



DOWNING COLLEGE CAMBRIDGE

# ANNUAL REPORT AND ACCOUNTS

for the financial year ending

30 June 2008





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## DOWNING COLLEGE MISSION STATEMENT

The mission of Downing College is continually to shape itself as a leading place of learning, teaching, and scholarship which inspires, challenges, tests, and trains talented people to play their part in determining the future of the world.

## FINANCIAL HIGHLIGHTS

	2008 £	2007* £	2006 £
<b>Income</b>			
Income	7,774,387	7,473,469	7,328,018
Donations and Benefactions Received	7,072,236	1,721,148	644,581
Conference Services Income	1,271,939	1,329,437	1,295,171
Operating Surplus/(Deficit)	(27,248)	(280,528)	94,741
Loss on College Fee per Student	2,383	2,116	2,001
<b>Capital Expenditure</b>			
Investment in Historical Buildings	1,267,677	1,842,748	3,692,082
Investment in Student Accommodation	987,873	911,409	527,782
<b>Assets</b>			
Free Reserves	4,235,541	6,102,017	5,869,367
Investment Portfolio (Net of Loans)	29,162,939	30,028,385	31,521,326
Endowment Drawdown	1,687,793	771,393	709,596
Return on Securities: 3 year average	5.65%	12.3%	13.7%
Net Assets	127,907,281	124,527,815	122,867,494

\* Financial year ending 31 July

# DOWNING COLLEGE, CAMBRIDGE CB2 1DQ

Patron: HRH The Duchess of Kent, GCVO

Visitor: The Crown

## MEMBERS OF THE GOVERNING BODY

Master : Professor Barry John Everitt, BSc (Hull), MA, PhD (Birmingham), ScD, FRS, FMedSci

Professor of Behavioural Neuroscience

## The Fellows of the College (in order of Election) as of 1 October 2008

Philip Huson Rubery, MA, PhD, ScD, University Senior Lecturer in Biochemistry (1973)  
Charles Porter Ellington, BA (Duke), MA, PhD, FRS, Professor of Animal Mechanics (1979)  
Peter James Duffett-Smith, MA, PhD, *Dean*, University Reader in Physics (1980)  
Peter David Evans, MA, PhD, ScD, *Tutor*, Fellow in Physiology, Principal Investigator, Babraham Institute (1981)  
Richard James Stibbs, MA, *Praelector, Secretary to the Governing Body, and Fellows' Steward*, University Senior Computer Officer (1982)  
Paul Christopher Millett, MA, PhD, *Admissions Tutor* and Collins Fellow in Classics, University Senior Lecturer in Classics (1983)  
William Mark Adams, MA, MSc (London), PhD, Moran Professor of Conservation and Development (1984)  
Trevor William Clyne, MA, PhD, FEng, Professor of the Mechanics of Materials (1985)  
Catherine Lynette Phillips, BA (Queens'), MA (Toronto), PhD, *Tutor*, R J Owens Fellow in English (1988)  
Graham John Virgo, MA, BCL (Oxon), *Senior Tutor*, Professor of English Law (1989)  
John Stuart Landreth McCombie, MA, MA (McMaster), PhD, *Tutor*, University Reader in Applied Economics (1989)  
David John Wales, MA, PhD, ScD, Professor of Chemical Physics (1989)  
Trevor William Robbins, MA, PhD, FRS, Professor of Cognitive Neuroscience (1991)  
Sarah Jane Bray, BA, MPhil, PhD, Professor of Developmental Biology (1991)  
Margery Ann Barrand, BSc, PhD (London), *Tutor for Graduates*, University Senior Lecturer in Pharmacology (1992)  
Stafford Withington, BEng (Bradford), PhD (Manchester), Professor of Analytical Physics (1992)  
Christopher Allim Haniff, MA, PhD, Professor of Physics (1993)  
Richard Michael Smith, BA (London), MA (Oxon), PhD, FBA, *Vice Master*, Professor of Historical Geography and Demography (1994)  
Nicholas Coleman, BSc, MB, ChB (Bristol), PhD, Verjee Fellow in Medicine, Group Leader, Medical Research Council Cancer Cell Unit (1994)  
Adam Noel Ledgey, BA (Salford), MA (Manchester), PhD (Manchester), *Tutor*, University Senior Lecturer in Linguistics (1996)  
Ian Richard James, MA, MA (Warwick), PhD (Warwick), *Tutor for Graduates*, Fellow in Modern and Medieval Languages 1996)  
Susan Elizabeth Lintott, MA, PhD (Kent), *Bursar* (1997)  
Zoe Helen Barber, MA, PhD, University Senior Lecturer in Materials Science (2000)  
Sophia Demoulini, BA (Wooster), MSc (Minnesota), PhD (Minnesota), Fellow in Mathematics (2000)  
Ian Gareth Roberts, BA (Wales, Bangor) MA (Salford), PhD (Southern California), Professor of Linguistics (2000)  
Michael Trevor Bravo, BEng (Carleton), MPhil, PhD, University Senior Lecturer at the Scott Polar Research Institute (2001)  
David Robert Pratt, MA, PhD, *Archivist and Keeper of Art and Artefacts*, Fellow in History (2001)

