

**CLARE HALL  
CAMBRIDGE, CB3 9AL**

*Registered Charity Number 1137491*

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

**Contents**

	<u>Pages</u>
Governing Body and Advisors	1 - 2
Report of the Governing Body	3 - 10
Responsibilities of the Governing Body	11
Report of the Auditors	12 - 13
Statement of Principal Accounting Policies	14 - 17
Income and Expenditure Account	18
Statement of Total Recognised Gains and Losses	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Accounts	22 – 33

## **Governing Body**

### **Year ended 30 June 2012**

Visitor: The Vice-Chancellor of the Supreme Court, Sir Andrew Morritt, CVO

#### MEMBERS OF THE GOVERNING BODY

President: Sir Martin Harris

Fellows under Titles A, B, C and D (in order of Election)

Dr Murray Stewart	1982	Mr Kofi Boakye	2009
Professor Stefan Collini	1986	Dr Jonathan Grove	2009
Dr Christopher Hope	1987	Dr Sohini Kar-Narayan	2009
Dr Rosemary Luff	1988	Dr Michael Wilson	2009
Professor Julius Lipner	1990	Mrs Moira Gardiner	2010
Dr Daniela Rhodes	1992	Dr Frédéric Blanc	2010
Professor Charles Smith	1993	Dr Wai Yi Feng	2010
Professor Maria Spillantini	1994	Dr Mark Gieles	2010
Dr Robert Carlyon	1996	Dr Holly High	2010
Professor Barbara Sahakian	1996	Dr Marco Polin	2010
Professor John Barrow	1999	Dr Jennifer Rampling	2010
Professor Andrew Blake	2000	Dr Dean Mobbs	2010
Dr Bobbie Wells	2001	Professor Hasok Chang	2011
Dr Trudi Tate	2001	Dr Alexander Archibald	2011
Dr Jonathon Pines	2001	Dr Peter Bond	2011
Mr Stephen Bourne	2001	Dr Susana Carvalho	2011
Professor Emilio Artacho	2002	Dr Cristina Cotobal Martin	2011
Professor Alan Short	2002	Dr Silvia Pasquetti	2011
Dr Anthony Street	2002	Dr Jean-Baptiste Sallée	2011
Dr Ian Farnan	2002	Dr Katrin Müller-Johnson	2012
Professor Hans-Friedrich Graf	2004	Professor David Neal	2012
Professor Athanassios Fokas	2005	Mr Andrew Nairne	2012
Dr Robert Anderson	2006		
Dr Lori Passmore	2006		
Professor John Parker	2007		
Dr James Arnold	2008		
Dr Olga Ulturgasheva	2008		
Dr Daniel Bergstrahl	2009		
Professor Peter Markowich	2009		
Dr Elizabeth Rowe	2009		

Two elected members of the Graduate Student Body: Ms Nicola Clay, Mr David Weiss

#### ***Senior Officers of Clare Hall***

President: Sir Martin Harris  
Senior Tutor: Dr R S Wells  
Senior Bursar: Mrs Moira Gardiner

## **Professional Advisors**

### ***Auditors***

Peters Elworthy & Moore  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

### ***Bankers***

Barclays Bank plc  
Bene't Street  
Cambridge  
CB4 3UT

### ***Investment Fund Managers***

The Charities Property Fund  
c/o Carr Sheppards Crosthwaite  
2 Gresham Street  
London  
EC2V 7QN

Cambridge University Endowment Fund  
University of Cambridge Investment Office  
Daedalus House  
26-30 Station Road  
Cambridge  
CB1 2RE

### ***Solicitors***

Kester Cunningham John  
Chequers House  
77 – 81 Newmarket Road  
Cambridge  
CB5 8EU

Cambridge Employment Law LLP  
Stratford House  
Ousden  
Newmarket  
Suffolk  
CB8 8TN

## *Clare Hall*

### **Report of the Governing Body Year ended 30 June 2012**

The Governing Body is pleased to present its financial report for the year ended 30 June 2012.

Founded in 1966 as a centre for advanced study, Clare Hall is a graduate college in the University of Cambridge and an exempt charity. It was incorporated by Royal Charter on 22 October 1984 and is an autonomous, self-governing community of scholars. In accordance with its Statutes, the control of the College as a place of education, learning and research is vested in the Governing Body, which is responsible for administering the College's estates and property. The Finance Committee consists of the President, the Vice President, the Bursar and four other members of the Governing Body elected by the Governing Body. The Finance Committee exercises the authority delegated to it by the Governing Body to manage, in accordance with general policies laid down from time to time by the Governing Body, the land, property and investments of the College and its financial affairs in general and to direct the Bursar in the performance of her financial duties.

#### ***Scope of the financial statements***

The statements cover the activities of the College during the year ended 30 June 2012 and the net assets as at that date. The College has no subsidiaries.

In August 2010 the College's charitable status changed from Exempt Charity to Registered Charity, regulated by the Charity Commission.

These accounts are presented in the format of the Recommended Cambridge College Accounts (RCCA), which comply with the Higher Education SORP (Statement of Recommended Practice: Accounting for Further and Higher Education).

#### ***Objects***

The objects of the College are set out in its Royal Charter, effective from 1 January 1984, as follows:

- To remain an independent graduate college within the University of Cambridge, dedicated to advanced study;
- To bring together research scholars of different nationalities and academic disciplines and to promote academic research of the highest quality by Fellows and postgraduate students;
- To integrate fully into the fabric of academic life senior visitors who come to Cambridge on study leave together with their spouses and partners;
- To encourage interdisciplinary links between scholars from all over the world;
- To achieve excellence in education at postgraduate level; and
- To maintain and enhance the endowments and benefactions, buildings and grounds of the College for the benefit of future generations.

#### ***Public Benefit***

The following Public Benefit Statement was provided to the Charity Commission on registration in September 2010:

The College provides, in conjunction with the University of Cambridge, an education which is recognised internationally as being of the highest standard for some 160 graduate students. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and pastoral, administrative and academic support for all students through its tutorial and mentoring systems;
- social, cultural, musical, recreational and sporting facilities which enable each of its students to realise their academic and personal potential to the full whilst studying at the College.

