

**CLARE HALL  
CAMBRIDGE, CB3 9AL**

*Registered Charity Number 1137491*

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR  
ENDED 30 JUNE 2013**

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**Clare Hall**  
**Governing Body**  
**Year ended 30 June 2013**

Visitor: Chancellor of the High Court, The Right Honourable Sir Andrew Morritt, CVO (to January 13)

Visitor: Chancellor of the High Court, Sir Terence Etherton (from January 2013)

**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	Dr Mark Gieles	2010
Professor Stefan Collini	1986	Dr Holly High	2010
Dr Christopher Hope	1987	Dr Marco Polin	2010
Dr Rosemary Luff	1988	Dr Jennifer Rampling	2010
Professor Julius Lipner	1990	Dr Dean Mobbs	2010
Dr Daniela Rhodes	1992	Professor Hasok Chang	2011
Professor Charles Smith	1993	Dr Alexander Archibald	2011
Professor Maria Spillantini	1994	Dr Peter Bond	2011
Dr Robert Carlyon	1996	Dr Susana Carvalho	2011
Professor Barbara Sahakian	1996	Dr Cristina Cotobal Martin	2011
Professor John Barrow	1999	Dr Silvia Pasquetti	2011
Professor Andrew Blake	2000	Dr Jean-Baptiste Sallée	2011
Dr Bobbie Wells	2001	Dr Katrin Müller-Johnson	2012
Dr Trudi Tate	2001	Professor David Neal	2012
Dr Jonathon Pines	2001	Mr Andrew Nairne	2012
Mr Stephen Bourne	2001	Dr Stephen Mawdsley	2012
Professor Alan Short	2002	Dr Amir Amel-Zadeh	2012
Dr Anthony Street	2002	Dr Iain Black	2012
Dr Ian Farnan	2002	Dr Natalia Petrovskaia	2012
Professor Hans-Friedrich Graf	2004	Dr John Regan	2012
Professor Athanassios Fokas	2005	Dr Ferdinandos Skoulidis	2012
Dr Robert Anderson	2006	Dr Riccardo Strobino	2012
Dr Lori Passmore	2006	Dr Brian Walker	2012
Professor John Parker	2007	Dr Emilia Wilton-Godbefforde	2012
Dr James Arnold	2008	Dr Eliza Zingesser	2012
Dr Olga Ulturgasheva	2008	Professor Richard McMahon	2013
Dr Daniel Bergstrahl	2009	Professor Peter Wadhams	2013
Professor Peter Markowich	2009	Dr Michael Evans	2013
Dr Elizabeth Rowe	2009	Dr Karen Ersche	2013
Mr Kofi Boakye	2009	Dr Emily Holmes	2013
Dr Sohini Kar-Narayan	2009	Mr Ranj Majumdar	2013
Mrs Moira Gardiner	2010	Ms Helen Pennant	2013
Dr Frédéric Blanc	2010		
Dr Wai Yi Feng	2010		

Two elected members of the Graduate Student Body: Mr Matthew Grosvenor, Mr Francesco Marass.

**Senior Officers of Clare Hall**

President: Sir Martin Harris  
 Senior Tutor: Dr Iain Black  
 Senior Bursar: Mrs Moira Gardiner

## *Clare Hall*

### **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***

Ashton KCJ  
Chequers House  
77 – 81 Newmarket Road  
Cambridge  
CB5 8EU

***Clare Hall***  
**Report of the Governing Body**  
**Year ended 30 June 2013**

The Governing Body is pleased to present its financial report for the year ended 30 June 2013.

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 2013 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 the financial year under consideration, the College members graduating achieved 39 PhDs and 69 Masters-level degrees (2012: 26 and 60 respectively) between them.

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*

### **Report of the Governing Body, Year ended 30 June 2013, continued**

Considerable effort has again 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 £200k 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

Donations which are deemed to be unrestricted are included in the Income and Expenditure account (£202,500 of Endowment Income total of £922,857); 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 £720,357 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 £57,852k.