Marijn Gerard Johannes Ford, MA, PhD, Fellow in Molecular Biology (2003)  
 David John Feldman, MA (Oxon), BCL (Oxon), FRSA, Rouse Ball Professor of English Law (2003)  
 Liping Xu, BSc (Beijing), PhD, University Lecturer in Turbomachinery (2004)  
 Paul Derek Barker, BSc (Imperial College, London), DPhil (Oxon) University Lecturer in Chemistry (2004)  
 Guy Barnett Williams, BA, PhD, *Assistant Admissions Tutor, (Science)*, Senior Research Associate, Wolfson Brain Imaging Centre (2004)  
 Marcus Tomalin, MA, MPhil, PhD, *Fellow Librarian, Assistant Admissions Tutor*, University Research Associate in Engineering (2004)  
 Jay Theodore Stock, BA (Trent), MSc (Guelph), PhD (Toronto), *Tutor*, University Lecturer in Human Evolution and Development (2005)  
 Penelope Nevill, BA (Auckland), LLB (Auckland), LLM, *Praelector*, Fellow in International Law (2005)  
 Rachel Kerry O'Reilly, MA, MSc, PhD (London), *Mays Wild Research Fellow in Chemistry*, Dorothy Hodgkin Royal Society Fellow (2005)  
 Natalia Mora-Sitja, BSc (Barcelona), MA, (Barcelona), MSc (Oxon), DPhil (Oxon), University Lecturer in History (2005)  
 Kathleen Liddell, LLB (Melbourne), BSc (Melbourne), MBioeth (Monash), DPhil (Oxon) University Lecturer in Intellectual Property Law (2005)  
 William O'Neill, BSc (Essex), MSc (Essex), PhD (Imperial), University Reader in Laser Engineering (2006)  
 Amy Catherine Goymour, MA, BCL (Oxon), *Tutor*, University Lecturer in Law (2006)  
 Simone Helga Laqua, BA, MSt (Oxon), DPhil (Oxon), PhD, Research Fellow in History (2006)  
 Adriana Irma Pesci, MS, PhD (Nacional de la Plata), *Senior Treasurer to the Amalgamation Club*, Darley Fellow in Mathematics (2006)  
 Amy Louise Milton, BA, PhD, University Lecturer in Experimental Psychology (2007)  
 Brigitte Steger, MPhil, PhD (Vienna), University Lecturer in Modern Japanese Studies (2007)  
 Franco Giuseppe Giacinto Basso, LLC, Fellow in Classics, Language Teaching Officer, Faculty of Classics (2007)  
 Jonathan Trevor, BA (Glamorgan), MA (Warwick), PhD, University Lecturer in Human Resources and Organisations (2008)  
 Kendra Adriana Packham, MA (Oxon), MSt (Oxon), Research Fellow in English (2008)  
 Guy Charles Brown, BSc (Imperial College London), MSc (Chelsea College, London), PhD, University Lecturer in Biochemistry (2008)  
 Kenneth McNamara, BSc, PhD, University Lecturer in Earth Sciences (2008)

## Retirements and Resignations 1 August 2007 – 30 July 2008

Barry Charles Moore, MA, MSc (London School of Economics) (1979 – 30 September 2008)  
 David John White, MA, MEng, PhD, University Lecturer in in Engineering (2004 – 31 March 2008)

## The Honorary Fellows

Giles Skey Brindley, MA (London), MD, FRS  
Sir Francis Graham Smith, MA, PhD, FRS  
David Rees, ScD, FRS  
Sir Derek William Bowett, CBE, QC, MA, LLD, FBA  
Sir Arnold Stanley Vincent Burgen, MA, FRS  
Sir Alan Bowness, CBE, MA  
Dame Janet Abbott Baker, CH, DBE, Hon, Mus D  
Alan Norman Howard, MA, PhD, FRIC  
Peter Mathias, CBE, D Litt, FBA  
Sir Trevor Robert Nunn, CBE, BA  
Godfrey Michael Bradman, FCA  
Colin Brian Blakemore MA, ScD, FRS  
Alan Carrington, CBE, MA, BSc (Southampton), MA, DSc (Bristol), FRS  
Richard Langton Gregory, CBE, DSc, FRS  
Martin John Kemp, MA, FBA  
Richard John Bowring, MA, PhD, LittD  
David Stanley Ingram, OBE, PhD, ScD, FRSE  
Quentin Saxby Blake, CBE, MA, RDI, FCSD, FRA  
Sir Lawrence Antony Collins, LL.D., FBA  
Baroness Phyllis Dorothy James, OBE, JP, FRSL  
Sir David Anthony King, MA, PhD, ScD, FRS  
Rt Revd Nicholas Thomas Wright, DPhil, DD  
Sir John Pendry, PhD, FRS  
Sir Brian Vickers, PhD, LittD, FBA  
Aitzaz Ahsan, MA, Barrister at Law

## The Emeritus Fellows

David Kenneth Holbrook, MA  
Alfred Thomas Grove, MA  
David Andrew Blackadder, BSc (Edinburgh), MA, DPhil (Oxon)  
Ian Bonar Topping, MA  
Robert John Richards, MA, PhD  
Charles Harpum, MA, LLB, LLD  
John Alan Hopkins, MA, LLB  
Martin Joshua Mays, MA, PhD  
Barry Charles Moore, MA, MSc (London School of Economics)

## The Associate Fellows

Julian Jeffs, QC, MA  
William Tudor-John, MA  
George Frederick Pulman, QC, MA  
John Fletcher Hawkins, MA (deceased)  
Neville Tait, MA

## The Wilkins Fellows

Godfrey Michael Bradman, FCA  
Julian Robin Darley, MA  
Richard Alexander Frischmann, MA  
Flemming Heilmann, MA  
Alan Norman Howard, MA, PhD, FRIC  
Joanna Maitland Robinson  
Rumi Verjee, MA  
Ralph Lewin, MA, ScD (deceased)  
Tim Cadbury, MA  
Janet Owens, MD  
Richard Williams, MA  
Jonathan Howard, MA  
Chris Bartram, MA, FRICS, RA