## *Clare Hall*

The College advances research through:

- providing Research Fellowships to outstanding young academics in the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting the research work of its other Fellows by promoting interaction across disciplines and providing facilities for seminars;
- fostering academic networking by encouraging visits from outstanding academics from abroad as Visiting Fellows and Visiting Scholars.

The College maintains a Library which provides a valuable resource for students and Fellows of the College.

The resident members of the College, both students and Fellows, are the primary beneficiaries and are directly engaged in education, learning or research.

However, beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and visiting alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities. The general public is also able to attend various educational activities in the College such as lectures, seminars and concerts and art exhibitions.

The College admits students who have the highest potential for benefiting from the education provided by the College and the University, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the College's objects and students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College's objects but students of the College are predominantly aged 21 years and above; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

The focus of the College is strongly academic and students are required to satisfy high academic entry requirements.

The College charges the following fees:

- College fees at externally regulated rates to graduate students; and
- Accommodation and meal charges at reasonable rates.

To support the costs of graduate students, the College provides various scholarships and bursaries, to help fund fees and living costs. The total awarded in 2011-2012 was £63,500.

The College also supports students through a grant scheme to assist with attendance at conferences and travel grants. The total awarded in 2011-2012 was £22,829.

In addition to its other programmes, the College operates a hardship scheme for students in financial hardship. The total awarded in 2011-2012 was £16,975.

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to Clare Hall, the College provides guidance and information for prospective applicants on the College website and through staff in its Tutorial Office.

## *Clare Hall*

In order to fulfil its charitable purposes of advancing education, learning and research, the College employs as Fellows Tutors and senior administrative officers. All serve as charity trustees through being members of the College Governing Body. The employment of the President and Fellows is undertaken with the intention of furthering the College's aims and their employment directly contributes to the fulfilment of those aims. The private benefit accruing to the President and Fellows through salaries, stipends and employment-related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the employment of Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

### *Financial review*

The results for the year ended 30 June 2012 are summarised as follows:

	2011-2012	2010-2011	Change, %
Income	2,559,010	3,001,124	
Less: Exceptional Profit on disposal of operation property	-	(449,407)	
	2,559,010	2,551,717	0.3
Expenditure (before depreciation)	2,528,563	2,345,795	6.6
Surplus before depreciation and exceptional profit on disposal of operational property	30,447	205,922	
Depreciation	376,001	374,752	0.3
Deficit on continuing operations	(345,554)	(168,830)	
Transfer (to)/from accumulated income within restricted expendable capital	(12,618)	6,290	
Contribution under Statute G,II	-	-	
Net deficit before exceptional profit on disposal of operational property	(358,172)	(162,540)	
Exceptional Profit	-	449,407	
Net (deficit)/surplus	(358,172)	286,867	

### **Summary**

This year's result is a surplus of £30,477 before depreciation and a deficit of £358,172 after depreciation. The balance sheet is stronger by £516,983 over the previous year at £21,683,802.

## *Clare Hall*

### **Report of the Governing Body Year ended 30 June 2012**

#### ***Income and Expenditure Account***

Income, at £2,559,010, is £442,114 lower than in the previous year and the apparent variation from the prior year surplus of £286,867 is principally the result of the profit on disposal of operational property of £449k within the 2011 figures.

This adjusted deficit represents a decrease of some £196k compared to the results for 2011. Total income is consistent with the prior year, having increased only very marginally by c.£7k, the largest individual variance being the £12k or 3.2% increase in fee income, and lower endowment income, itself attributable to lower donations and poorer returns on the investment portfolio. Support from the Basque Government and CRASSH to support Visiting Fellowships are included in academic income.

Academic and fee income has remained largely static and represented 14.6% of total income. Likewise, residential and catering income has remained static. Residential and Catering income represents c.55% of income. 'Other Income' amounting to £8,242 relates to the defined benefit pension scheme for members of the College's support staff, the CCFPS, and is included in compliance with FRS17.

Donations which are deemed to be unrestricted are included in the Income and Expenditure account (£197,717 of Endowment Income total of £777,889); whereas donations, which are deemed to be restricted, do not appear here and instead are included in the Statement of Total Recognised Gains and Losses (STRGL), thus adding to the Balance Sheet. The remainder of £580,172 in Endowment Income represents the investment income (dividends and interest) deriving only from the unrestricted funds in the endowment, together with any interest earned on bank balances, and does not reflect any capital growth in the unrestricted funds, plus the release of deferred capital to income of £58k.

Total expenditure at £2,904,564 has increased, by approximately £184k. The most significant component of this variance is the increase in of £25k in research costs attributable to the Visiting Fellowship programme, funded in part by CRASSH and by the Basque Government (appearing within the Education line). Considerable effort has been made during the year to improve the standard of our estate and a planned rolling maintenance programme has been pursued this year so as to ensure that our estate is maintained to the highest standard. The cost in this year has been in the region of £120k being expended on major electrical, IT, and painting works carried out during the year. The kitchen has suffered another bad year with a £31k increase in the cost to the College. A good deal of this expenditure relates to upgrading essential equipment so as to comply with current Health and Safety and Environmental regulations.

Staff costs overall amounted to £917,221 (2011: £974,822), a decrease of just under 6%. The majority of this saving was as a result of rationalising our staff costs by utilising more efficient outsourcing of maintenance contractors; this cost being shown under maintenance expenditure. Staff salaries represent just over 31% of total expenditure and must be kept under close scrutiny during the coming year. The total number of academic staff was 50, of whom 8 were in receipt of a stipend (all part-time, ranging from 80% of full-time to a few hours per week), and the full-time equivalent number of non-academic staff was 27, one less than in the previous year.

The allocation of fixed costs to the separate heads of expenditure within the Education Account has been calculated to reflect as accurately as possible the use of staff time and physical space.

#### ***Statement of Total Recognised Gains and Losses (STRGL)***

The Statement of Total Recognised Gains and Losses (STRGL) shows the movements that affect the balance sheet, and in 2011-2012 shows an increase in the Capital and Reserves of the College of just under £575k bringing the closing balance to over £19m. Of this, £575k is a loss on paper only, comprising an unrealised loss in investment assets and an actuarial loss of £223k in the CCFPS pension scheme. As always these valuations are very dependent on the timing of the yearend and the actuarial assumptions.