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.

Finally, although the operating deficit has significantly reduced from £346k to £239k, the £92k transfer to accumulated income has further increased the final net deficit.

#### ***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 2012-2013 shows an increase in the Capital and Reserves of the College of just under £2.742m bringing the closing balance to over £21.8m. Of this, £575k is a gain on paper only, comprising an unrealised gain in investment assets and an actuarial loss of £314k in the CCFPS pension scheme. As always these valuations are very dependent on the timing of the yearend and the actuarial assumptions.

Under the RCCA format, deferred capital grants 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 £2,685k and the closing position of just under £24.4m. Actual cash injections include a capital grant from the Colleges Fund of £259k, a restricted benefaction of £781k to endow the Donald King and Mary West King Visiting Fellowship in Pathology at Clare Hall and the Department of Pathology in the University of Cambridge.

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 £21.7m to £24m is explained in the STRGL. Capital transactions include a new boiler system in Gillian Beer House, costing thus far £31k, upgrading catering equipment £13k, and refurbishing work to the pool £13k and £20k other building works. 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 £69k 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 deficit of £209k last year has now been increase to £314k following a change in actuarial assumptions.

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

The College records with gratitude the receipt of donations and benefactions during the year totalling £1,040,090. This includes a capital grant of £259,000 from the Colleges Fund and £781,091 as specific donations.

## Clare Hall

### Report of the Governing Body, Year ended 30 June 2013, continued

#### *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 392,058 at £39.77 each with a value of £15,591k. The distribution rate for the University's financial year to 31 July 2013 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 2013 is shown below, but it must be remembered that this represents a transitional point towards a target asset allocation.

Asset Class	Allocation 2013	Allocation 2012
Public equities	64%	59%
Real assets (including property)	10%	12%
Absolute return (including hedge funds)	14%	16%
Corporate credit	3%	5%
Fixed Income (including cash)	1%	2%
Private investments	9%	6%

The proportion of the College's endowment funds invested in the CUEF represent 92% of the total endowment funds. The remaining £1,402,196, continues to be held with the Charities Property Fund.

#### *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*

### **Report of the Governing Body, Year ended 30 June 2013, continued**

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 £69k due to the University in respect of the balance of fees for 2012-2013 and the Colleges Fund grant of £259k. Surplus funds are invested by the College in short to medium-term Treasury holdings. At 30 June 2013, 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.

#### ***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



## *Clare Hall*

### **Report of the Governing Body, Year ended 30 June 2013, continued**

4. The principal officers of the College during the year were:

President: Sir Martin Harris  
Senior Tutor: Dr Iain Black  
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 2013 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 2013 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:



Professor David Ibbetson  
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 2013**

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We have audited the financial statements of Clare Hall for the year ended 30 June 2013 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 2013 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 2013 (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: 8<sup>th</sup> November 2013

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 2013**

#### **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 2013, 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*  
**Income & Expenditure Account**  
**Year ended 30 June 2013**

		2013 £	2012 £
<b>INCOME</b>	Note	<u>Total</u>	<u>Total</u>
Academic fees and charges	1	414,261	374,139
Residences, catering and conferences	2	1,405,574	1,398,740
Endowment income	3	922,857	777,889
Other income	4	(1,053)	8,242
		<hr/>	<hr/>
Total income		<u>2,741,639</u>	<u>2,559,010</u>
<b>EXPENDITURE</b>			
Education	5	899,300	855,720
Residences, catering and conferences	6	1,894,675	1,814,870
Other expenditure	7	186,644	233,974
		<hr/>	<hr/>
Total expenditure	8a	<u>2,980,619</u>	<u>2,904,564</u>
Operating (deficit)/surplus		(238,980)	(345,554)
Contribution under Statute G,II	8	-	-
Transfer from accumulated income within restricted expendable capital		(91,886)	(12,618)
		<hr/>	<hr/>
<b>NET (DEFICIT)/SURPLUS</b>		<u>(330,866)</u>	<u>(358,172)</u>



