

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Charity Registration number 1137530

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MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Administrative details

Address	Murray Edwards College Huntingdon Road Cambridge CB3 0DF	
Charity Registration number	1137530	
Senior officers	President Vice President Senior Tutor Bursar	Dr JC Barnes Mrs E Strietman Dr D Jarvis Mrs P Morris

Principal advisors

Auditors	Peters Elworthy & Moore Sallebury House Station Road Cambridge CB1 2LA
Bankers	Barclays Bank Benet Street Cambridge CB2 1NH
Investment Managers	SandAire Limited 105 Wigmore Street London W1U 1QY Ruffer LLP 80 Victoria Street London SW1E 5JL Cambridge Associates Ltd Cardinal Place 80 Victoria Street London SW 1E 5J
Legal Advisers	Mills & Reeve Francis House 112 Hills Road Cambridge CB2 1PH

MURRAY EDWARDS COLLEGE

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Trustees of the Charity – Council members

President	
Vice-President	
Bursar	
Senior Tutor	
Dr E Acton	(to 30/9/10)
Professor WMA Bennett	(to 30/9/10)
Professor SA Coakley	
Dr GJ Davis	(to 30/9/10)
Professor HJ Glen	(to 30/9/10)
Ms S Hollows	(to 14/3/11)
Ms K Kibbler	(to 14/3/11)
Dr RTR Lyne	
Dr LG Mellor	(to 30/9/10)
Dr P Filippucci	(from 1/10/10)
Dr P Forster	(from 1/10/10)
Dr CR Hiley	(from 1/10/10)
Professor C L-H Huang	(from 1/10/10)
Dr AM Piotrowski	(from 1/10/10)
Ms B Pong	
Dr WO Saxton	(from 1/10/10)
Ms R Southern	(to 14/3/11)
Ms M Tucker	(from 14/3/11)
Dr S Turenne	

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW

Introduction

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

The Murray Edwards Name and our Supplemental Charter

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

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

The 14th June 2011 saw the culmination of our change of name, which honours the College's history in perpetuity, while recognising the vision of Dame Rosemary Murray and the generosity of the Edwards family. The College's President, Dr Jennifer Barnes, the Vice President, Mrs Elsa Streitman and the Bursar, Mrs Paola Morris, received the College's Supplemental Charter from the Privy Council.

This document, authorised by HM the Queen, confirms that the name on our Charter and Statutes has been changed to "The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge."

Scope of the financial statements

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

Aims and objectives of the College

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

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

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW (continued)

The College comprises the President, 57 Fellows (at 30 June 2011), 101 graduate students in residence, 367 undergraduates and 86 full time equivalent non-academic staff.

Public benefit

The College's purpose is to provide a world-class education to the students with the most potential in each subject, whatever their means or social background. It is the aim of the College to attract the best applicants from the widest range of schools and colleges. By encouraging applications, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits (61 in 2010-11, with 1,088 pupils participating overall), and two College open days. The aim of these activities is also to encourage students who would not otherwise do so to apply to University.

Once here, students have access to several sources of financial assistance. In 2010-11, £150,816 was received through the Cambridge Bursary Scheme.

The College has a strong interest in the visual arts, and is home to the New Hall Art Collection, a collection of works by leading women artists unrivalled in the UK or Europe. Its film festivals, initiated in 1998, represent the continuing evolution of the College's aim of creating platforms, building audiences, and encouraging public participation in the arts, from painting to film, from still to moving image. Public interaction with the art at Murray Edwards College is promoted through tours, outreach projects and workshops. Our leaflet, 'A Guide to the Collection' is an essential tool for both guided and self-led tours, improving access issues within the College buildings, and we are involved with many national and local open access, art and culture initiatives, such as Heritage Open Days. Our Temporary Exhibitions Space holds a programme of shows promoting both established women artists and those who are just emerging in their field. This programme provides them with a free space, marketing and access, which help to bolster their proposals to exhibit in other spaces. Highlights include:

- Throughout the year, the College has been celebrating the 25th anniversary of its Art Collection. In March a successful biennale was held for contributing artists and the general public, in May the collection featured in BBC Radio 4's *Women's Hour*, throughout the summer and autumn key works from the Collection were on display at Cambridge's University Library.
- In September 2010, College played an active role in *Open Cambridge*, offering tours of the art collection, the buildings, and access to rare books belonging to the famous Italian actress Eleonora Duse held in the library.
- In November 2010, the College ran the latest in its highly esteemed series on Climate change – *Environment on the Edge*. Professor Lord Anthony Giddens spoke on the Politics of Climate change to a packed auditorium.
- In January 2011, the College partnered with Wysing Arts, hosting part of *The Cambridge Conflab* - an alternative conference with performances, performance lectures, discussions, screenings, a book launch, and the launch of Wysing's new project: *The Institute of Beyond*.
- In February 2011, the College participated in *Twilight at the Museums*, where museums and collections across Cambridge turn down the lights and run special family events and trails, encouraging torchlight exploration of some of the city's hidden gems.

Our award-winning gardens continue to attract visitors to the College. In August the Murray Edwards Garden was one of only two Cambridge College gardens to be included in the *Good Gardens Guide 2010-2011*. In October, a film about the gardens by the gardeners, *Garden Stories*, received its first screening and a Panton Trust Grant has enabled the gardeners to increase biodiversity around the College site, including digging a pond to attract amphibians, dragon flies and damselflies as well as other aquatic invertebrates.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW (continued)

Funding

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

The main sources of income in the Income & Expenditure Account were: the College fee £1,693,030; investments £1,430,956; donations £354,667; conferences £865,307; and charges to members for accommodation and catering £1,841,152.

This year, the College has followed the policy of increasing student rents at RPI only (5%) in order to increase income to a level which covers accommodation costs without prejudicing affordability.

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

Cambridge colleges differ significantly in the size of their endowment. For this reason, an arrangement exists for the better endowed colleges to assist those less well endowed, through the Colleges Fund. As a relatively young College, Murray Edwards College has derived a significant proportion of its permanent capital from the Colleges Fund over a period of years. The amount received this year was £54,000. In addition, the College Development Office aims to raise donations from benefactors. In total £6,275,458 was received in donations, excluding receipts from the Colleges Fund.

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

Achievements and performance 2010-11

Academic Community

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

2010 General Admissions at Murray Edwards saw a record 92% of our students celebrating graduating with a 1st or 2.1. These are the best final year results at the College for at least a decade, and exceeded the 2009 University average results for women finalists.