## *Clare Hall*

### **Report of the Governing Body Year ended 30 June 2012**

Under the RCCA format, deferred capital grant are specifically excluded from the STRGL and the decrease of c.£58k therefore needs to be included in evaluating the total Balance Sheet movement of £517k and the closing position of just under £21.7m. Actual cash injections include a capital grant from the Colleges Fund of £261k, a restricted benefaction of £1.215m to fully-fund a PhD student from the Republic of Serbia together with unrestricted donations of c£19k.

The closing value of the investment portfolio is split between investments and endowment assets and Capital and Reserves are divided into deferred capital grants, endowments and reserves.

#### ***Balance Sheet***

The increase in the Balance Sheet from £21.2m to £21.7m is explained in the STRGL. Capital transactions relate to a new boiler system in the President's Lodge, costing £17k, and £9k on the new EPOS System. These appear only in the Balance Sheet and Cash Flow Statement, and do not appear in the Income and Expenditure Account or the STRGL.

Creditors includes a payment of £99k due to the University for Composition Fees and which has since been paid.

In accordance with the guidelines laid down in FRS17, the Balance Sheet Net Assets now include the College's pension scheme position. The surplus of £19k last year has now been reversed and shows a deficit as at 31 March 2012 of £209k.

#### ***Benefactions and Donations***

The College records with gratitude the receipt of donations and benefactions during the year totalling £1,494,736. This includes a capital grant of £261,000 from the Colleges Fund and £1,233,736 as specific donations.

#### ***The Endowment***

Since June 2010 the major part of the College's endowment has been invested in the Cambridge University Endowment Fund (CUEF).

The CUEF is effectively a unit trust, in which the College has purchased units, and from which it receives a monthly dividend. The total number of units held with CUEF is 375,188 at £34.52 each with a value of £12,950k. The distribution rate for the University's financial year to 31 July 2012 is £1.4853 per unit.

The fund's investment objective is to achieve or exceed a long run average annual rate of total return equal to the Retail Prices Index (RPI) for each calendar year plus 5.25%, net of investment management costs. The fund has adopted a total return policy, determined by a hybrid rule with a long-term rate of 4.25% of capital value, so the investment objective is RPI+1% after distribution and costs. The asset allocation of the fund has been shifting since the CUIO took over the management of the fund in 2007, away from public equity and fixed interest, towards alternative asset classes. The asset allocation as at 31 July 2012 is shown below, but it must be remembered that this represents a transitional point towards a target asset allocation.

Asset Class	Allocation 2012	Allocation 2011
Public equities	59%	61%
Equity long/short		8%
Real assets (including property)	12%	12%
Absolute return (including hedge funds)	16%	10%
Corporate credit	5%	3%
Fixed Income (including cash)	2%	3%
Private investments	6%	3%

The proportion of the College's endowment funds invested in the CUEF represent 90% of the total endowment funds. The remaining £1,413,170 continues to be held with the Charities Property Fund.

## *Clare Hall*

### *Statement of Investment Principles, including Ethical Investment Policy*

Clare Hall's Statement of Investment Principles sets out the broad principles governing the College's investment policy. It has been approved by the Finance Committee which monitors compliance annually and by the Governing Body.

Clare Hall Investment Fund (CHIF) is an amalgamated fund which comprises permanent endowment and unrestricted funds held for the benefit of the College. Units in CHIF are held on behalf of the constituent funds as nearly as possible in proportion to their respective capital values as at 01 July 2003, the effective date of constitution of CHIF. Any new units are purchased at the 30 June year-end valuation.

The objectives of CHIF are:

- Payment of an annual dividend which grows at a rate at least equal to the annual rate of rise in College costs, measured, inter alia, by reference to the Higher Education Pay and Prices Index; and
- The maximum total return which is consistent with this objective and with an acceptable risk exposure.

Property is represented by investment in the Charities Property Fund. The day-to-day management of non-property assets is delegated to the Cambridge University Endowment Fund (CUEF). Performance is monitored against a customised benchmark made up of 50% FTSE All-Share Index, 25% MSCI AC World Index and 25% FTA UK Government All Stocks Index. The WM unconstrained ex property Charity Universe is used as an additional benchmark in order to compare the investment managers' performance with that of their peers.

Clare Hall's Investment Policy reflects the belief that the interests of the College are, in general, best served by seeking to obtain the best financial return from investments, consistent with commercial prudence. Clare Hall follows the Charity Commission's guidance on ethical investments and will not engage financially with any company whose practices are considered to be in conflict with the purposes or aims of the College as a place of education, learning and research. The Finance Committee will seek to ensure that investments are not made that are judged likely to alienate the members or benefactors of the College. During the year, the College transferred the remainder of its non-property endowment assets to the CUEF.

The Finance Committee reviews the College's holdings on a regular basis to ensure that they are consistent with this Policy.

### *Cash flow and Treasury Management*

At the end of the financial year the College continued to hold large balances of cash. These included an amount of £99k due to the University in respect of the balance of fees for 2011-2012 and the Colleges Fund grant of £261,000. Surplus funds are invested by the College in short to medium-term Treasury holdings. At 30 June 2012, the College had an outstanding loan of £1.5m from Barclays Bank plc. £1m of this was taken out to help fund the acquisition and refurbishment of houses in Herschel Road, Cambridge in 2001. The balance was borrowed in January 2009. Short-term overdraft facilities have also been negotiated with Barclays Bank for use if required.

### *Reserves policy*

The College aims to continue to meet its charitable objectives in perpetuity and to build up its Reserves so as to support this aim.

### *Risk assessment*

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to mitigate those risks. A Risk Register has been prepared for approval and continuing review by the Governing Body.

During the year the College has carried out its annual Health and Safety Review and a Fire Risk Assessment. Contractors have been on site to carry out Legionella testing and other regular testing including Fixed Wiring, Portable Appliances, Fire Alarms, emergency lighting and fire extinguishers. The new computerised system of Planned Preventative Maintenance continues to provide considerable benefit and there is improved maintenance and management of the pool and gym.

## *Clare Hall*

### *Energy Conservation*

The College aims to reduce its energy consumption each year through use of energy-efficient boilers and lighting, improved insulation and reduced waste.