*Clare Hall*


**Statement of Total Recognised Gains and Losses  
Year ended 30 June 2013**

	<b>Restricted funds</b>	<b>Unrestricted funds</b>	<b>Total 2013</b>	<b>Total 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance b/f 1.7.2012	<u>5,640,348</u>	<u>13,407,086</u>	<u>19,047,434</u>	<u>18,472,869</u>
Appreciation/(depreciation) of investment assets	835,024	1,194,818	2,029,842	(351,548)
Retained (deficit)/surplus for the year	-	(330,866)	(330,866)	(358,172)
Unspent trust or other restricted fund income retained by funds	91,886	1,228	93,114	12,618
Benefactions and donations	781,091	-	781,091	1,233,736
Capital Grants received from Colleges Fund	-	259,000	259,000	261,000
Actuarial return less expected return on pension scheme assets	-	61,431	61,431	(184,058)
Changes in assumptions underlying the present value of the scheme liabilities	-	(147,794)	(147,794)	(19,755)
Experience gains and losses arising on scheme liabilities	-	(3,240)	(3,240)	(19,256)
Total recognised gains for the year	<u>1,708,001</u>	<u>1,034,577</u>	<u>2,742,578</u>	<u>574,565</u>
Balance c/f 30.6.2013	<u>7,348,349</u>	<u>14,441,663</u>	<u>21,790,012</u>	<u>19,047,434</u>

**Clare Hall**  
**Balance Sheet as at 30 June 2013**

	Note		2013 £	2012 £	
<b>FIXED ASSETS</b>					
Tangible assets	9		8,153,263	8,437,108	
Investments	10		4,036,938	3,785,499	
			<u>12,190,201</u>	<u>12,222,607</u>	
<b>ENDOWMENT ASSETS</b>	11		12,957,003	10,578,605	
<b>CURRENT ASSETS</b>					
Stocks			65,864	69,004	
Debtors	12		162,685	237,630	
Cash	13		1,170,578	702,030	
			<u>1,399,127</u>	<u>1,008,664</u>	
Creditors: amounts falling due within one year	14		<u>(363,895)</u>	<u>(416,788)</u>	
<b>Net current assets</b>			1,0352,232	591,876	
<b>Total assets less current liabilities</b>			26,182,437	23,393,088	
Creditors: amounts falling due after more than one year	15		<u>(1,500,000)</u>	<u>(1,500,000)</u>	
<b>Net assets excluding pension (deficit)/surplus</b>			24,682,437	21,893,088	
Pension (deficit)/surplus of CCFPS	20		(313,639)	(209,286)	
<b>Net assets including pension (deficit)/surplus</b>			<u>24,368,798</u>	<u>21,683,802</u>	
<b>CAPITAL AND RESERVES</b>					
		Restricted funds £	Unrestricted funds £	2013 £	2012 £
Deferred Capital Grants	16	2,578,786	-	2,578,786	2,636,368
<b>Endowments</b>					
Expendable endowments	17	1,320,278	-	1,320,278	1,196,488
Permanent endowments	17	6,028,071	5,608,655	11,636,726	9,382,116
		<u>7,348,349</u>	<u>5,608,655</u>	<u>12,957,004</u>	<u>10,578,604</u>
<b>Reserves</b>					
General reserves excluding pension reserve	18	-	9,146,647	9,146,647	8,678,116
Pension reserve	18	-	(313,639)	(313,639)	(209,286)
		-	<u>8,833,008</u>	<u>8,833,008</u>	<u>8,468,830</u>
<b>Subtotal</b>		<u>7,348,349</u>	<u>14,441,663</u>	<u>21,790,012</u>	<u>19,047,434</u>
<b>TOTAL</b>		<u>9,927,135</u>	<u>13,407,086</u>	<u>24,368,798</u>	<u>21,683,802</u>