## The Fellows Commoner

Timothy Rawle, MA  
John Hicks, MA  
Richard Keith Taplin, MBE, BSc, Dip.Man, Dip.IT, DUW, FCILT, (London School of Economics)  
Martin Vinnell, BSc, PhD (Essex)  
Michael McEvoy, MA, PhD  
Keith James Eyeons, MA, MA (MM) (Nottingham), Chaplain  
Peter Thomson, MA  
Tariq Sadiq, BA (Durham), MSc (London School of Economics)

## Bye-Fellows

Nigel Allington, BSc (Hull)  
Graham Bates, MA  
Theresa Biberauer, BA (Stellenbosch), MPhil, PhD  
Rosie Bolton, BA, MSci, PhD  
Richard Burns, MA  
Rosemary Clark, MA, PhD  
Stuart Eves, VetMB, MRCVS  
Neda Farahi, PhD  
Kerry Hickson, BSc, MSc, PhD  
David Hunt, MA, PhD  
Peter Kitson, MA, PhD  
William McGrew, DPhil (Oxon), PhD (Stirling), FRSE  
Bali Muralidhar, BM, BCA, MA (Oxon)  
Jonathan Newton, BA  
Jill Pearson, BA, VETMC, MRCVS  
Ian Sabir, MA, PhD  
Lucie Salwiczek, PhD  
William Schafer, PhD  
Michael Waibel, MSc (London School of Economics), LL.M, PhD  
Michael Wakelam, BSc (Birmingham), PhD (Birmingham)

## OFFICERS AND PRINCIPAL PROFESSIONAL ADVISERS

Master: Professor B J Everitt, BSc, MA, PhD, ScD, FRS, FMedSci

Senior Tutor: Professor G J Virgo, MA, BCL

Bursar: Dr S E Lintott, MA, PhD

### Actuaries

Cartwright Consulting Ltd  
Mill Pool House  
Mill Lane  
Godalming  
GU7 1EY

### Architects

Caruso St John  
1 Coate Street  
London  
E2 9AG

Robert Lombardelli Partnership  
St. Luke's House  
5 Walsworth Road  
Hitchin, Herts  
SG4 9SP

Quinlan and Francis Terry  
Old Exchange  
High Street  
Dedham  
Colchester  
CO7 6HA

### Auditors

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

### Bankers

Barclays Bank  
PO Box 326  
Bene't Street  
Cambridge  
CB4 3UT

### Property Managers

Carter Jonas LLP  
6-8 Hills Road  
Cambridge  
CB2 1NH

### Property Valuers

Carter Jonas LLP  
6-8 Hills Road  
Cambridge  
CB2 1NH

### Securities Managers

Morgan Stanley Securities Limited  
Private Wealth Management  
25 Cabot Square  
London  
E14 4QA

### Solicitors

Hewitsons LLP  
Shakespeare House  
42 Newmarket Road  
Cambridge  
CB5 8EP

Charles Russell LLP  
Clarendon House  
Clarendon Road  
Cambridge  
CB2 8FH

# Report of the Governing Body





## REPORT OF THE GOVERNING BODY

The Master, Fellows, and Scholars of Downing College in the University of Cambridge are pleased to present this financial report, together with the consolidated financial statements for the year ended 30 June 2008, the first year of reporting the results from 1 July to 30 June. The change in year end means that the cycle of activities in education, conferences, and building works will now fall within the same financial year. By conforming with the financial years of all but three Colleges, the College is able to benchmark certain activities more accurately, and by ending the year on a calendar quarter can more readily track its investment performance. A switch to a year ending on 30 September would have been more logical in that the most recent results of all activities could be reported; such a timetable, however, would not have fitted in with the requirement to submit the accounts to the University by 31 December of each year. The consolidated financial statements include those of the College's wholly-owned trading subsidiaries, Downing College Developments Limited and Downing Cambridge Conferences Limited.

The foundation stone for the building of the College was laid on 18 May 1807, nearly seven years after the granting of the Charter and 68 years after the death of Sir George Downing in 1749. After four heirs had died without legitimate children and the claims of Lady Margaret Downing, widow of Sir George's cousin, had been dismissed by the Courts, the first stone was finally laid for a College whose purpose was the "cultivation of religion, and the knowledge of English law and medicine and in promoting the right instruction of free-born youth"<sup>1</sup>. As one of the 31 autonomous, self-governing colleges within the University of Cambridge, Downing now has a wider remit, that of encouraging all subjects taught in the University. On 1 October 2008, the community consisted of the Master, 50 Fellows, and 629 junior members, of whom 407 are undergraduates and 222 are graduates. In addition, 139 members of staff (full-time equivalent: 113.8) support the College.

The College's purpose is to provide a world-class education to the candidates 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 undertook an extensive programme of school visits and hosted 8 Open Days. The College participates enthusiastically in the Widening Participation and Aspiration-Raising programmes. Since 2000, by agreement with the University and its Colleges, Downing has targeted non-selective state maintained 11-16 and 11-18 schools, and Further Education and Sixth Form Colleges in Cornwall, Devon, and Dorset. The College's full-time School and College Liaison Officer visits schools and organises mentoring, aspiration-raising visits to Cambridge for 14-16 year olds, video-conferencing, and residential open days with an extensive programme of activities, which this year included a torch-lit "Night at the Zoology Museum". These events have been instrumental in encouraging applications from students at schools without traditional links to Cambridge. In October 2007, 24 students from 14 different state-maintained non-selective schools in Cornwall, Dorset, and Devon applied for admission, of whom which seven (2006-07: 4) were offered and accepted places at Downing. Of those, four are now undergraduates at Downing; three applicants did not meet the required standard in the 'A' Level examinations. The remaining 17 were not offered places, although six were placed in the "pool", the intercollegiate clearing system. Since 1999 when the programme began, 36 people have taken up their places. In 2008, the number of target-school applicants has risen to 40.