### *Corporate Governance*

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

2. The College is a registered charity (registered number 1137491) and subject to regulation by the Charity Commission for England and Wales. The members of the Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.

3. The Governing Body is advised in carrying out its duties by a number of Committees.

- a) Council
- b) Finance
- c) Official Fellowship
- d) Fellowship

4. The principal officers of the College are.

President: Sir Martin Harris  
Senior Tutor: Dr R S Wells  
Senior Bursar: Mrs Moira Gardiner

5. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Governing Body. Membership of the Finance Committee includes the President, Vice President and Bursar ex officio, plus 4 other members of GB, to include the Senior Tutor, or a Tutor. GSB President in attendance.

6. There are Registers of Interests of Members of the Governing Body, the Finance Committee and of the senior administrative officers. Declarations of interest are made systematically at meetings.

7. The College's Members of the Governing Body during the year ended 30 June 2012 are set out on page 1.

## *Clare Hall*

### **Statement of Internal Control**

1. The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
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 system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2012 and up to the date of approval of the financial statements.
4. The Governing Body is responsible for reviewing the effectiveness of the system of internal control. As part of its supervision of the College's activities, the Finance Committee identifies and considers the major risks to which the College is exposed, and establishes systems and procedures to manage those risks which have been categorised as follows: Owning and operating buildings; Information technology; Legislation and regulation; Academic and pastoral care; and Financial management.
5. The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their Key Issues Memorandum and other reports.

On behalf of the Governing Body:

Sir Martin Harris  
President

Mrs Moira Gardiner  
Bursar

## *Clare Hall*

### **Statement of Responsibilities of the Governing Body**

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

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

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent; and
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

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

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

## *Clare Hall*

### **Independent Auditors' Report to the Governing Body of Clare Hall Year ended 30 June 2012**

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We have audited the financial statements of Clare Hall for the year ended 30 June 2012 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the 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 Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Statement of Responsibilities of the Governing Body on page 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governing Body 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 College's affairs as at 30 June 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

## *Clare Hall*

### **Independent Auditors' Report to the Governing Body of Clare Hall Year ended 30 June 2012 (continued)**

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#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- the information given in the Governing Bodies Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

PETERS ELWORTHY & MOORE  
Chartered Accountants and Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date:

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

## *Clare Hall*

### **Statement of Principal Accounting Policies Year ended 30 June 2012**

#### **Basis of preparation**

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

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 8.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and heritage assets which are included at valuation.

#### **Consolidation**

The College has no subsidiaries. The financial statements do not include the activities of student societies.

#### **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 deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

##### ***Other income***

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

##### ***Endowment and investment income***

All investment income is credited to the income and expenditure account in the period in which it is 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.

## *Clare Hall*

### **Statement of Principal Accounting Policies, Year ended 30 June 2012, continued**

#### **Foreign currency translation**

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

#### **Tangible fixed assets**

##### ***Land and buildings***

Operational land and buildings are stated at depreciated replacement cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 50 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to permanent capital.

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

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 architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

The cost of additions to operational property shown in the balance sheet includes the cost of land.

##### ***Maintenance of premises***

The College has a five year rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also sets aside sums on a regular basis to meet major maintenance costs which occur on an irregular basis.

##### ***Furniture, fittings and equipment***

Furniture, fittings and equipment costing less than £5,000 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Plant and machinery	4% per annum
Furniture and fittings	15% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	25% per annum

##### ***Rare books, silver, works of art and other assets not related to education***

Assets deemed to be inalienable are not included in the balance sheet.

##### ***Leased assets***

Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

## *Clare Hall*

### **Statement of Principal Accounting Policies, Year ended 30 June 2012, continued**

#### **Heritage assets**

The College Holds and conserves a number of collections, exhibits, artefacts and other assets of historical artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

#### **Investments**

Fixed asset investment and endowment assets are included in the balance sheet at market value.

#### **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, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **Endowment funds**

Endowment funds are classified under three headings:

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

#### **Taxation**

The College is a registered charity (number 1137491) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

## *Clare Hall*

### **Statement of Principal Accounting Policies, Year ended 30 June 2012, continued**

#### **Contribution under Statute G, II**

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

#### **Pension costs**

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which 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 College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The College also participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme, the assets of which are held in a separate, trustee-administered fund. Pension costs are assessed on the latest actuarial valuation of the scheme. The contribution rates current as at 30 June 2012 were 16.07% employer and 5% employee.

*Clare Hall*  
**Income & Expenditure Account**  
**Year ended 30 June 2012**

		<b>2012</b>	<b>2011</b>
		£	£
<b>INCOME</b>	Note	<u>Total</u>	<u>Total</u>
Academic fees and charges	1	374,139	362,571
Residences, catering and conferences	2	1,398,740	1,399,129
Endowment income	3	777,889	780,750
Other income	4	8,242	9,267
Profit on disposal of operational property		-	449,407
		<hr/>	<hr/>
Total income		<u>2,559,010</u>	<u>3,001,124</u>
<b>EXPENDITURE</b>			
Education	5	855,720	812,283
Residences, catering and conferences	6	1,814,870	1,663,262
Other expenditure	7	233,974	245,002
		<hr/>	<hr/>
Total expenditure	8a	<u>2,904,564</u>	<u>2,720,547</u>
Operating (deficit)/surplus		(345,554)	280,577
Contribution under Statute G,II	8	-	-
Transfer from accumulated income within restricted expendable capital		(12,618)	6,290
		<hr/>	<hr/>
<b>NET (DEFICIT)/SURPLUS</b>		<u>(358,172)</u>	<u>286,867</u>