Approved by the Governing Body on 27<sup>th</sup> Oct 2013  
and signed on their behalf by:

  
Professor D Ibbetson  
President

  
Mrs M Gardiner  
Bursar

**Clare Hall**  
**Cash Flow Statement**  
**Year ended 30 June 2013**

	Note	2013 £	2012 £
<b>OPERATING ACTIVITIES</b>			
Net (deficit)/surplus		(330,866)	(358,172)
Depreciation	9	382,216	376,001
Investment income	3	(662,725)	(522,590)
Interest payable		72,334	73,138
Movement in pension surplus		14,750	5,044
(Increase)/decrease in stocks		3,140	(2,532)
Decrease in debtors		74,946	18,938
Increase/(decrease) in creditors		(52,893)	85,593
Net outflow from operating activities		<u>(499,098)</u>	<u>(324,580)</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Income from Endowments	3	662,725	522,590
Retained endowment income		93,114	12,618
Release from Deferred Capital		(57,582)	(57,582)
Interest paid		(72,334)	(73,138)
Net cash inflow from returns on investment and servicing of finance		<u>625,923</u>	<u>404,488</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Donations and benefactions		781,096	1,233,736
Capital Grant received from Colleges Fund		259,000	261,000
Total capital receipts		<u>1,040,096</u>	<u>1,494,736</u>
Payments to acquire tangible fixed assets		(98,371)	(25,811)
Payments to acquire investment assets		(600,000)	(3,000,000)
Total capital expenditure		<u>(698,371)</u>	<u>(3,025,811)</u>
Net cash (outflow)/inflow from investing activities		<u>341,725</u>	<u>(1,531,075)</u>
<b>FINANCING</b>			
Long term loans received		-	-
Net cash inflow from financing		<u>-</u>	<u>-</u>
(Decrease)/increase in cash in the period		<u>468,550</u>	<u>(1,451,167)</u>
<b>Reconciliation of net cash flow to movement in net liquid assets</b>			
(Decrease)/increase in cash in the period	13	468,550	(1,451,167)
Change in long term loan		-	-
Net change		<u>468,550</u>	<u>(1,451,167)</u>
Net debt at 1 July 2012		(797,977)	653,190
Net debt at 1 July 2013		<u>329,429</u>	<u>(797,977)</u>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

<b>1 ACADEMIC FEES AND CHARGES</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
COLLEGE FEES		
Undergraduate fee income	-	18,000
Graduate fee income (per capita fee £2,349)	414,261	356,139
<b>Total</b>	<b>414,261</b>	<b>374,139</b>

<b>2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Accommodation		
College members	1,303,576	1,291,130
Conferences	-	-
Catering		
College members	101,998	107,610
Conferences	-	-
<b>Total</b>	<b>1,405,574</b>	<b>1,398,740</b>

<b>3 ENDOWMENT INCOME</b>			<b>2013</b>	<b>2012</b>
	<b>Income from restricted funds for collegiate purposes</b>	<b>Income from unrestricted funds</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income from:				
Cambridge University Endowment Fund	218,690	365,571	584,261	443,557
Charity Property Fund	29,369	49,095	78,464	79,033
Donations and benefactions	130,357	72,193	202,550	197,717
Release from Deferred Capital	-	57,582	57,582	57,582
<b>Total</b>	<b>378,416</b>	<b>544,441</b>	<b>922,857</b>	<b>777,889</b>

<b>4 OTHER INCOME</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net Finance income in respect of defined benefit pension scheme	(1,053)	8,242
<b>Total</b>	<b>(1,053)</b>	<b>8,242</b>

<b>5 EDUCATION EXPENDITURE</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Teaching	38,682	36,745
Tutorial	134,891	124,243
Admissions	59,313	54,250
Research	362,043	359,676
Scholarships and awards	80,774	86,374
Other educational facilities	223,597	194,432
<b>Total</b>	<b>899,300</b>	<b>855,720</b>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