Competition for entry to Downing is among the most intense in the University. Ninety percent of all of the applicants are assessed through a series of interviews. Last year, 653 people, 47% women and 53% men, applied for 113 places (placing the College in the top five colleges by number of applications received). Of these, a total of 127 offers were made for entry in 2008. Including the 13 offers made in 2006 for a place in 2008, 140 offers were made. Thirteen candidates failed to achieve the grades required by their offers. Of the

<sup>1</sup>Translated from the Latin inscription. The Foundation Stone itself has eluded discovery.

<sup>2</sup>The *Sunday Times*, 21 September 2008. The survey reflects student satisfaction, teaching excellence, heads'/peer assessments, research quality, A/AS-level/Higher points, subsequent employment in graduate level jobs, firsts/2.1s awarded, student/staff ratio, and drop-out rates. The university was ranked joint second with Oxford in the 2007 THES ranking. The 2008 Shanghai Jiao Tong University (SJTU), which emphasises research citations, prizes and medals, and the academic performance relative to the size of the institution, ranks Cambridge fourth in the world and top in Europe.

<sup>3</sup>*The Power to Transform: The Cambridge 800th Anniversary Campaign*, p. 4

130 undergraduates admitted in October 2008, 47% were women and 53% men; 38% were from independent schools (2007: 49%); 6% from overseas schools; and 55% were educated in the state sector (2007: 43%).

The College offers the experience of being educated at one of the world's leading universities through small-group and individual supervision. Since the survey began in 1997, the University has consistently been voted best University in the UK by *The Sunday Times*<sup>2</sup>. In the Vice Chancellor's words, "The Colleges deliver our world-class university at an intimate level – the genius of scale."<sup>3</sup> The College exists to foster excellence in research within an interdisciplinary community: this takes formal expression in fellowship and society lectures and in the hosting of numerous academic conferences. In 2007-08, four new fellows were appointed. These were: Dr Jonathan Trevor, a University lecturer in Human Resources and Organisations; Ms Kendra Packham, a Research Fellow in English; Dr Guy Brown, a University Lecturer in Biochemistry; and Dr McNamara, a University Lecturer in Earth Sciences.

In 2007-08, 393 undergraduate candidates (2006-07: 427) sat University examinations, of whom 92 (2007: 99) achieved firsts, seven candidates (2007: 4) were placed at the top of their Tripos, and a further 13 (2007: 11) in the top 2.5%. Despite these examples of individual excellence, the College's position in the Tompkins Table disappointingly fell from 3rd to 12th, which nevertheless places it in the top half. Measures have been put in place to ensure that successful pupils at school remain successful once in College. Thirty eight graduates were awarded PhDs and 42 were awarded MPhils and other degrees, certificates, or diplomas. The Graduate Seminar Programme has now established itself as a fixture in the College Calendar as a forum where graduates are able to present their research work to an audience of fellows and graduate students from a wide range of disciplines. Within the fellowship, three promotions to a personal chair brought the number of professors to thirteen, over a quarter of the Fellowship. Professor Clyne was elected to a Fellowship of the Royal Society of Engineers. Two former undergraduates competed in the Olympics in rowing, both of whom won medals: Annie Vernon (History: 2001-2004) won a silver medal for Great Britain in the women's quadruple skulls and Rod Chisholm (Natural Sciences: 1992-1995) won a bronze in rowing for Australia in the lightweight four. During 2008, the College admitted a further two Wilkins Fellows: Jonathan Howard (Law: 1974-1977), who as an officer of the Howard Foundation has steered the Howard Theatre project and Christopher Bartram (Land Economy: 1968-1971), who has contributed to the College by helping formulate its property investment strategy, advised on the building of and fundraising for the Boathouse, supported the teaching of English, and as Chairman of the Campaign Board continues to advise on fundraising and development.

The fellowship international exchange programme enables members of the faculties of Keio University, the University of Virginia, and Pomona College to come on extended visits to Cambridge. This year's visitors were Professor Yasushi Watanabe from the Faculty of the Environment and Information Studies at Keio; Professor Carl Creutz (the Thomas Jefferson Fellow) from the Department of Pharmacology at the University of Virginia; and Assistant Professor Meg Worley from the Faculty of English at Pomona College.

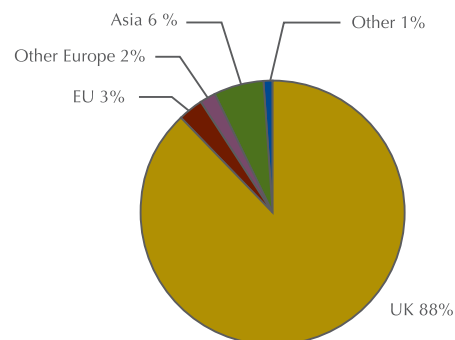
Music, drama, and sport continue successfully to contribute to the student experience at Downing. The Boat Club continued its climb up the charts in both the men's and the women's Lents and Mays Bumps. The 1st Men's VIII gained two places in each of the Lents and Mays and will start at third in the Lents and seventh in the Mays. The 1st Women's VIII moved up one in the Lents to fifth and two in the Mays to ninth. The 1st Men's VIII won the Cambridge 99's Regatta, posted the fastest time and set a new course record in the Champs Head, came second in the Head of the Cam, and was the third fastest in the Fairbairns. Both the 1st Men's and 1st Women's crews produced the fastest times of their events, winning the Autumn Head. The Club was very pleased that the Mays 2008 saw the return of the "rugby boat". Two Downing members rowed in the Cambridge University Lightweight race against Oxford, and for 2007-08 and 2008-09, George Blessley (Natural Sciences: 2005) is serving as President of the Cambridge University Lightweight Rowing Club. The women's