Our Gateway Programme providing study skills support and professional development for our students, which is one of the College's strategic priorities, went from strength to strength this year. New Innovations included:

- an online system for information, booking and resources
- the use of high-performing second and third year students as subject advisers
- provision of all academic sessions using in-house academics
- a credit system linked to attendance with the potential for translation into funding options consistent with the ethos of the programme
- encouragement to the students to select from the Programme and to be rational and responsible consumers
- a Personal Development Profile form designed to track students' progress in all aspects of their life. These are periodically reviewed with personal tutors and facilitate both CV preparation by the students and reference writing by their tutors.

We put an additional emphasis to Gateway this year, linking current student population to our diverse and dynamic alumnae community by offering mentoring opportunities across many sectors and disciplines, and an internship programme that is progressively developing a string of opportunities for students to broaden their skills and experience in a range of professional settings.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW (continued)

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

- Dr Marie Pointer was awarded a prestigious All Disciplines Scholarship from the Fulbright Commission for the 2011-2012 academic year. As part of the Scholarship, Dr Pointer will spend three months at Yale University where she will initiate a research project on the role of microRNAs in pigmentation patterning in lemurs.
- Dr Peter Forster's research hit the headlines in the international press when the identity of a mysterious breed of 'horse', which had baffled experts since it was uncovered at Pompeii, was resolved. Susan Gurney, working with Dr Forster on horse genetics, analysed DNA sequences from skeletons found at a house in the ancient Roman town. They revisited the original study and found that initial excitement was misplaced. The horse was, in fact, a donkey.
- A group of scientists, including Murray Edwards Fellow Dr Jessica Irving, transformed academic debate on the Earth's core, bringing a decisive end to years of dispute. Their publication in the journal *Nature Geoscience* gave the first accurate estimate of how fast the Earth's core rotates- approximately one degree per million years. Their research attracted considerable attention from both the scientific community and the media.
- Dr Peter Forster was awarded the prestigious 2010 William Bate Hardy Prize by the Cambridge Philosophical Society. The prize, which Dr Forster shared with Dr Beverley Glover, is awarded once every three years for the best original memoir, investigation or discovery in connection with Biological Science made by a member of the University of Cambridge. Previous recipients of the award, which was established in 1965, have included several Nobel Prize winners.
- Dr Evaleila Pesaran published her book, *Iran's Struggle for Economic Independence*. The book provides a new approach to understanding the complex process of economic policy making in Iran, by examining the political causes of the ongoing struggle between reform and counter-reform in the post-revolutionary era.
- Dr John Guthrie featured on Radio 3's flagship arts and ideas programme *Night Waves* with a discussion of Schiller's domestic tragedy *Luise Miller*. Dr Guthrie, author of *Schiller the Dramatist. A Study of Gesture in the Plays*, joined *Night Waves* presenter Philip Dodd and theatre critic Susanne Clapp in a first night review of *Luise Miller* at the Donmar Warehouse.

Widening Access

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

- In November 2010, the College hosted over one hundred Year 9 students from local schools for a day of explosive experiments and fun-packed activities, put on for them by scientists from across Cambridge. The event gave the students a picture of the wide variety of different scientific careers and took them through a rolling programme of activities.
- In April 2011, over 60 students from three schools across the Greater Manchester area stayed overnight in College and enjoyed a real taster of everything that studying here has to offer. They were taken through the application process and a session on financing your degree, as well as 'taster' sessions designed for those interested in either science or humanities subjects. They had plenty of opportunity to ask questions and were also able to chat about what it was really like to study at Cambridge with current and recent students. The visit was part of a consortium-based initiative, led by Cambridge Admissions Office with Murray Edwards, which aims to encourage more bright students from the state sector to apply to Cambridge.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW (continued)

- In early summer 2011, planning began for a completely new event for high-flying young women (Year 12) from selected schools. Entitled 'Pathways to Success', the July event was designed to celebrate their achievements to date and to inform and inspire them about the range of academic and professional opportunities available to them in the future.

To complement the considerable face to face activity the College is engaged in to broaden access, it has also developed a suite of printed material offering simple, real-world advice for those considering making an application to the College. This includes 'Financing Your Future', which has been especially well received by prospective students and their parents.

Financial Performance

The Income and Expenditure Account showed a deficit of £846,536 compared with a deficit of £1,009,847 in the previous year. Donation income recognised in the Income and Expenditure Account decreased by £86,798 in the year mainly due to the reduction in the College fund contribution from the University. Expenditure included loan interest repayable of £689,661 and past service deficit costs of the CCFPS pension scheme of £121,302 (see note 19). There were also legal and professional costs of dealing with the name change through the Privy Council of £14,936. The cost of education exceeded income from the College Fee by £1,113,123 representing an education subsidy per student for the year of £2,378 financed out of investment income. Depreciation accounted for £700,790.

A significant change affected the presentation of the RCCA figures this year. As the College is now a registered charity, it was recommended that it, along with other Colleges, amends the RCCA to conform more closely to the Higher Education SORP (Statement of Recommended Practice). Further significant changes are highlighted in the notes to the accounts.

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

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

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

In May 2011, the College began a comprehensive operational review in order to maximise performance to meet the demands of a changing student fee regime and an increasingly competitive external environment. This has resulted in changes to departmental structures and operational models. With a new emphasis on service provision and delivery, together with a focus on better budgetary control, the College has already achieved some important cost savings.

As part of our strategic aim to be an employer that embraces best practice, we have examined the roles, responsibilities and remuneration of all our staff, academic and non-academic, and have graded and benchmarked with comparator institutions to ensure that we have clarity within College and parity beyond it. Our next task is to introduce a clear appraisal structure to ensure that our staff are properly supported and developed.

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW (continued)

Capital expenditure

Total capital expenditure incurred during the year was £367,088 being expenditure on the following: completion of Orchard Court refurbishment (buildings work £129,604, equipment £13,741), start of Library refurbishment work (£46,800), start of Grove Lodge refurbishment work (£67,922), upgrade of security systems (£24,151) and kitchen equipment (£46,464).

Capital projects 2010-11 and future works

The major projects in the year included the completion of the renovation of students accommodation in the Orchard Court Development. This project was funded by a 20 year loan taken out in January 2010.

The Library project commenced in June 2011; in what we envisage as Phase One of a larger project, we undertook a complete replacement of the 1960s under-floor heating and the wiring and lighting, which were no longer fit for purpose. Phase 1 of this project is due to be completed in September 2011.

The Grove Lodge project commenced in June 2011; this consists of a full refurbishment of Grove Lodge to provide 5 additional Fellows studies as well as external hard and soft landscaping work to improve disabled access and accessibility to the main College building. This project is due to be completed in December 2011.