*Clare Hall*

**Statement of Total Recognised Gains and Losses  
Year ended 30 June 2012**

	<b>Restricted funds</b>	<b>Unrestricted funds</b>	<b>Total 2012</b>	<b>Restated Total 2011</b>
	£	£	£	£
Balance b/f 1.7.2011	4,305,464	14,167,405	18,472,869	19,080,277
Prior year adjustment – reclassification of restricted donation	236,194	(236,194)	-	(2,601,532)
Balance b/f 1.7.2011	<u>4,541,658</u>	<u>13,931,211</u>	<u>18,472,869</u>	<u>16,478,745</u>
(Depreciation)/appreciation of investment assets	(128,683)	(222,865)	(351,548)	1,157,252
Retained (deficit)/surplus for the year	-	(358,172)	(358,172)	286,867
Unspent trust or other restricted fund income retained by funds	12,323	295	12,618	11,292
Benefactions and donations	1,215,050	18,686	1,233,736	219,082
Capital Grants received from Colleges Fund	-	261,000	261,000	239,000
Actuarial return less expected return on pension scheme assets	-	(184,058)	(184,058)	28,123
Changes in assumptions underlying the present value of the scheme liabilities	-	(19,755)	(19,755)	49,502
Experience gains and losses arising on scheme liabilities	-	(19,256)	(19,256)	3,006
Total recognised gains for the year	<u>1,098,690</u>	<u>(524,125)</u>	<u>574,565</u>	<u>1,994,124</u>
Balance c/f 30.6.2012	<u><u>5,640,348</u></u>	<u><u>13,407,086</u></u>	<u><u>19,047,434</u></u>	<u><u>18,472,869</u></u>

**Clare Hall**  
**Balance Sheet as at 30 June 2012**

	Note		2012 £	2011 £
<b>FIXED ASSETS</b>				
Tangible assets	9		8,437,108	8,787,298
Investments	10		3,785,499	2,100,536
			12,222,607	10,887,834
<b>ENDOWMENT ASSETS</b>				
	11		10,578,605	9,615,116
<b>CURRENT ASSETS</b>				
Stocks			69,004	66,472
Debtors	12		237,630	256,568
Cash	13		702,030	2,153,197
			1,008,664	2,476,237
Creditors: amounts falling due within one year	14		(416,788)	(331,195)
<b>Net current assets</b>			591,876	2,145,042
<b>Total assets less current liabilities</b>			23,393,088	22,647,992
Creditors: amounts falling due after more than one year	15		(1,500,000)	(1,500,000)
<b>Net assets excluding pension (deficit)/surplus</b>			21,893,088	21,147,992
Pension (deficit)/surplus of CCFPS	20		(209,286)	18,827
<b>Net assets including pension (deficit)/surplus</b>			21,683,802	21,166,819
<b>CAPITAL AND RESERVES</b>				
		<b>Restricted funds</b>	<b>Unrestricted funds</b>	
		£	£	
<b>Deferred Capital Grants</b>	16	2,636,368	-	2,636,368
<b>Endowments</b>				
Expendable endowments	17	1,196,488	-	1,196,488
Permanent endowments	17	4,443,860	4,938,256	9,382,116
		5,640,348	4,938,256	10,578,604
<b>Reserves</b>				
General reserves excluding pension reserve	18	-	8,678,116	8,678,116
Pension reserve	18	-	(209,286)	18,827
		-	8,468,830	8,468,830
<b>Subtotal</b>		5,640,348	13,407,086	19,047,434
<b>TOTAL</b>		8,276,716	13,407,086	21,683,802

*Approved by the Governing Body on .....2012  
and signed on their behalf by:*

Sir Martin Harris  
President

Mrs M Gardiner  
Bursar

**Clare Hall**  
**Cash Flow Statement**  
**Year ended 30 June 2012**

	Note	2012 £	2011 £
<b>OPERATING ACTIVITIES</b>			
Net (deficit)/surplus		(358,172)	286,867
Depreciation	9	376,001	374,752
Profit on disposal of operational property		-	(449,407)
Investment income	3	(522,590)	(510,267)
Interest payable		73,138	72,537
Movement in pension surplus		5,044	13,026
(Increase)/decrease in stocks		(2,532)	3,475
Decrease in debtors		18,938	20,155
Increase/(decrease) in creditors		85,593	(169,992)
Net outflow from operating activities		<u>(324,580)</u>	<u>(358,854)</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Income from Endowments	3	522,590	510,267
Retained endowment income		12,618	(46,290)
Release from Deferred Capital		(57,582)	-
Interest paid		(73,138)	(72,537)
Net cash inflow from returns on investment and servicing of finance		<u>404,488</u>	<u>391,440</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Donations and benefactions		1,233,736	219,082
Capital Grant received from Colleges Fund		261,000	239,000
Receipt from sale of fixed assets		-	566,374
Total capital receipts		<u>1,494,736</u>	<u>1,024,456</u>
Payments to acquire tangible fixed assets		(25,811)	(471,026)
Payments to acquire investment assets		<u>(3,000,000)</u>	<u>-</u>
Total capital expenditure		<u>(3,025,811)</u>	<u>(471,026)</u>
Net cash (outflow)/inflow from investing activities		<u>(1,531,075)</u>	<u>553,430</u>
<b>FINANCING</b>			
Long term loans received		<u>-</u>	<u>-</u>
Net cash inflow from financing		<u>-</u>	<u>-</u>
(Decrease)/increase in cash in the period		<u>(1,451,167)</u>	<u>586,016</u>
<b>Reconciliation of net cash flow to movement in net liquid assets</b>			
(Decrease)/increase in cash in the period	13	(1,451,167)	586,016
Change in long term loan		-	-
Net change		<u>(1,451,167)</u>	<u>586,016</u>
Net debt at 1 July 2011		<u>653,190</u>	<u>67,174</u>
Net debt at 1 July 2012		<u>(797,977)</u>	<u>653,190</u>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

<b>1 ACADEMIC FEES AND CHARGES</b>	<b>2012</b>	<b>2011</b>
	£	£
COLLEGE FEES		
Undergraduate fee income	18,000	16,800
Graduate fee income (per capita fee £2,289)	356,139	345,771
	<hr/>	<hr/>
Total	<u>374,139</u>	<u>362,571</u>

<b>2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES</b>		<b>2012</b>	<b>2011</b>
		£	£
Accommodation	College members	1,291,130	1,299,360
	Conferences	-	-
Catering	College members	107,610	99,769
	Conferences	-	-
		<hr/>	<hr/>
Total		<u>1,398,740</u>	<u>1,399,129</u>