1st netball team won the league, undefeated for the third time in four years and also won cuppers. The mixed netball team also won the league (for the second time in a row). The men's football team won promotion to the 1st division, the women's hockey competed in the cuppers' final; and the men's lacrosse team won cuppers' again. Blues were gained in basketball, fencing, women's hockey, and men's hockey; half-blues in rowing (2), swimming, water polo, polo, women's basketball (2), men's basketball, windsurfing, volleyball, and cycling; and colours in, football, athletics, basketball, netball, women's hockey (2), men's hockey, and taekwondo (2). The Music Society continued its highly-popular series of Master's Lodge recitals in addition to putting on twelve concerts. In July 2007, the Choir spent a week in Montreal, Quebec, performing at St Matthias Church, St George's Church, and Christ Church Anglican Cathedral, with the latter performance being broadcast on local FM radio and the internet. They then performed at the Blue Mountain Lake Center for the Arts in the Adirondack National Park, where they were again broadcast on radio. At Woodstock, Vermont, they participated in a four-day festival of liturgy, art, and music, performing at St James' Church, the local synagogue, the local Catholic church, and a Festival Eucharist celebrated by Bishop Thomas Ely.

In September 2007, the Howard Foundation, a charitable Foundation set up in 1982 by Dr Alan Howard and his son, Mr Jonathan Howard, entered into a Deed of Gift with the College to provide funding for a new 176 seat raked theatre, estimated to cost between £7.2 and £8 million. The Theatre, which has been designed on principles of sustainability by Quinlan Terry, will complete Howard Court. Together with the Howard Building and the Howard Court accommodation block, these facilities will form the core of a greatly expanded conference services business. The Theatre will also, of course, provide a state-of-the-art venue for dramatic and musical performances by the student societies. The gift continues Dr Howard's plan of contributing to the financial stability of the College while providing facilities for the community to enjoy. Dr Howard's contribution to Downing College was recognised by the University by awarding him the first Campaign Medal. Dr Howard is already a member of the University's Guild of Benefactors.

In 2009, the Collegiate University will be celebrating its 800th Anniversary. The College participates in the Anniversary Campaign, which is designed "to secure the edge of excellence at Cambridge in the 21st century and beyond; its goal is to raise £1 billion by 31 July 2012.

## UNDERGRADUATES BY REGION



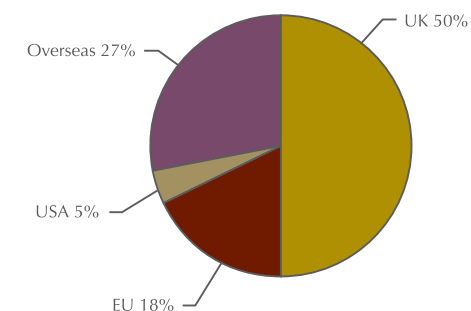
## UNDERGRADUATE NUMBERS 2007-08

Subject	Year 1	Year 2	Year 3	Year 4	Years 5-7	Total 2007-08	Total 2006-07
Anglo-Saxon	0	2	0	0	0	2	2
Archaeology & Anthropology	1	2	2	0	0	5	8
Architecture	1	2	0	0	0	3	3
Asian & Middle Eastern Studies	0	2	2	1	0	5	7
Chemical Engineering	0	3	3	0	0	6	7
Classics	5	5	6	0	0	16	16
Computer Science	0	0	0	0	0	0	1
Economics	8	5	3	0	0	16	15
Education	0	0	0	2	0	2	2
Engineering	10	11	11	8	0	40	42
English	6	6	5	0	0	17	16
Geography	4	6	6	0	0	16	17
History	6	8	6	0	0	20	17
History of Art	0	3	1	0	0	4	5
Land Economy	2	2	1	0	0	5	4
Law	15	17	16	4	0	52	55
Management Studies	0	0	2	0	0	2	2
Mathematics	6	4	5	4	0	19	16
Medical Sciences	17	17	16	11	16	77	85
Modern Languages	6	4	4	5	0	19	19
Music	2	0	1	0	0	0	2
Natural Sciences (Biological)	13	8	10	4	0	35	35
Natural Sciences (Physical)	11	10	12	9	0	42	48
Philosophy	2	1	2	0	0	5	4
Social & Political Science	5	4	7	0	0	16	16
Theology	0	0	2	2	0	4	3
Veterinary Medicine	2	2	2	0	0	7	7
Total	122	124	126	50	16	435	454