Investments

The market value of the College's investments at the year-end was higher than the previous year by £10,676,568, £6 million of which consisted of two of the annual instalments of the donation from Ros and Steve Edwards. Following a tender process, new fund managers were appointed in January 2011 as follows:

Amalgamated Fund SandAire Limited

Segregated Fund Ruffer LLP

The College also retained the services of Cambridge Associates, in an advisory capacity.

The total investment portfolio of £45.4 million, comprising the College endowment and general reserves, amounts to 6.7 times core expenditure (i.e. total expenditure less fundraising costs). In order to maintain in present and foreseeable circumstances an increasing standard of excellence in teaching and research, the College considers that this cover ratio needs to be raised substantially.

Staff costs and pensions

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

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

Payroll costs (academic and non academic) increased by £145,710 (3.9%) over the year, mainly due to the annual cost of living salary increases, one-off payroll costs and adjustments following the pay and grading review of academic and non-academic staff.

Reserves policy

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

MURRAY EDWARDS COLLEGE

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OPERATING AND FINANCIAL REVIEW (continued)

Reserves policy (continued)

However, as at June 2011 the College remains undercapitalised, and this is illustrated by the payment of £54,000 from the Colleges Fund. The Fund uses a mathematical model to determine the capital needs of a college based on size and other variables. The College takes a long-term view of the need for reserves, and intends to maintain an equitable balance between present members of the College and future generations.

Investment policy

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

Principal risks and uncertainties

Risks are routinely identified and managed through the College Committees structure, and reviewed yearly specifically by Council, on advice from the Audit Committee. Council considers that it has identified the key risks facing the College, and has in place methods of monitoring the risks, and policies for managing them.

These are difficult times economically and there is still considerable uncertainty around the impact that raised tuition fees will have on higher education – particularly for the Collegiate Universities.

It is anticipated that the extra resources generated by higher fees will largely go to the Faculties of the central University, to make up for the shortfall in central government funding for teaching, with little extra resource being directed to the Colleges. Colleges however, are at the front line in terms of the enhanced service provision that students will undoubtedly expect now that they are being asked to make such a very significant investment in their Higher Education.

In order to compete in what we must now clearly understand is a 'marketplace', all Colleges will need to find the resource to invest in:

- Accommodation (upgrading of current provision and building of new rooms)
- Site development (enhanced office provision and communal spaces)
- IT facilities and communication networks
- Additional student financial support and reward.
- Personal development training and support for students, including enhanced career advice and College-sponsored Internship opportunities

As a single sex college, where the corollary of our change of name means that brand recognition, certainly outside Cambridge, is low, Murray Edwards has specific recruitment challenges in this 'marketplace'. This, coupled with our strengthened financial position, means the College will have to be fleet of foot if it is to thrive. As a response, we have a number of new initiatives in place that will provide us with a point of difference to promote and exploit and we are committed to developing corporate partnerships and building a strong revenue stream from philanthropic support from alumnae and other sources.

Like every other College, the value and performance of our endowments are linked to the state to the economy; as to some degree is our potential to attract external support from donors.

Internally, in terms of people and people management, the College has gone through a period of intense change, culminating in a full operational review which has had an impact on service structures across the College. While this will in the longer term reap nothing but benefit, in the short term the upheaval that comes with cultural change will have to be monitored and carefully managed, with an increased emphasis on improving internal communications at all levels.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

OPERATING AND FINANCIAL REVIEW (continued)

Plans for the future

Following an incredibly busy, and in many ways transitional year for the College, we plan in the next twelve months to consolidate and build on our many achievements to date.

We will be asking the Fellowship of the College, as well as staff, alumnae and other stakeholders, to participate further in discussions towards the formulation of a new strategy to take the College forward for the next 5 – 10 years. This will provide a new articulation of our core mission and outline key strategic goals and mechanisms for delivery.

Further, we will continue to strive towards excellence in terms of academic performance and in taking our pioneering Gateway Programme to the next level; potentially with a new research post to provide much-needed extra resource for delivery and development.

Our fundraising strategy and priorities will crystallise over the next 12 months into a clear set of priorities aligned with the overarching College strategy. A cornerstone of the Development Office's work will be the annual giving telephone campaign, which will take place in September 2011. This will aim to increase alumnae philanthropic participation and provide additional income for student support. Other key strands of development work will be researching and building a pool of potential major donors; developing a legacy programme and specific bids to trusts and foundations for identified projects – and planning towards a 60th anniversary campaign in 2014.

The College will work proactively towards increasing student recruitment with high profile initiatives, including 'Pathways to Success', an overnight event aimed at high flying young women, providing a forum for them to discuss their options, their hopes and their aspirations for their University choices and professional careers.

In April 2012, College will host the first ever European Girls Maths Olympiad, partnering with the UK Maths Trust, to encourage more girls to engage with Mathematics at the highest level. We hope this will act as an excellent tool for recruitment and profile for the College.

Profile continues to be a focus, as we will look to promote the activities of our Fellowship, our students, alumnae and staff and develop other mechanisms for gaining much-needed PR and raised awareness.

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

- regular temporary exhibitions taking place throughout the year
- a film festival 'Mirror/Lens' looking specifically at women film makers
- public lectures in the University Library to make the culmination of the art collection's 25th anniversary year
- ongoing participation in Open Cambridge and Twilight at the Museums

Operationally the College will continue to focus on people development for its staff, with the roll out of the new appraisals system and the further integration of a more formal HR function.

The College will complete a Rooms and Space Audit to ensure it is making best use of its space and resources and will act on its findings as appropriate.

In terms of the site, the on-going programme of maintenance and upgrading will continue and plans will be brought forward for Phase II of the work on the Library with a more ambitious refurbishment once the structural/utilities work has been completed. The College will actively seek philanthropic funding to achieve this.

As is both healthy and timely, the College's immediate future will clearly continue to be characterised by change and development. It remains however wedded to its core values - ambition, innovation and accessibility - and steadfast in its primary purpose – the promotion of excellence in the higher education of women.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

CORPORATE GOVERNANCE

Statement of Corporate Governance

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

Subject to ultimate authority being vested by Statute in the Governing Body, the College Council is the chief executive body of the College, responsible for administering the affairs of the College. College Council consists of the President, Vice President, Senior Tutor, and Bursar (all ex officio), plus nine elected members from Governing Body, and three Junior Members representing graduate and undergraduate students. Council members are the College Trustees.