#### 6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

		2013	2012
		£	£
Accommodation	College members	1,542,136	1,464,696
	Conferences	-	-
Catering	College members	352,539	350,174
	Conferences	-	-
<b>Total</b>		<b>1,894,675</b>	<b>1,814,870</b>

#### 7 OTHER EXPENDITURE

	2013	2012
	£	£
Punt	-	162
Vending Machines	5,228	5,508
Fellows Commons	25,278	28,160
Student Meals Subsidy	26,295	26,908
Development Office Salaries	81,077	105,440
Art Fund	1,750	1,742
Music Series	10,541	11,071
Misc.	275	275
Development Account	36,200	54,708
<b>Total</b>	<b>186,644</b>	<b>233,974</b>

#### 8a ANALYSIS OF 2012/13

##### EXPENDITURE BY ACTIVITY

	Staff costs (note 19)	Other operating expenses	Depreciation	Interest	Total
	£	£	£	£	£
Education (note 5)	355,029	502,380	41,891	-	899,300
Residences, catering and conferences (note 6)	538,179	943,837	340,325	72,334	1,894,675
Other (note 7)	75,383	111,261	-	-	186,644
	968,591	1,557,478	382,216	72,334	2,980,619

#### 8b ANALYSIS OF 2011/12

##### EXPENDITURE BY ACTIVITY

	Staff costs (note 19)	Other operating expenses	Depreciation	Interest	Total
	£	£	£	£	£
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

Expenditure includes £117,277 as the costs of fund raising (2012: £136,093). This expenditure includes the costs of alumni relations.

#### 8c AUDITORS' REMUNERATION

	2013	2012
	£	£
Other operating expenses include:		
Audit fees payable to the College's external auditors	11,124	11,016
Other fees payable to the College's external auditors	2,584	6,864
	13,708	17,880

The amounts above are stated inclusive of VAT.

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

9 TANGIBLE FIXED ASSETS	Freehold land and buildings	Infrastructure and equipment	Heritage assets	2013
	£	£	£	£
<b>VALUATION</b>				
As at 1st July 2012	10,299,374	997,532	150,000	11,446,906
Additions at cost	-	98,371	-	98,371
Eliminations	-	-	-	-
Valuation as at 30th June 2013	<u>10,299,374</u>	<u>1,095,903</u>	<u>150,000</u>	<u>11,545,277</u>
<b>DEPRECIATION</b>				
As at 1st July 2012	2,675,257	334,541	-	3,009,798
Charge for the year	313,616	68,600	-	382,216
Eliminations	-	-	-	-
Provision for depreciation as at 30th June 2013	<u>2,988,873</u>	<u>403,141</u>	<u>-</u>	<u>3,392,014</u>
Net book value as at 30th June 2013	<u>7,310,502</u>	<u>692,762</u>	<u>150,000</u>	<u>8,153,263</u>
Net book value as at 30th June 2012	<u>7,624,117</u>	<u>662,991</u>	<u>150,000</u>	<u>8,437,108</u>

The College's operational buildings are insured for a rebuilding cost of £25,616,868 (2012: £25,616,868). There has been no movement in heritage assets during the past five years.

10 INVESTMENT ASSETS	2013	2012
	£	£
Balance at 1st July 2012	14,364,104	11,715,652
Additions	599,995	3,000,000
Disposals	-	-
Appreciation/(depreciation) on revaluation	<u>2,029,842</u>	<u>(351,548)</u>
Balance at 30th June 2013	<u>16,993,941</u>	<u>14,364,104</u>
Represented by:		
Charities Property Fund	1,402,916	1,413,170
Cambridge University Endowment Fund	<u>15,591,025</u>	<u>12,950,934</u>
Total	<u>16,993,941</u>	<u>14,364,104</u>
Disclosed as:		
Investments	4,036,938	3,785,499
Endowment assets (see note 11)	<u>12,957,003</u>	<u>10,578,605</u>
	<u>16,993,941</u>	<u>14,364,104</u>