<b>3 ENDOWMENT INCOME</b>		<b>2012</b>	<b>2011</b>
	<b>Income from restricted funds for collegiate purposes</b>	<b>Income from unrestricted funds</b>	
	£	£	<b>Total £</b>
Income from:			
Diversified Charity Fund	-	-	47,370
Cambridge University Endowment Fund	154,048	289,509	443,557
Charity Property Fund	27,448	51,585	79,033
Donations and benefactions	128,815	68,902	197,717
Release from Deferred Capital	-	57,582	57,582
	<hr/>	<hr/>	<hr/>
Total	<u>310,311</u>	<u>467,578</u>	<u>777,889</u>

<b>4 OTHER INCOME</b>	<b>2012</b>	<b>2011</b>
	£	£
Net Finance income in respect of defined benefit pension scheme	8,242	9,267
	<hr/>	<hr/>
Total	<u>8,242</u>	<u>9,267</u>

<b>5 EDUCATION EXPENDITURE</b>	<b>2012</b>	<b>2011</b>
	£	£
Teaching	36,745	35,196
Tutorial	124,243	122,170
Admissions	54,250	53,362
Research	359,676	334,477
Scholarships and awards	86,374	69,439
Other educational facilities	194,432	197,639
	<hr/>	<hr/>
Total	<u>855,720</u>	<u>812,283</u>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

<b>6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Accommodation	College members	1,464,696	1,344,376
	Conferences	-	-
Catering	College members	350,174	318,886
	Conferences	-	-
<b>Total</b>		<b>1,814,870</b>	<b>1,663,262</b>

<b>7 OTHER EXPENDITURE</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Punt		162	141
Vending Machines		5,508	4,350
Fellows Commons		28,160	23,322
Student Meals Subsidy		26,908	30,544
Development Office Salaries		105,440	129,402
Art Fund		1742	311
Music Series		11,071	7,192
Misc.		275	-
Development Account		54,708	49,740
<b>Total</b>		<b>233,974</b>	<b>245,002</b>

<b>8a ANALYSIS OF 2011/12 EXPENDITURE BY ACTIVITY</b>	<b>Staff costs (note 19)</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Education (note 5)	320,563	493,947	41,210	-	855,720
Residences, catering and conferences (note 6)	498,397	908,544	334,791	73,138	1,814,870
Other (note 7)	98,261	135,713	-	-	233,974
	917,221	1,538,204	376,001	73,138	2,904,564

<b>8b ANALYSIS OF 2010/11 EXPENDITURE BY ACTIVITY</b>	<b>Staff costs (note 19)</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Education (note 5)	335,538	435,672	41,073	-	812,283
Residences, catering and conferences (note 6)	514,764	742,282	333,679	72,537	1,663,262
Other (note 7)	124,520	120,482	-	-	245,002
	974,822	1,298,436	374,752	72,537	2,720,547

Expenditure includes £136,093 as the costs of fund raising (2011: £156,406). This expenditure includes the costs of alumni relations.

<b>8c AUDITORS' REMUNERATION</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other operating expenses include:		
Audit fees payable to the College's external auditors	11,016	9,508
Other fees payable to the College's external auditors	6,864	3,777
	17,880	13,285

The amounts above are stated inclusive of VAT.

## *Clare Hall*

### Notes to the Accounts for the year ended 30 June 2012:

<b>9 TANGIBLE FIXED ASSETS</b>	<b>Freehold land and buildings</b>	<b>Infrastructure and equipment</b>	<b>Heritage assets</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>VALUATION</b>				
As at 1st July 2011	10,299,374	971,721	150,000	11,421,095
Additions at cost	-	25,811	-	25,811
Eliminations	-	-	-	-
Valuation as at 30th June 2012	<u>10,299,374</u>	<u>997,532</u>	<u>150,000</u>	<u>11,446,906</u>
<b>DEPRECIATION</b>				
As at 1st July 2011	2,361,641	272,156	-	2,633,797
Charge for the year	313,616	62,385	-	376,001
Eliminations	-	-	-	-
Provision for depreciation as at 30th June 2012	<u>2,675,257</u>	<u>334,541</u>	<u>-</u>	<u>3,009,798</u>
Net book value as at 30th June 2012	<u><u>7,624,117</u></u>	<u><u>662,991</u></u>	<u><u>150,000</u></u>	<u><u>8,437,108</u></u>
Net book value as at 30th June 2011	<u><u>7,937,733</u></u>	<u><u>699,565</u></u>	<u><u>150,000</u></u>	<u><u>8,787,298</u></u>

The College's operational buildings are insured for a rebuilding cost of £25,616,868 (2011: £22,301,597). There has been no movement in heritage assets during the past five years.

#### **10 INVESTMENT ASSETS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Balance at 1st July 2011	11,715,652	10,558,401
Additions	3,000,000	4,956,320
Disposals	-	(4,956,320)
(Depreciation)/appreciation on revaluation	<u>(351,548)</u>	<u>1,157,251</u>
Balance at 30th June 2012	<u><u>14,364,104</u></u>	<u><u>11,715,652</u></u>
Represented by:		
Charities Property Fund	1,413,170	1,409,508
Cambridge University Endowment Fund	<u>12,950,934</u>	<u>10,306,144</u>
Total	<u><u>14,364,104</u></u>	<u><u>11,715,652</u></u>
Disclosed as:		
Investments	3,785,499	2,100,536
Endowment assets (see note 11)	<u>10,578,605</u>	<u>9,615,116</u>
	<u><u>14,364,104</u></u>	<u><u>11,715,652</u></u>

#### **11 ENDOWMENT ASSETS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Investments (see note 10)	<u>10,578,605</u>	<u>9,615,116</u>

*Clare Hall*

**Notes to the Accounts for the year ended 30 June 2012:**

<b>12 DEBTORS</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Members of College		109,670	145,824
Sundry debtors		<u>127,960</u>	<u>110,744</u>
		<u>237,630</u>	<u>256,568</u>
<b>13 CASH</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Building Society Deposit		-	1,015,940
Bank current accounts		700,819	1,135,609
Cash in hand		<u>1,211</u>	<u>1,648</u>
		<u>702,030</u>	<u>2,153,197</u>
<b>14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Members of College		116,909	118,045
Trade creditors		180,068	138,608
Cambridge Foundation exp. allocation		2,222	4,633
Tax and pension funds		18,612	17,605
University composition fees		<u>98,977</u>	<u>52,304</u>
		<u>416,788</u>	<u>331,195</u>
<b>15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Bank loans		<u>1,500,000</u>	<u>1,500,000</u>
		<u>1,500,000</u>	<u>1,500,000</u>
<b>16 DEFERRED CAPITAL GRANTS</b>		<b>2012</b>	<b>2011</b>
	<b>Donations</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
<b>Buildings:</b>			
Balance at beginning of year	2,693,950	2,693,950	2,751,532
Released to income and expenditure account	<u>(57,582)</u>	<u>(57,582)</u>	<u>(57,582)</u>
	<u>2,636,368</u>	<u>2,636,368</u>	<u>2,693,950</u>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