The President chairs Governing Body and Council; the Senior Tutor has overall responsibility for admissions, education, and welfare of graduate and undergraduate students; the Bursar has overall responsibility for the finances, buildings, and administration of the College. Officers are appointed, and may be removed, by Council. Council fulfils its responsibilities through a committee structure, with strategic Committees as follows: Academic Policy, Admissions, Finance, Domestic and Estates, Development, Personnel and Student Matters.

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

- 1 The College is a registered charity (registered number 1137530) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

- 2 The Trustees are advised in carrying out their duties by a number of Committees. They are:

Academic Policy (Sub-Committees: Admissions, Library, Fellowship, Research Fellowship)
Development (Sub-Committees: Art, Film, Links and Exchanges)
Domestic and Estates (Sub-Committees: IT Strategy, Catering, Gardens, Facilities, Wine, Conferences)
Finance (Sub-Committees: Budget, Investments)
Personnel (Sub-Committees: Health and Safety, Staff Joint Consultative)
Student Matters (Sub-Committees: Graduate Liaison, Liaison, Undergraduate, Funding, Graduate Funding)
Audit.

- 3 The principal officers of the College are:

President	Dr JC Barnes	Vice President	Mrs E Strietman
Senior Tutor	Dr D Jarvis	Bursar	Mrs P Morris

- 4 It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Trustees. Membership of the Audit Committee consists of 3 Fellows other than the Bursar, one to be elected annually each for a term of 3 years. Serving members of the Finance Committee shall not be eligible for election.

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

- 5 There are Registers of Interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
- 6 The College's Trustees during the year ended 30 June 2011 are set out on page 2.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

CORPORATE GOVERNANCE (continued)

Statement of Internal Controls

1. The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The systems of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2011 and up to the date of approval of the financial statements.
4. The Trustees are responsible for reviewing the effectiveness of the system of internal control.
5. The Trustees' review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

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

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

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

Transactions between College and Members of the Governing Body

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

Financial Management and control

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

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

CORPORATE GOVERNANCE (continued)

Responsibilities of the Trustees

The Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

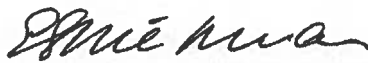
The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by College Council on 7 November 2011



Elsa Strietman

Vice-President

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

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

We have audited the financial statements of Murray Edwards College for the year ended 30 June 2011 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Trustees those matters we are required to state to them in an 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, 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 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 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 [APB'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 College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial information in the annual report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 30 June 2011 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 1993, the College's Statutes and the Statutes of the University of Cambridge;
- 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.

MURRAY EDWARDS COLLEGE

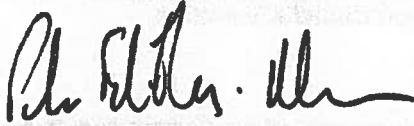
**ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' 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
Cambridge**

Date: 10 November 2011

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2011. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only has not been included because the balance sheet would not be materially different to the one included in these financial statements. Details of the subsidiary companies are included in note 26.

Recognition of income

Academic fees

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

Restricted grant income

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

Donations and benefactions

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

Capital grants and donations

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to a restricted expendable capital fund and then released over the same estimated useful life that is used to determine the depreciation charge for respective assets.

Endowment and investment income

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Total return on Segregated Funds

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

Other income

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

Foreign currency translation

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

Tangible and Fixed Assets

a) Operational Land and Buildings

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

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

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

Where buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account at the rate of 1.5% per annum.

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

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

b) Maintenance of premises

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

c) Furniture, fittings and equipment

Furniture, fittings and equipment are capitalised and depreciated at the rate of 10% per annum.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Heritage Assets

According to FRS30 (Heritage Assets), works of art books and other valuable artefacts should be capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

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

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

Investments

a) Securities

Securities are shown at their market value. Investment income is included when dividends and interest become payable. Interest on bank deposits is included as earned.

b) Investment Properties

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

Stocks

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

Provisions

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

Endowment funds

Endowment funds are classified under three headings:

Unrestricted permanent endowment – where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College.

Restricted permanent endowment – where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose.

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

Deferred Capital Funds

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

General Reserves

These include all other donations and income reserves.

Taxation

The College is a registered charity (number 1137530) within the meaning of Section 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.

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 Schemes

The College participates in the following pension schemes:-

Universities Superannuation Scheme (USS) - a defined benefit scheme that is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the 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.

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

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

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Total £	2010 Total restated £
INCOME			
Academic fees and charges	1	1,693,030	1,597,021
Residences, catering and conferences	2	2,706,459	2,401,208
Endowment income	3	1,430,956	1,339,427
Donations	4	354,867	441,465
Other income		56,347	82,517
Total income		6,241,459	5,861,638
EXPENDITURE			
Education	5	2,771,789	2,610,955
Residences, catering and conferences	6	3,992,642	3,931,060
Fundraising		296,729	300,716
General administration		26,835	28,754
Total expenditure	7a	7,087,995	6,871,485
Deficit on continuing operations before Contribution under Statute G, II		(846,536)	(1,009,847)
Contribution under Statute G,II	7d	-	-
Deficit on continuing operations after contribution under Statute G, II		(846,536)	(1,009,847)
Surplus for year transferred to accumulated income in endowment funds		79,540	(23,624)
Deficit for the year retained within general reserves		(766,996)	(1,033,471)

All items dealt with in arriving at the deficit for 2011 and 2010 relate to continuing operations.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>Restricted Funds</u>	<u>Unrestricted Funds</u>	Total funds 2011	Total funds 2010 restated
	£	£	£	£
Surplus/(Deficit) on income and expenditure account	-	(766,996)	(766,996)	(1,033,471)
Excess restricted expenditure over restricted income	(79,540)	-	(79,540)	23,624
Realised/Unrealised gains on investments	683,620	4,751,097	5,434,717	4,523,952
Actual return on Segregated Fund	7,040	109,084	116,124	121,304
Endowment - 4% return transferred to Income & Expenditure Account	(58,884)	(912,432)	(971,316)	(751,134)
Unrealised surplus on revaluation of fixed assets	-	-	-	(7,358,225)
Permanent benefactions and donations accumulated within capital	67,368	6,001,393	6,068,761	614,676
Heritage assets capitalised	9a 144,500	-	144,500	-
Transfers between funds	(136,613)	136,613	-	-
Pension fund - actuarial gain/(loss) recognised in STRGL	19 -	310,144	310,144	(500,632)
Total Recognised Gains/(Losses) for the Year	<u>627,491</u>	<u>9,628,903</u>	<u>10,256,394</u>	<u>(4,359,906)</u>
Reconciliation				
Opening Reserves and Endowments	4,492,304	47,963,273	52,455,577	56,815,481
Total recognised gains for the year - above	627,491	9,628,903	10,256,394	(4,359,906)
Closing reserves and endowments	<u>5,119,795</u>	<u>57,592,176</u>	<u>62,711,971</u>	<u>52,455,575</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