11 ENDOWMENT ASSETS	2013	2012
	£	£
Investments (see note 10)	<u>12,957,003</u>	<u>10,578,605</u>

*Clare Hall*

**Notes to the Accounts for the year ended 30 June 2013:**

<b>12 DEBTORS</b>		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
Members of College		68,096	109,670
Sundry debtors		<u>94,589</u>	<u>127,960</u>
		<u>162,685</u>	<u>237,630</u>
<b>13 CASH</b>		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
Bank current accounts		1,167,026	700,819
Cash in hand		<u>3,553</u>	<u>1,211</u>
		<u>1,170,579</u>	<u>702,030</u>
<b>14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
Members of College		106,446	116,909
Trade creditors		163,634	180,068
Cambridge Foundation exp. allocation		342	2,222
Tax and pension funds		24,235	18,612
University composition fees		<u>69,238</u>	<u>98,977</u>
		<u>363,895</u>	<u>416,788</u>
<b>15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		<b>2013</b>	<b>2012</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>2013</b>	<b>2012</b>
	<b>Donations</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
<b>Buildings:</b>			
Balance at beginning of year	2,636,368	2,636,368	2,693,950
Released to income and expenditure account	<u>(57,582)</u>	<u>(57,582)</u>	<u>(57,582)</u>
	<u>2,578,786</u>	<u>2,578,786</u>	<u>2,636,368</u>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

#### 17 ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total 2013	Total 2012
	£	£	£	£	£	£
Balance at beginning of year:						
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
Transfers	-	-	-	-	-	-
Transfers	-	-	-	-	-	17,111
	<b>4,938,256</b>	<b>4,443,860</b>	<b>9,382,116</b>	<b>1,196,488</b>	<b>10,578,604</b>	<b>9,632,227</b>
New Endowments received	259,000	781,091	1,040,091	-	1,040,091	1,494,736
Income received from endowment asset investment	228,537	211,382	439,919	167,034	606,953	546,941
Expenditure	(227,308)	(113,802)	(341,110)	(172,728)	(513,838)	(534,324)
Net transfer from income and expenditure account	1,229	97,581	98,809	(5,694)	93,115	12,617
Transfers	(259,000)	-	(259,000)	-	(259,000)	(279,685)
Increase/(decrease) in market value of investments	669,170	705,540	1,374,710	129,484	1,504,194	(281,291)
<b>Balance at end of year</b>	<b>5,608,655</b>	<b>6,028,071</b>	<b>11,636,726</b>	<b>1,320,278</b>	<b>12,957,004</b>	<b>10,578,604</b>
<i>Comprising:</i>						
Capital	5,608,655	5,907,220	11,515,875	1,083,806	12,599,681	10,313,168
Unspent income	-	120,851	120,851	236,472	357,323	265,436
Balance at end of year	<b>5,608,655</b>	<b>6,028,071</b>	<b>11,636,726</b>	<b>1,320,278</b>	<b>12,957,004</b>	<b>10,578,604</b>
<i>Representing:</i>						
Fellowship Funds	-	4,516,191	4,516,191	1,258,739	5,774,930	4,044,620
Scholarship Funds	-	1,379,818	1,379,818	6,250	1,386,068	3,000
Prize Funds	-	-	-	-	-	-
Hardship Funds	-	-	-	-	-	-
Bursary Funds	260,294	29,853	290,147	26,455	316,602	284,724
Other Funds	-	102,209	102,209	28,833	131,042	208,471
General Endowments	5,348,360	-	5,648,360	-	5,348,361	5,074,301
	<b>5,608,654</b>	<b>6,028,071</b>	<b>11,636,726</b>	<b>1,320,278</b>	<b>12,957,004</b>	<b>9,615,116</b>