#### 17 ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total 2012	Total 2011
	£	£	£	£	£	£
Balance at beginning of year:						
Capital	5,309,652	3,304,703	8,614,355	764,757	9,379,112	8,453,352
Unspent income	-	16,116	16,116	219,888	236,004	184,711
Transfers	(219,083)	-	(219,083)	219,083	-	-
Transfers	-	-	-	17,111	17,111	-
	<u>5,090,569</u>	<u>3,320,819</u>	<u>8,411,388</u>	<u>1,220,839</u>	<u>9,632,227</u>	<u>8,638,063</u>
New Endowments received	279,686	1,215,050	1,494,736	-	1,494,736	418,082
Income received from endowment asset investment	236,630	151,032	387,662	159,279	546,941	408,266
Expenditure	(236,335)	(143,878)	(380,213)	(154,111)	(534,324)	(357,191)
Net transfer from income and expenditure account	295	7,154	7,449	5,168	12,617	51,075
Transfers	(279,685)	-	(279,685)	-	(279,685)	(418,084)
Decrease/increase in market value of investments	(152,609)	(99,163)	(251,772)	(29,519)	(281,291)	925,980
<b>Balance at end of year</b>	<u>4,938,256</u>	<u>4,443,860</u>	<u>9,382,116</u>	<u>1,196,488</u>	<u>10,578,604</u>	<u>9,615,116</u>
<b>Comprising:</b>						
Capital	4,938,256	4,420,590	9,358,846	954,322	10,313,168	9,379,112
Unspent income	-	23,270	23,270	242,166	265,436	236,004
Balance at end of year	<u>4,938,256</u>	<u>4,443,860</u>	<u>9,382,116</u>	<u>1,196,488</u>	<u>10,578,604</u>	<u>9,615,116</u>
<b>Representing:</b>						
Fellowship Funds	-	3,107,965	3,107,965	1,101,120	4,209,085	4,044,620
Scholarship Funds	-	1,215,050	1,215,050	5,000	1,220,050	3,000
Prize Funds	-	-	-	-	-	-
Hardship Funds	-	-	-	-	-	-
Bursary Funds	228,727	26,322	255,049	33,535	288,584	284,724
Other Funds	-	94,523	94,523	56,833	151,356	208,471
General Endowments	4,709,529	-	4,709,529	-	4,709,529	5,074,301
	<u>4,938,256</u>	<u>4,443,860</u>	<u>9,382,116</u>	<u>1,196,488</u>	<u>10,578,604</u>	<u>9,615,116</u>

#### 18 RESERVES

	General Reserves £	Total 2012 £	Total 2011 £
Balance at beginning of year	8,857,753	8,857,753	7,840,682
(Deficit)/surplus retained for the year	(358,172)	(358,172)	286,867
Actuarial (loss)/gain	(223,069)	(223,069)	80,631
(Decrease)/increase in market value of investments	(70,257)	(70,257)	231,271
Benefactions and donations	279,686	279,686	418,302
Transfers	(17,111)	(17,111)	-
	<u>8,468,830</u>	<u>8,468,830</u>	<u>8,857,753</u>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

#### 19 STAFF

	College fellows	Other academic	Non- academic	Total 2012	Total 2011
	£	£	£	£	£
<b>Staff costs:</b>					
Emoluments	154,312	-	607,387	761,699	804,130
Social security costs	14,579	-	49,469	64,048	67,974
Other pension costs	13,698	-	77,776	91,474	102,718
	182,589	-	734,632	917,221	974,822
 <b>Average staff numbers:</b>					
Academic	50	-	-	50	50
Non-academic (full-time equiv.)	-	-	27	27	28
	50	-	27	77	78
				<b>2012</b>	<b>2011</b>
				£	£
Trustees' remuneration included above				168,010	175,512

The trustees receive no remuneration in their role as trustees of the charity.

Of the 50 fellows declared above 8 are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £70,000.

#### 20 PENSION SCHEMES

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). The total pension cost for the period was £91,474 (2011: £102,718).

##### *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 Ltd. USS has over 142,000 active members and the college has eight active members participating in the scheme.

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; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The college is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirements Benefits" accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 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.

## Notes to the Accounts for the year ended 30 June 2012:

### 20 PENSION SCHEMES continued

#### *Universities Superannuation Scheme cont'd*

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market implied inflation, on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum)

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% 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	SINA ["light"] YoB tables - no age rating
Female members' mortality	SINA ["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%ps long term rate were also adopted. The assumed life expectations on retirement age 65 are:

Males (Females) currently aged 65	22.7 (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 deficit of £2,910.2 million. The assets were therefore sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The Actuary also valued the scheme on a number of other bases as at the valuation date. On 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 Pensions Protection Fund regulations introduced by the Pensions Act 2004 it was 93% funded; on a buy-out basis (ie assuming the Scheme 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 an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 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 foral triennial valuation is 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 expected 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 provision relates essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions 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 Price Index measure of price inflation. Historically these increases had been based on the Retail Price Index measure of price inflation.

## Notes to the Accounts for the year ended 30 June 2012:

### 20 PENSION SCHEMES continued

#### *Universities Superannuation Scheme cont'd*

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 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.

#### *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 return 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 valuation are set out below:

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on Scheme liabilities</b>
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1.0 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.

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

#### 20 PENSION SCHEMES continued

##### *Universities Superannuation Scheme cont'd*

The trustee believes that over the long-term equity investment and investment in selected alternative investment 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 employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to these 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 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 view 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. 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 provision close to or above 100%, thereby minimizing the risk of introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2011, USS has over 145,000 active members and the institution had eight active members participating in the scheme.