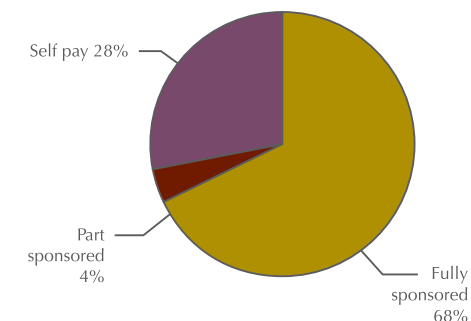
## PHD THESES SUCCESSFULLY DEFENDED BY DOWNING GRADUATE STUDENTS 2007-08

Berg-Yuen	Pia Eeva Kaarina	PhD	Operational risk capital in banking.
Bradshaw	Angela Claire	PhD	Transforming growth factor Beta-1 in experimental carcinogenesis.
Celnik	Matthew Simon	PhD	On the numerical modelling of soot and carbon nanotube formation.
Chan	Mei Fen	PhD	The epidemiology of breast cancer risk factors and endogenous sex hormones in postmenopausal women.
Cooper	Sarah Elizabeth	PhD	Studies of the E3 ubiquitin ligase Sina-Homologue.
Coxon	Katy Marie	PhD	Studies of pantothenate biosynthesis in <i>Arabidopsis</i> , <i>in vivo</i> and <i>in vitro</i> .
Craggs	Timothy David	PhD	Biophysical studies of the green fluorescent protein.
Edwards	Carol Ann	PhD	The evolution of genomic imprinting: a comparative analysis of <i>DLK1/DIO3</i> domain in extant vertebrates.
Featherstone	Karen Louise	PhD	Characterisation of the mouse immunoglobulin heavy chain VD intergenic sequence and investigation of its role in regulating ordered V(D)J recombination.
Hatch	Nina Anna	PhD	Warm gas in cluster cores.
Hong	Zhiyong	PhD	Numerical solution of critical state in superconductivity by finite element method.
Jakeways	Claire Vanessa	PhD	Transformation-induced anelasticity in mantle minerals.
James	Timothy Robin	PhD	Global optimisation for atomic and molecular clusters.
Kehagia	Angeliki	PhD	Frontostriatal components of executive control in task set switching and rule-based behaviour.
Klingebiel	Ronald	PhD	Planning and managing uncertainty: flexibility in strategic initiatives.
Manu-Marfo	Mary	PhD	Application of solid-phase organic chemistry to the synthesis of PET radiopharmaceuticals.
McGlincy	Nicholas John	PhD	A proteomics based approach to identify genes regulated by alternative splicing resulting in nonsense-mediated mRNA decay.
Mikkelsen	Helga	PhD	Influence of growth mode and aminoglycoside antibiotics on <i>Pseudomonas aeruginosa</i> physiology.
Milstein	Jean Adair	PhD	Neuropsychopharmacology of attention deficit disorder: a basic neuroscience approach.
Moore	Gerald Peter	PhD	Politics of the gift.
Mortimer	Jennifer Charlotte	PhD	Plant annexins: calcium-binding peroxidases.
Neves-Costa	Ana Roxo Leao	PhD	Roles of the chromatin remodeler Fun30.
Newcombe	Suzanne Mosely Hasselle	PhD	A social history of yoga and Ayurveda in Britain, 1950-1995.
Ramos Pinto Oliveira Da Silva	Pedro	PhD	Urban protest and grassroots organisations in Lisbon, 1974-1976.
Roberts	Benjamin William	PhD	Cultural transmission and technological choice: understanding the appearance and early development of metal in Western Europe.
Stevens	Jane Louise	PhD	The <i>lazaretti</i> of Venice, Verona and Padua (1520-1580).
White	Christopher David	PhD	Heavy flavour production at small x
Wright	John Alexander	PhD	Functional genomic investigation of the metabolism of <i>Campylobacter jejuni</i> during <i>in vitro</i> growth.
Wyatt	Emma Elizabeth	PhD	Studies towards the discovery of novel antibacterials: a branching synthetic strategy for skeletal diversity construction.
Wyse	Saffron Gale	PhD	Automated optimisation of gas turbine combustors.
Yang	Hongliang	PhD	The environmental performance of the Chinese electricity industry under restructuring.
Yu	Chung Ho Jowie	PhD	The study of Inositol 1,4,5-trisphosphate 3-kinase B in mammalian cells.

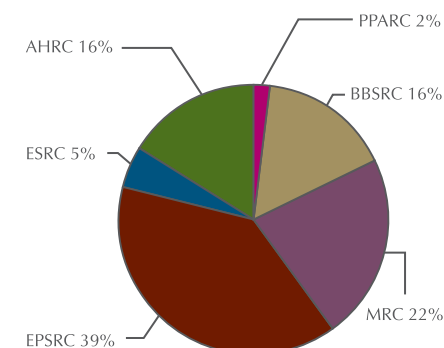
GRADUATES BY REGION



GRADUATES BY FEE TYPE



GRADUATES BY PUBLICLY- FUNDED BODY



## COLLEGE GOVERNANCE

The College is a lay eleemosynary corporation established by Royal Charter. Granted in 1800, the Charter permitted “the heirs at Law of... testator, Sir George Downing” to erect and establish “one perpetual College for students in law, physic, and other useful arts and learning”<sup>4</sup>. The Governing Body has all the powers of an ordinary person subject to the College’s statutes and general law and is bound to act in a faithful and proper way in accordance with its purposes. It is a charity within the meaning of the Taxes Act 1988, s 506 (1). The form of accounts is stipulated by Statute G III 2(i) of the University, *The Recommended Cambridge Colleges Accounts (“RCCA”)*, based on Financial Reporting Standards and compliant with the *Statement of Recommended Practice: Accounting for Further and Higher Education*. The Intercollegiate Colleges Accounts Committee advises on interpretation. The Charity Act 1993, Paragraph D, Schedule 2 recognised the exempt status of the College. Following the passing of the Charities Act 2006, the Secretary of State has been given powers to remove the exempt status, and it is anticipated that the Secretary of State will exercise this power and that the Oxbridge colleges will no longer be exempt charities. To that end, an intercollegiate committee is in discussion with The Charity Commission.

