(deficit) in Scheme at beginning of year	(734,561)	(1,134,034)
Service Cost (Employer Only)	(66,570)	(94,687)
Contributions paid by the College	149,796	221,705
Finance Cost	(16,630)	(37,689)
Actuarial gain/(loss)	(773,151)	310,144
Surplus/(deficit) in Scheme at the end of the year	(1,441,116)	(734,561)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Cambridge Colleges' Federated Pension Scheme (continued)

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

	Jun 2012 £	Jun 2011 £	Mar 2010 £	Mar 2009 £	Mar 2008 £
Present value of Scheme liabilities	(4,448,116)	(4,353,213)	(4,358,822)	(3,413,902)	(3,558,879)
Market value of Scheme assets	3,007,000	3,618,652	3,224,788	2,713,298	3,168,928
Surplus/(deficit) in the Scheme	(1,441,116)	(734,561)	(1,134,034)	(700,604)	(389,951)
Actual return less expected return on Scheme assets	(625,477)	101,473	364,281	(617,765)	(235,480)
Experience gain/(loss) arising on Scheme Liabilities	(100,036)	20,738	45,028	(41,071)	(184,626)
Change in assumptions underlying present value of scheme liabilities	(47,638)	187,933	(909,941)	343,120	304,581

Aviva – Pension Scheme

The college set up a defined contributions pension scheme for staff in 2010-11. The College matches employee contributions to a maximum of 5%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

Summary of Total Pension Cost

The total pension cost for the year to 30 June 2012 was as follows:

	2012	2011
USS: Contributions	264,911	317,211
CCFPS: Charged to Income and Expenditure Account	30,443	90,242
Aviva	6,015	1,348
	301,369	408,801

25 RELATED PARTY TRANSACTIONS

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 has 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.

26 SUBSIDIARY UNDERTAKINGS

	Number of Shares	Cost per share £	Class	Holding
New Hall Developments Limited	8	1	Ordinary	100%
New Hall Conferences Limited	8	1	Ordinary	100%

The principal activity of New Hall Developments Limited was the development of the grounds and buildings of the College and the principal activity of New Hall Conferences Limited was that of non-educational conference trading.