BALANCE SHEET AT 30 JUNE 2011

	Note	Consolidated		Consolidated restated	
		2011		2010	
		£		£	
FIXED ASSETS					
Tangible assets	9	39,283,415		39,618,613	
Investments	10	14,943,959		12,441,170	
ENDOWMENT ASSETS					
Endowments	11	30,592,018		22,273,741	
CURRENT ASSETS					
Stocks		31,305		25,945	
Debtors	12	345,045		399,883	
Cash	13	1,571,718		2,179,065	
		<u>1,948,068</u>		<u>2,604,893</u>	
Creditors: amounts falling due within one year	14	(1,201,521)		(1,135,429)	
Net current assets/(liabilities)		<u>746,547</u>		<u>1,469,464</u>	
Creditors: amounts falling due after one year	15	(13,500,000)		(13,500,000)	
Net Assets excluding Pension Liability		<u>72,065,939</u>		<u>62,302,988</u>	
Pension (Liability)/Asset	16	(734,561)		(1,134,034)	
Net Assets including Pension Liability		<u><u>71,331,378</u></u>		<u><u>61,168,954</u></u>	
Represented by					
Capital and reserves (Consolidated and College)		Restricted funds	Unrestricted funds	2011 Total	2010 Total restated
		£	£	£	£
Deferred capital grants	17	8,619,407	-	8,619,407	8,713,377
Endowments					
Expendable endowments		822,232	-	822,232	801,625
Permanent endowments	18	4,297,563	25,472,223	29,769,786	21,472,116
		<u>5,119,795</u>	<u>25,472,223</u>	<u>30,592,018</u>	<u>22,273,741</u>
Reserves					
General reserves excluding pension reserve		-	32,854,514	32,854,514	31,315,870
Pension Reserve		-	(734,561)	(734,561)	(1,134,034)
	19	<u>-</u>	<u>32,119,953</u>	<u>32,119,953</u>	<u>30,181,836</u>
Closing Reserves and Endowments		<u>5,119,795</u>	<u>57,592,176</u>	<u>62,711,971</u>	<u>52,455,577</u>
Total		<u><u>13,739,202</u></u>	<u><u>57,592,176</u></u>	<u><u>71,331,378</u></u>	<u><u>61,168,954</u></u>

These accounts were approved by the College Council on 7 November 2011 and are signed on their behalf by:

.....
Elsa Strietman
Vice-President

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

CONSOLIDATED CASH FLOW STATEMENT

		2011	2010
		£	restated £
OPERATING ACTIVITIES			
Net cash (outflow) from operating activities	23	<u>(1,027,563)</u>	<u>(1,141,189)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Net investment income		575,763	709,597
Interest paid		(689,661)	(580,912)
Net cash inflow/(outflow) from returns on investment and servicing of finance		<u>(113,898)</u>	<u>128,685</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(367,088)	(4,434,528)
Proceeds of disposals of fixed assets		1,500	-
Net purchase of investment assets		(8,273,995)	(196,621)
Capital funds expenditure		-	-
New endowments received		6,141,553	653,348
Net cash outflow from capital transactions		<u>(2,498,030)</u>	<u>(3,977,801)</u>
Net cash outflow before financing		<u>(3,639,491)</u>	<u>(4,990,305)</u>
FINANCING			
Long term loan received		<u>-</u>	<u>4,000,000</u>
(Decrease)/increase in cash		(3,639,491)	(990,305)
Net funds at beginning of year	23	(3,895,724)	1,094,581
Change in net debt resulting from cash flows		-	(4,000,000)
Net funds at end of year	23	<u>(7,535,215)</u>	<u>(3,895,724)</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTES TO THE ACCOUNTS

restated

1 ACADEMIC FEES AND CHARGES

COLLEGE FEES

Fee income paid on behalf of undergraduates at the Publicly-funded Undergraduate rate (per capita fee £3,861)
Privately-funded undergraduate fee income (per capita fee £4,560)
Graduate fee income (per capita fee £2,229)
Sub-total College Fees (per Education Memorandum Account)

	2010/11 £	2009/10 £
	1,234,792	1,178,112
	179,487	106,054
	244,388	285,455
	<u>1,658,667</u>	<u>1,569,621</u>
Degree Fees and Other Academic Charges	34,363	27,400
Total	<u>1,693,030</u>	<u>1,597,021</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		£	£
Accommodation	College members	1,490,238	1,171,490
	Conferences	433,973	462,057
Catering	College members	350,914	279,884
	Conferences	431,334	487,777
Total		<u>2,706,459</u>	<u>2,401,208</u>

3 ENDOWMENT INCOME

	2011 Income from restricted funds £	2011 Income from unrestricted funds £	2011 Total £	2010 Total £
Total return contribution from Segregated Fund	-	971,316	971,316	751,134
Quoted securities-equities	47,055	214,117	261,172	366,259
Quoted securities-fixed interest	33,204	151,091	184,295	199,235
Cash (Variable Interest)	10,419	3,754	14,173	22,799
Total Endowment Income	<u>90,678</u>	<u>1,340,278</u>	<u>1,430,956</u>	<u>1,339,427</u>

3b SUMMARY OF TOTAL RETURN

	2010/11 £	2009/10 £
Income from:		
Land and buildings	-	-
Quoted securities & cash	459,640	588,293
Segregated fund	117,125	151,793
Gains/losses on Endowment Assets	5,434,699	3,804,442
Investment Management Costs	-	(13,454)
Total return for year	<u>6,011,464</u>	<u>4,531,074</u>
Return transferred to I&E a/c	(1,430,956)	(1,339,427)
Unapplied total return for STRGL	<u>4,580,508</u>	<u>3,191,647</u>

4 DONATIONS

	2011 Income from restricted funds £	2011 Income from unrestricted funds £	2011 Total £	2010 Total £
Donations	39,240	148,664	187,904	275,955
Release of Deferred Capital	166,763	-	166,763	165,510
	<u>206,003</u>	<u>148,664</u>	<u>354,667</u>	<u>441,465</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTES TO THE ACCOUNTS

restated

5 EDUCATION EXPENDITURE

	£	£
Teaching	1,803,404	1,702,318
Tutorial	403,180	376,180
Admissions	207,877	183,418
Research	144,604	154,609
Scholarships and Awards	104,514	92,697
Other Educational Facilities	108,210	101,733
Total	2,771,789	2,610,955