The Statutes that set out the arrangements for governance of the College were last revised during 2005 and approved by Her Majesty by and with the advice of Her Privy Council on 9 May 2006. A Revision was submitted in October 2008. The Master is Chairman of the Governing Body; the Senior Tutor has overall responsibility for the admission, education, and welfare of undergraduates and graduates; and the Bursar has overall responsibility for the finances and administration of the College. Both the Senior Tutor and the Bursar are accountable to the Governing Body. Members of the Governing Body serve until the earlier of retirement or the end of the academic year in which they reach 67 years of age. Members of the Governing Body in office during the period and at the date of this Report are listed on page 1. With few exceptions, fellows are chosen after interview on the basis of excellence in teaching and research and their commitment to providing direction of studies and supervisions across the principal subjects offered by the University. New members of the Governing Body are trained in the fulfilment of their responsibility for governance through a system of mentoring.

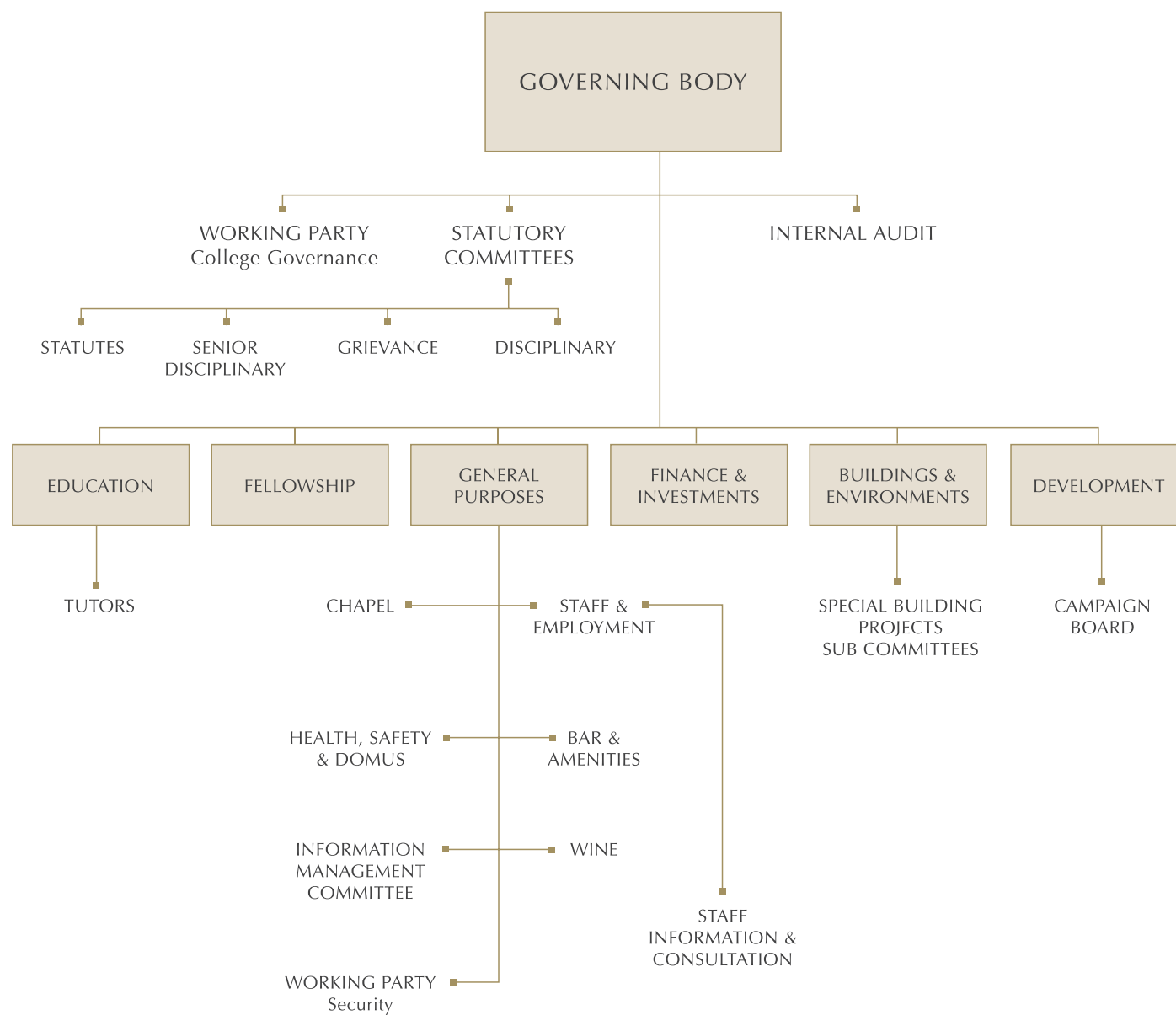
The Governing Body, which meets seven times a year, discharges its responsibilities through the structure of committees shown in the following table. Representatives of the JCR and the MCR attend Governing Body meetings, each of the secondary Committees (with the exception of the Fellowship Committee), and most of the tertiary Committees. External advisers serve on the Buildings and Environment Committee (1), the Investments meetings of the Finance Committee (1), the Development Committee (2), and the Health, Safety, and Domus Committee (1). In addition, the Master’s Consultative Council and the Campaign Board are available to offer advice on elements of College strategy.

Members of the Governing Body endeavour to act with integrity, act in the College’s interests without regard to their own private interests, and manage the affairs of the College prudently, balancing long-term and short-term considerations. Through its Working Party on Governance, the Governing Body continues to scrutinise its own workings and to recommend improvements. The direct cost of governance for 2007-08 was £34,113 (2006-07: £23,500.)