The total pension cost for the College was £41,756 (2011:£46,074). The contribution rate payable by the College was 16% of pensionable salaries.

##### *Cambridge Colleges Federated Pension Scheme*

The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme, in the United Kingdom. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the scheme are contracted into the State Second Pension (S2P).

The contributions made by the College, including PHI, in respect of the year ended 30 June was £49,026 (2011:£48,071). The contribution rate payable by the College was 16.07% of pensionable salaries.

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:

	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 March 2010</b>	<b>31 March 2009</b>	<b>31 March 2008</b>
Discount rate	4.70%	5.50%	5.60%	6.40%	6.60%
Inflation assumption	5.60%	3.40%	3.70%	2.90%	3.40%
Rate of increase in salaries	2.20%	3.20%	4.70%	3.90%	4.90%
Rate of increase in pensions in deferment	2.70%	3.40%	3.70%	2.90%	3.40%
Rate of increase in pensions in payment	2.70%	3.40%	3.70%	2.90%	3.40%

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 have been updated from 2011 when the CMI 2009 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 21.7 years)
- Female age 65 now has a life expectancy of 24.1 years (previously 23.6 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.8 years (previously 22.7 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 24.8 years)

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

#### 20 PENSION SCHEMES continued

*Cambridge Colleges Federated Pension Scheme cont'd*

#### Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2012 (with comparative figures for 15 months ending 30 June 2011) are as follows:

	30-Jun-12	30-Jun-11
	£	£
Total market value of assets	942,456	1,065,411
Present value of Scheme liabilities	<u>(1,151,742)</u>	<u>(1,046,584)</u>
Net pension asset/(liability)	<u>(209,286)</u>	<u>18,827</u>

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

	30-Jun-12	30-Jun-11
	£	£
Current service cost (net of Employee contributions)	58,273	80,168
Interest on Pension Scheme liabilities	57,663	69,316
Expected return on pension scheme assets	(65,905)	(78,583)
Past service cost	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>50,031</u></b>	<b><u>70,901</u></b>
Actual return on scheme assets	<u>118,153</u>	<u>106,706</u>

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

	30-Jun-12	30-Jun-11
	£	£
Opening defined benefit obligation	1,046,584	947,165
Service cost (Including Employee contributions)	74,026	100,194
Interest cost	57,663	69,316
Actuarial losses/(gains)	39,011	( 52,508 )
Benefits paid	<u>(65,542)</u>	<u>( 17,583 )</u>
<b>Present value of Scheme liabilities at end of period</b>	<b><u>1,151,742</u></b>	<b><u>1,046,584</u></b>

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

	30-Jun-12	30-Jun-11
	£	£
Market value of scheme assets at beginning of period	1,065,411	898,387
Expected return	65,905	78,583
Actuarial gains	(184,058)	28,123
Contributions paid by College	44,987	57,875
Employee contributions	15,753	20,026
Benefits paid	<u>(65,542)</u>	<u>( 17,583 )</u>
<b>Present value of Scheme liabilities at end of period</b>	<b><u>942,456</u></b>	<b><u>1,065,411</u></b>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2012:

#### 20 PENSION SCHEMES continued

##### *Cambridge Colleges Federated Pension Scheme cont'd*

The agreed contributions to be paid by the College for the forthcoming year are to remain at 16.07% of Contribution pay plus £6,369 p.a. to cover expenses, subject to review at future actuarial valuations. This rate excludes PHL.

The major categories of Scheme assets as a percentage of total Scheme assets for the 12 months ending 30 June 2012 (with comparative figures for 15 months ending 30 June 2011) are as follows:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
Equities and Hedge Funds	66%	55%	61%	49%
Bonds & Cash	25%	37%	30%	42%
Property	9%	8%	9%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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%), property 5.4% (2011: 6.1%) and bonds & 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:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>£</b>	<b>£</b>
Actuarial return less expected return on scheme assets	(184,058)	28,123
Experience gains and losses arising on scheme liabilities	(19,256)	3,006
Changes in assumptions underlying the present value of Scheme liabilities	<u>(19,755)</u>	<u>49,502</u>
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b><u>(223,069)</u></b>	<b><u>80,631</u></b>

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:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>£</b>	<b>£</b>
Cumulative actuarial gain/(loss) at beginning of period	(34,475)	(115,106)
Recognised during the period	<u>(223,069)</u>	<u>80,631</u>
<b>Cumulative actuarial gain/(loss) at end of period</b>	<b><u>(257,544)</u></b>	<b><u>(34,475)</u></b>

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:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) in Scheme at beginning of year	18,827	(48,778)
Service cost (Employer only)	(58,273)	(80,168)
Contributions paid by the College	44,987	57,875
Finance cost	8,242	9,267
Actuarial gains /(losses)	<u>(223,069)</u>	<u>80,631</u>
<b>(deficit)/surplus in Scheme at the end of the year</b>	<b><u>(209,286)</u></b>	<b><u>18,827</u></b>

## Clare Hall

### 20 PENSION SCHEMES continued Cambridge Colleges Federated Pension Scheme cont'd

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

	30-Jun-12	30-Jun-11	31-Mar-10	31-Mar-09	31-Mar-08
	£	£	£	£	£
Present value of Scheme liabilities	(1,151,742)	(1,046,584)	(947,165)	(699,469)	(685,853)
Market value of Scheme assets	942,456	1,065,411	898,387	724,403	801,520
Surplus/(deficit) in the Scheme	(209,286)	18,827	(48,778)	24,394	115,667
Actuarial return less expected return on Scheme assets	(184,058)	28,123	99,639	(160,670)	(59,337)
Experience gain/(loss) arising on Scheme liabilities	(19,256)	3,006	31,728	(4,351)	(17,629)
Changes in assumptions underlying present value of Scheme liabilities	(19,755)	49,502	(200,074)	78,760	63,357

#### Other Pensions

The College no longer contributes to any other pension schemes

### 21 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Governing Body, it is inevitable that transactions will take place with organisations in which a member of the Governing Body has an interest. Any transactions involving organisations in which a member of the Governing Body has an interest are conducted at arm's length and in accordance with the College's normal procedures.