6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

		£	£
Accommodation	College members	1,987,585	1,926,978
	Conferences	899,740	874,469
Catering	College members	597,609	559,313
	Conferences	507,728	570,300
Total		3,992,642	3,931,060

7a ANALYSIS OF 2010/11 EXPENDITURE BY ACTIVITY

	Staff costs (note 8)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education (note 5)	1,777,568	907,371	86,850	2,771,789
Residences, catering and conferences (note 6)	1,819,846	1,558,856	613,940	3,992,642
Fundraising *	225,589	71,140	-	296,729
General Administration	15,348	11,487	-	26,835
	3,838,351	2,548,854	700,790	7,087,995

7b ANALYSIS OF 2009/2010 EXPENDITURE BY ACTIVITY

	Staff costs (note 8)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education (note 5)	1,664,159	858,371	88,425	2,610,955
Residences, catering and conferences (note 6)	1,803,386	1,511,056	616,618	3,931,060
Fundraising *	207,957	92,759	-	300,716
General Administration	17,140	11,614	-	28,754
	3,692,642	2,473,800	705,043	6,871,485

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

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7c AUDITORS REMUNERATION

restated

Other operating expenses include:-

Audit fees payable to College's external auditors

Other fees payable to the College's external auditors (include audit fee underaccrual for prior years)

	2011	2010
	£	£
Audit fees payable to College's external auditors	18,500	18,457
Other fees payable to the College's external auditors (include audit fee underaccrual for prior years)	21,350	-

7d CONTRIBUTION UNDER STATUTE G,II

There is no liability under Statute G,II.

8 STAFF

	2011 Head of House & College Fellows	2011 Non- Academic Staff	2011 Sub- Total	2011 External Supervisors & Directors of Studies	2011 Total	2010 Total
	£	£	£	£	£	£
Staff costs:						
Emoluments	892,229	1,823,563	2,715,792	-	2,715,792	2,740,300
Social security costs	68,866	130,774	199,640	-	199,640	207,898
Pension costs (see note 19)	130,876	278,125	408,801	-	408,801	444,564
Other staff costs	48,716	305,778	354,494	-	354,494	149,587
	<u>1,140,487</u>	<u>2,538,240</u>	<u>3,678,727</u>	-	<u>3,678,727</u>	<u>3,542,349</u>
External Supervisors, Directors of Studies, etc	-	-	-	159,624	159,624	150,293
Total	<u>1,140,487</u>	<u>2,538,240</u>	<u>3,678,727</u>	<u>159,624</u>	<u>3,838,351</u>	<u>3,692,642</u>

Total College Staff as at 30 June	2011	2011	2011	2010
			Total	Total
Head of House	1	-	1	1
Fellows-Academic	54	-	47	47
Fellows-Non-Academic	4	-	4	7
Academic Staff-Other	-	-	0	4
Non-Academic Staff (Full-time equivalents)	-	86	86	86
Total as at 30 June	<u>59</u>	<u>86</u>	<u>145</u>	<u>145</u>

Of the 59 Fellows declared above, 54 are stipendiary.

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

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

During the year the trustees received £363,069 in remuneration for normal college duties.

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	restated			
9 FIXED ASSETS	2011	2011	2011	2011
9a TANGIBLE FIXED ASSETS	Freehold land and buildings	Furniture, fittings and equipment	Heritage Assets	Total
	£	£		£
COST/VALUATION				
As at 1 July 2010	38,970,253	941,364	-	39,911,617
Surplus on revaluation of buildings	-	-	-	-
Additions at cost	271,568	95,520	144,500	511,588
Disposals as cost	-	-11,164	-	-11,164
Cost/valuation as at 30 June 2011	39,241,821	1,025,720	144,500	40,412,041
DEPRECIATION				
As at 1 July 2010	-	293,004	-	293,004
Depreciation on disposals	-	-5,272	-	-5,272
Charge for the year	594,797	101,597	-	696,394
Accumulated Depreciation as at 30 June 2011	594,797	389,329	-	984,126
Net Book Value				
At 30 June 2011	<u>38,647,024</u>	<u>636,391</u>	<u>144,500</u>	<u>39,427,915</u>
At 30 June 2010	<u>38,970,253</u>	<u>648,360</u>	<u>-</u>	<u>39,618,613</u>
			2,011	2,010
Included in the Balance sheet as follows:				
	Fixed Assets		<u>39,283,415</u>	<u>39,618,613</u>
	Endowment Assets (see note 10)		<u>144,500</u>	<u>-</u>

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

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

9b HERITAGE ASSETS

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

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10 INVESTMENTS

	restated	
	2011	2010
	£	£
Balance at 1 July 2010	34,714,911	37,200,907
Additions	43,526,878	4,279,551
Disposals	(35,252,885)	(4,082,930)
Properties transferred to tangible fixed assets	-	(8,945,000)
Appreciation/(depreciation) on disposals/revaluation	5,434,717	4,523,952
Increase/(decrease) in cash balances	(3,032,144)	(261,569)
Balance at 30 June 2011	<u>45,391,477</u>	<u>34,714,911</u>
Represented by:	£	£
Freehold buildings	2,309,399	-
Quoted securities - equities	23,491,791	24,543,898
Quoted securities - fixed interest	13,396,502	2,739,208
Alternative investments	1,795,998	-
Loan-Joint Colleges Nursery Scheme	4,722	6,594
Cash held for reinvestment	<u>4,393,067</u>	<u>7,425,211</u>
Total Investment Assets	<u>45,391,477</u>	<u>34,714,911</u>

One property was acquired as an investment asset and is included at cost £2,309,000
The College incurred investment management advice charges of £204,896 in the year.