#### 18 RESERVES

	General Reserves £	Total 2013 £	Total 2012 £
Balance at beginning of year	8,468,830	8,468,830	8,857,753
(Deficit)/surplus retained for the year	(330,866)	(330,866)	(358,172)
Actuarial (loss)/gain	(89,603)	(89,603)	(223,069)
(Decrease)/increase in market value of investments	525,648	525,648	(70,257)
Benefactions and donations	259,000	259,000	279,686
Transfers	-	-	(17,111)
	<b>8,833,008</b>	<b>8,833,008</b>	<b>8,468,830</b>



## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

#### 19 STAFF

	College fellows	Other academic	Non-academic	Total 2013	Total 2012
	£	£	£	£	£
<b>Staff costs:</b>					
Emoluments	167,475	-	643,395	810,870	761,699
Social security costs	15,823	-	53,352	69,175	64,048
Other pension costs	15,325	-	73,221	88,546	91,474
	<u>198,623</u>	<u>-</u>	<u>769,968</u>	<u>968,591</u>	<u>917,221</u>
<b>Average staff numbers:</b>					
Academic	57	-	-	57	50
Non-academic (full-time equiv.)	-	-	28	28	27
	<u>57</u>	<u>-</u>	<u>28</u>	<u>85</u>	<u>77</u>
				<b>2013</b>	<b>2012</b>
				£	£
Trustees' remuneration included above				166,561	168,010

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

Of the 57 fellows declared above 9 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 £88,546 (2012: £91,474).

##### *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 seven 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; and a minimum of three and a maximum of five are independent 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 2013 are also included in this note.

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

#### 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	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 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 formal 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.

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

#### 20 PENSION SCHEMES continued

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

Since the valuation effective date 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%.

The actuary has estimated that the funding level as at 31 March 2013 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 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

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 2013:

#### 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, putting the issues of the USS fund's size and scale to one side for a moment, it might 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 sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee 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 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, importantly, considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a long-term view of its investments. Short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan become necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together – in an integrated form – the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS has over 148,000 active members and the institution had seven active members participating in the scheme.

The total pension cost for the College was £38,638 (2012: £ 41,756). 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 contribution made by the College, including PHI, in respect of the year ended 30 June was £49,217 (2012: £49,026). 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 2013 by a qualified Independent Actuary.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2013	30 June 2012	30 June 2011	31 March 2010	31 March 2009
Discount rate	4.6%	4.7%	5.5%	5.6%	6.4%
Inflation assumption	6.2%	5.6%	3.4%	3.7%	2.9%
Rate of increase in salaries	2.8%*	2.2%**	3.2%	4.7%	3.9%
Retail Prices Index (RPI) assumption	3.3%	2.7%			
Consumer Prices Index (CPI) assumption	1.3%	1.7%			
Rate of increase in pensions in payment	3.3%	2.7%	3.4%	3.7%	2.9%

\* 1.5% in 2013; 2.8% thereafter

\*\* 1.5% in 2012 and 2013; 2.2% thereafter

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

#### 20 PENSION SCHEMES continued

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

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 2012 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements have been updated from 2012 when the CMI 2011 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.0 years (previously 21.9 years)
- Female age 65 now has a life expectancy of 24.2 years (previously 24.1 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.9 years (previously 22.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 25.3 years)

#### Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2013 (with comparative figures as at 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
Present value of Scheme liabilities	(1,398,781)	(1,151,742)
Total market value of assets	1,085,142	942,456
Net pension (liability)/asset	(313,639)	(209,286)

The amounts recognised in profit and loss for the 12 months ending 30 June 2013 (with comparative figures for 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
Current service cost (net of Employee contributions)	65,847	58,273
Interest on Pension Scheme liabilities	55,146	57,663
Expected return on pension scheme assets	(54,093)	(65,905)
Past service cost	-	-
<b>Total</b>	<b>66,900</b>	<b>50,031</b>
Actual return on scheme assets	115,524	(118,153)