Allocated as:-

	£	£
Fixed Asset Investments	14,943,959	12,441,170
Endowment Investments	30,447,518	22,273,741
Total Investment Assets	<u>45,391,477</u>	<u>34,714,911</u>

11 ENDOWMENT ASSETS

	£	£
Investments - as above		
Freehold buildings	2,309,399	-
Quoted securities - equities	24,341,154	13,898,977
Quoted securities - fixed interest	898,845	368,754
Alternative investments	374,697	-
Loan-Joint Colleges Nursery Scheme	985	888
Cash held for reinvestment	<u>2,522,838</u>	<u>8,007,122</u>
Total Investment Assets	30,447,518	22,273,741
Heritage Assets - see notes 9a and 9b	144,500	-
	<u>30,592,018</u>	<u>22,273,741</u>

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		restated
12 DEBTORS	2011	2010
	£	£
Members of College	58,324	59,119
Other Debtors	286,721	340,764
	<u>345,045</u>	<u>399,883</u>
13 CASH	£	£
Bank and Building Society deposits	1,292,403	2,154,557
Current accounts	276,750	20,944
Cash in hand	2,565	3,564
	<u>1,571,718</u>	<u>2,179,065</u>
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Members of College	38,033	29,927
Other creditors	1,163,488	1,105,502
	<u>1,201,521</u>	<u>1,135,429</u>
15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	£	£
Loan-Barclays Bank	13,500,000	13,500,000
	<u>13,500,000</u>	<u>13,500,000</u>
<p>During 2009/10 the repayment terms of the bank loans of £13.5m were rescheduled and are repayable as follows £3 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048. They currently bear all-in rates between 4.55% and 5.65% per annum.</p>		
16 PENSION LIABILITY	£	£
Deficit in scheme at 1 July 2010	(1,134,034)	(700,604)
Movement in year		
Current service cost	(94,667)	(60,963)
Contributions paid by college	221,705	179,049
Finance cost	(37,689)	(50,884)
Actuarial gain/(loss) recognised in STRGL	310,144	(500,632)
Deficit in scheme at 30 June 2011 - see note 19	<u>(734,561)</u>	<u>(1,134,034)</u>
17 DEFERRED CAPITAL GRANTS	£	£
Balance brought forward at 1 July 2010	8,713,377	8,840,215
Donations received	72,793	38,672
Released to Income and expenditure account	(166,763)	(165,510)
	<u>8,619,407</u>	<u>8,713,377</u>

MURRAY EDWARDS COLLEGE

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18 ENDOWMENTS

	2011 Restricted Permanent £	2011 Unrestricted Permanent £	2011 Total Permanent £	2011 Restricted Expendable £	2011 Total £	2010 Total restated
Balance at beginning of year	3,690,679	36,526,008	40,216,687	801,625	41,018,312	36,508,233
Reallocation of reserves **	-	-18,744,571	-18,744,571	-	-18,744,571	-18,597,731
	3,690,679	17,781,437	21,472,116	801,625	22,273,741	18,910,502
Increase in investments	583,529	2,339,643	2,923,172	100,091	3,023,263	2,327,762
Income receivable from endowment asset investments	7,040	109,084	116,124	-	116,124	138,339
4% drawdown to income and exp	-58,884	-912,432	-971,316	-	-971,316	-751,134
New endowments received	67,368	6,001,393	6,068,761	-	6,068,761	614,677
Heritage Assets capitalised	144,500	-	144,500	-	144,500	-
Transfers	-153,187	153,088	-89	16,574	16,485	9,972
Income receivable from endowment asset investments and donations	66,889	2,205	68,894	63,054	131,948	230,889
Expenditure	-50,171	-2,205	-52,376	-159,112	-211,488	-207,046
Net transfer from income and expenditure accounts	16,518	-	16,518	-86,058	-78,540	23,823

Balance at end of year	4,297,563	25,472,223	29,769,786	822,232	30,592,018	22,273,741
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In the absence of historic records the college has presented all capital income as capital.

Representing:-

Awards Funds	46,234	17,334	63,568	85,812	149,380	124,998
Hardship Funds	663,866	-	663,866	269,748	933,614	862,030
Other Student Support	-	-	-	66,722	66,722	54,856
Research Funds	927,064	-	927,064	203,457	1,130,521	961,588
Graduate Studentships Funds	78,293	-	78,293	10,455	88,748	90,144
Travel Funds	-	-	-	87,489	87,489	78,413
Fellowships Funds *	2,397,912	585,998	2,983,910	30,396	3,014,296	2,768,998
Other Funds	184,194	24,868,891	25,053,085	68,163	25,121,248	17,316,732
Total	4,297,563	25,472,223	29,769,786	822,232	30,592,018	22,273,741

**The reallocation of reserves represents the transfer of total college fund donations from the University, dating from 1970, previously included as unrestricted permanent funds, to general reserves. This follows discussions with the University and a decision by Council during the year.

19 RESERVES

	2011 General Reserves £	2011 Total £	2010 Total restated £
Balance at beginning of year	11,437,265	11,437,265	20,307,249
Reallocation of reserves (see note above **)	18,744,571	18,744,571	16,597,730
	30,181,836	30,181,836	36,904,979
Deficit for year	-766,996	-766,996	-1,033,471
Unrealised surplus on revaluation of fixed assets	-	-	-7,358,225
Revaluation gain on investments	2,411,454	2,411,454	2,196,180
Transfer to funds	-16,485	-16,485	-27,005
Pension fund movement	310,144	310,144	-500,832
Balance at end of year	32,119,953	32,119,953	30,181,836

MURRAY EDWARDS COLLEGE

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restated

20 CAPITAL COMMITMENTS

Commitments contracted for at 30 June:
 Authorised and contracted - re Library refurbishment
 Authorised and contracted - re Grove Lodge
 Authorised and contracted

	2011 £	2010 £
	361,742	-
	445,819	-
	-	81,868
	<u>807,561</u>	<u>81,868</u>

21 FINANCIAL COMMITMENTS

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

Land and Buildings:
 Expiring between one and five years' time

	£	£
	54,850	31,800
	<u>54,850</u>	<u>31,800</u>

Other:
 Expiring between one and five years' time

	£	£
	3,735	7,368
	<u>3,735</u>	<u>7,368</u>

22 CONTINGENT LIABILITIES

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

23 CASH FLOW STATEMENT

Net cash outflow reconciliation

	£	£
Operating (deficit)	(846,536)	(1,009,847)
Depreciation of tangible fixed assets	696,398	705,043
Loss on disposal of tangible fixed assets	4,392	-
Deferred capital grants released to income	(166,763)	(165,510)
Investment income	(1,430,956)	(1,339,427)
Interest payable	689,661	580,912
FRS 17 adjustment	(89,329)	(67,202)
Decrease/(increase) in stocks	(5,360)	185
Decrease/(increase) in debtors	54,838	(138,667)
Increase/(decrease) in creditors	66,092	293,324

Net cash outflow from operating activities

	<u>(1,027,563)</u>	<u>(1,141,189)</u>
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Analysis of cash and bank balances

	At 1 July 2010 £	Cash Flows At 30 June 2011	
	£	£	£
Cash at bank and in hand	2,179,065	(607,347)	1,571,718
Cash held as part of investments	7,425,211	(3,032,144)	4,393,067
	<u>9,604,276</u>	<u>(3,639,491)</u>	<u>5,964,785</u>
Debt due after one year	(13,500,000)	-	(13,500,000)
	<u>(3,895,724)</u>	<u>(3,639,491)</u>	<u>(7,535,215)</u>

MURRAY EDWARDS COLLEGE

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NOTES TO THE ACCOUNTS

24 PENSION SCHEMES

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

Universities Superannuation Scheme

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

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 "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 latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new 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 a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (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 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus 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 3.3% per annum.

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increase in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund Regulations introduced by the Pensions Act 2004 it was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

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24 PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

The technical provisions relate 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 except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. 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.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91% as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts of the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the College had 97 active members participating in the scheme.

The total pension cost for the College was £317,211 (2010: £301,435). This includes £38,353 (2010: £39,368) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

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NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

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 the 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 out of the State Second Pension (S2P). This scheme was closed to new staff employees during the year.

The principal actuarial assumptions at 30 June 2011 (expressed as weighted averages) were as follows:

	2011	2010
	% p.a.	% p.a.
Discount rate	5.5	5.6
Expected long-term rate of return on Scheme assets	6.2	6.7
Increase in salaries	3.2*	4.7
Retail Prices Index (RPI) assumption	3.4	3.7
Consumer Prices Index (CPI) assumption	2.7	N/a
Pension increases (RPI linked)	3.4	3.7
Pension increases (capped RPI linked)	3.2	3.5

*2.0% in 2011, 3.2% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2009 projection and target long-term improvement rate of 0.75% pa. Both the base table and the allowance for improvements has been updated from 2010 when the PA92 tables were used with the Medium Cohort projections.

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2011 (with comparative figures as at 31 March 2010) are as follows:

	£	£
Present value of Scheme liabilities	(4,353,213)	(4,358,822)
Market value of Scheme assets	3,818,652	3,224,788
Deficit in the Scheme	<u>(734,561)</u>	<u>(1,134,034)</u>

The amounts to be recognised in the profit and loss account for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	£	£
Current service cost	94,687	60,963
Interest on Scheme liabilities	302,863	214,114
Expected return Scheme assets	(265,174)	(163,230)
Total	<u>132,376</u>	<u>111,847</u>
Actual return on pension scheme assets	366,647	(527,511)

Changes in the present value of the Scheme liabilities for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	£	£
Present value of Scheme liabilities at beginning of period	4,358,822	3,413,902
Service cost (including Employee contributions)	126,789	87,780
Interest cost	302,863	214,114
Actuarial losses/(gains)	(208,671)	864,913
Benefits paid	<u>(226,590)</u>	<u>(211,887)</u>
Present value of Scheme liabilities at end of period	<u>4,353,213</u>	<u>4,358,822</u>

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FOR THE YEAR ENDED 30 JUNE 2011**

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Cambridge Colleges' Federated Pension Scheme

Changes in the fair value of the Scheme assets for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	2011 £	2010 £
Market value of Scheme assets at beginning of period	3,224,788	2,713,298
Expected return	265,174	163,230
Actuarial gains	101,473	364,281
Contributions paid by the College	221,705	179,049
Employee contributions	32,102	26,817
Benefits paid	<u>(228,590)</u>	<u>(221,887)</u>
Market value of Scheme assets at end of period	<u>3,618,652</u>	<u>3,224,788</u>

The agreed contributions to be paid by the College for the forthcoming year are 15.41% of Contribution Pay to 31 January 2012, then 12.41% plus £121,302pa subject to review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

Equities & Hedge Funds	58%	81%
Property	36%	30%
Bonds & Cash	8%	9%
Total	100%	100%

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 7.1% (2010: 7.5%), an expected rate of return on properties of 6.1% (2010: 6.5%) and an expected rate of return on bonds and cash of 4.8% (2010: 5.0%).

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the 15 months ending 30 June 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	£	£
Actual return less expected return on Scheme assets	101,473	364,281
Experience gains and losses arising on Scheme liabilities	20,738	45,028
Changes in assumptions underlying the present value of Scheme liabilities	187,933	(909,941)
Actuarial gain/(loss) recognised in STGL	<u>310,144</u>	<u>(500,632)</u>

Cumulative amount of actuarial gains and losses recognised in STRGL for the 15 months ending 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	£	£
Cumulative actuarial (loss) at beginning of period	(997,826)	(497,194)
Recognised during the period	<u>310,144</u>	<u>(500,632)</u>
Cumulative actuarial (loss) at end of period	<u>(687,682)</u>	<u>(997,826)</u>

Movement in surplus/(deficit) during the 15 months ending 2011 (with comparative figures for the year ending 31 March 2010) are as follows:

	£	£
Deficit in Scheme at beginning of year	(1,134,034)	(700,804)
Service Cost (Employer Only)	(94,887)	(80,963)
Contributions paid by the College	221,705	179,049
Finance Cost	(37,689)	(50,884)
Actuarial gain/(loss)	<u>310,144</u>	<u>(500,632)</u>
Deficit in Scheme at the end of the year	<u>(734,561)</u>	<u>(1,134,034)</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTES TO THE ACCOUNTS

24 PENSION SCHEMES (continued)

Cambridge Colleges' Federated Pension Scheme

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

	2011 £	2010 £	2009 £	2008 £	2007 £
Present value of Scheme liabilities	(4,353,213)	(4,358,822)	(3,413,902)	(3,558,879)	(3,435,019)
Market value of Scheme assets	3,618,652	3,224,788	2,713,298	3,168,928	3,125,805
Deficit in the Scheme	(734,561)	(1,134,034)	(700,604)	(389,951)	(309,414)
Actual less expected return on Scheme assets	101,473	364,281	(617,765)	(235,480)	(13,686)
Experience gain/(loss) arising on Scheme liabilities	20,738	45,028	(41,071)	(184,626)	(21,444)
Change in assumptions underlying present value of Scheme liabilities	187,933	(909,941)	343,120	304,581	130,318

Aviva – Pension Scheme

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

Summary of total pension cost

The total pension cost for the year to 30 June 2011 was as follows:

	2011	2010
USS: Contributions	317,211	301,435
CCFPS: Charged to Income and Expenditure Account	90,242	143,129
Aviva	1,348	-
	<u>408,801</u>	<u>444,564</u>

25 RELATED PARTY TRANSACTIONS

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

26 SUBSIDIARY UNDERTAKINGS

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

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