Changes in the present value of the scheme liabilities for the 12 months ending 30 June 2013 (with comparative figures for 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
Present value of Scheme liabilities at beginning of period	1,151,742	1,046,584
Service cost (including Employee contributions)	82,377	74,026
Interest cost	55,146	57,663
Actuarial losses/(gains)	151,034	39,011
Benefits paid	(41,518)	(65,542)
<b>Present value of Scheme liabilities at end of period</b>	<b>1,398,781</b>	<b>1,151,742</b>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

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

Changes in the fair value of Scheme assets for the 12 months ending 30 June 2013 (with comparative figures for 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
Market value of scheme assets at beginning of period	942,456	1,065,411
Expected return	54,093	65,905
Actuarial gains/(losses)	61,431	(184,058)
Contributions paid by College	52,150	44,987
Employee contributions	16,530	15,753
Benefits paid	<u>(41,518)</u>	<u>(65,542)</u>
<b>Market value of Scheme assets at end of period</b>	<b><u>1,085,142</u></b>	<b><u>942,456</u></b>

The agreed contributions to be paid by the College for the forthcoming year are to remain at 13.74% of Contribution pay plus £6,369 p.a. to cover expenses, subject to review at future actuarial valuations. This rate excludes PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the 12 months ending 30 June 2013 (with comparative figures for 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12	30-Jun-11	31-Mar-10	31-Mar-09
Equities and Hedge Funds	68%	66%	55%	61%	49%
Bonds & Cash	24%	25%	37%	30%	42%
Property	8%	9%	8%	9%	9%
<b>Total</b>	<b>100%</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 7.0% (2012: 6.4%), property 6.0% (2012: 5.4%) and bonds & cash of 4.0% (2012: 3.7%).

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
Actuarial return less expected return on scheme assets	61,431	(184,058)
Experience gains and losses arising on scheme liabilities	(3,240)	(19,256)
Changes in assumptions underlying the present value of Scheme liabilities	<u>(147,794)</u>	<u>(19,755)</u>
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b><u>(89,603)</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 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
Cumulative actuarial gain/(loss) at beginning of period	(257,544)	(34,475)
Recognised during the period	<u>(89,603)</u>	<u>(223,069)</u>
<b>Cumulative actuarial gain/(loss) at end of period</b>	<b><u>(347,147)</u></b>	<b><u>(257,544)</u></b>

## Clare Hall

### Notes to the Accounts for the year ended 30 June 2013:

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

Movement in surplus/(deficit) during the 12 months ending 30 June 2013 (with comparative figures for the 12 months ending 30 June 2012) are as follows:

	30-Jun-13	30-Jun-12
	£	£
(Deficit)/surplus in Scheme at beginning of year	(209,286)	18,827
Service cost (Employer only)	(65,847)	(58,273)
Contributions paid by the College	52,150	44,987
Finance cost	(1,053)	8,242
Actuarial (losses)/gains	(89,603)	(223,069)
(Deficit) in Scheme at the end of the year	<u>(313,639)</u>	<u>(209,286)</u>

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

	30-Jun-13	30-Jun-12	30-Jun-11	31-Mar-10	31-Mar-09
	£	£	£	£	£
Present value of Scheme liabilities	(1,398,781)	(1,151,742)	(1,046,584)	(947,165)	(699,469)
Market value of Scheme assets	1,085,142	942,456	1,065,411	898,387	724,403
(Deficit)/surplus in the Scheme	(313,639)	(209,286)	18,827	(48,778)	24,394
Actuarial return less expected return on Scheme assets	61,431	(184,058)	28,123	99,639	(160,670)
Experience (loss)/gain arising on Scheme liabilities	(3,240)	(19,256)	3,006	31,728	(4,351)
Changes in assumptions underlying present value of Scheme liabilities	(147,794)	(19,755)	49,502	(200,074)	78,760

#### 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.