The College is a legally-autonomous body; however, it exists within the federal structure of the University. Matters of concern to all colleges and the University are discussed and acted on through a system of University-wide committees, such as the Colleges’ Committee, of which all Heads of Houses are members, the Senior Tutors’ Committee, which is chaired by the Vice Chancellor, and the Bursars’ Committee. Representatives of the Senior Tutors and Bursars sit on each other’s committees and on the Colleges’ Committee. These committees work through the building of consensus as their decisions are not constitutionally binding.

<sup>4</sup>The Charter, p.vii

## THE COMMITTEE STRUCTURE



## SIGNIFICANT POLICIES

### Reserves

1. Total Capital and Reserves stood at £128.0 million at 30 June 2008. Of this amount, £77.9 million is designated as operational assets, including the £75.6 million representing the net book value of the buildings that are not supported by the Deferred Capital Grants that arise from donations. These funds are designated because they represent functional fixed assets that cannot be spent as income.
2. In formulating the reserves policy, the Governing Body has considered the factors which cause variations in income. These are: student numbers, changes in the apportionment of the College Fee and in the funds awarded by HEFCE to the University, the susceptibility of the conference business to corporate cutbacks and geopolitical events, and the volatility of the investment portfolio caused by movements in world markets and unanticipated rental voids. The Governing Body has also considered examples of historical unanticipated expenditure, in particular those that have arisen from problems in the fabric of the building, e.g. dry rot. The Reserves also support any liability arising from the final salary pension scheme for staff under FRS 17. (2008: £643,419; 2007: £239,477).
3. The Governing Body therefore considers that free reserves should be able to support a 20% reduction in income occurring in any one year and a £1 million unanticipated expenditure on repairs. To that end, it believes that the free reserves should be no less than £2 million.
4. In addition, the Governing Body believes that until such time as the fees that the College receives cover the costs of the education it provides, it must keep in reserve sufficient funds from the net proceeds of the sale of the Long Road Sports Ground to compensate for the cut in fees.
5. The level of reserves is reviewed routinely by the Finance Committee when it receives the proposed budget and in response to any specific interim requests for expenditure.
6. At 30 June 2008, free reserves (Unrestricted, Undesignated Expendable Capital Funds adjusted for unspent Howard Theatre donations) stood at £4.2 million (2006-07: £6.1 million).

## Investment Principles (The “SIP”)

1. The College may invest in securities and in real or personal property. (See Statute XLVII, approved by Her Majesty in Council on 19 July 2005, and superseded by the full set of statutes approved on 9 May 2006).
2. The College manages its investments in securities and property to produce the highest return consistent with the preservation of capital value in real terms for the long term. A subsidiary aim is to enhance the value of the capital for future beneficiaries.
3. The Investment Committee sets the overall asset allocation between property and securities but delegates asset allocation within the core securities portfolio to its discretionary fund manager. Since June 2004, the principal fund manager has been Morgan Stanley Private Wealth Management. Fund manager appointments are reviewed at three-yearly intervals or in response to specific problems or opportunities. The review considers the risk return parameters that have been given to the managers, whether these parameters still accord with the College’s investment objectives, the performance benchmark resulting from these parameters, and the long-term investment objective. The most recent review took place in February 2007. The mandate of Morgan Stanley Private Wealth Management is to achieve a real return of 4.5% on a five-year basis, using the Higher Education Pay and Prices Index (HEPPI) to calculate inflation.
4. For performance measurement purposes, the benchmark consists of Equities: 50%; MSCI Global Equity Index (in local currency); Fixed Income: 25%; J P Morgan Global Government Bond Index (in local currency); Hedge Funds: 15%; HFR Fund of Funds Index; Cash: 5%; J P Morgan UK one month LIBOR Index; and Private Equity: 5% Cambridge Associates Private Equity Index). Tactical Allocation ranges are cash: 0-15%; Fixed Income: 15-45%; Equities: 20-70%; Private Equity: 0-10%; and Hedge Funds: 0-25%.
5. The custodian for the securities in the core portfolio is Morstan Nominees, Ltd, a wholly-owned subsidiary of Morgan Stanley & Co. International Ltd.
6. Since 1 August 1957, the College has operated an Amalgamated Fund made under the Universities and Colleges (Trusts) Act 1943, in which permanent capital, expendable capital, restricted funds (including trusts), and unrestricted funds hold units. The Fund is invested to optimise total return and, based on advice from Morgan Stanley, the College has adopted a spending rule that is designed to smooth spending and reduce the effect on income of fluctuations in market performance. The amount of return recognised in the Income and Expenditure Account is equal to the weighted average of prior year’s spending adjusted for inflation measured by HEPPI (70% weight) plus the amount that would have been spent using 4.5% of the prior year’s closing value of the investments (30% weight). In formulating this rule, the College had regard to the unapplied total return on funds invested. If loans are taken out in place of withdrawals from the portfolio, then the amount also includes an amount equal to interest expense.

7. Permanent capital is, in addition, invested in commercial property. The College only invests directly in property held for strategic purposes. In the case of commercial property, the investment analysis must demonstrate an acceptable commercial yield. For any investment in residential property, for use by the College's students, the net yield must be positive, with the prospect of an appropriate capital gain. Such purchases must also take account of the College's overall liquidity and income requirements. In 2008, the College, acting on advice from Carter Jonas, undertook an analysis of its Regent Street properties to establish which properties could be converted to student accommodation and which would be held as long-term investments. Following this analysis, the Spending Rule outlined in paragraph 6 was adjusted to incorporate the total return from the investments in property.
8. The unapplied total return stands at £7,776,721 for the securities portfolio and for commercial property for the current financial year only.
9. The College's property portfolio is presently managed by Carter Jonas LLP. Routine decisions are taken by the Bursar acting on advice from Carter Jonas and the law firm Hewitsons.
10. All investments, including the parameters for the investment of cash, are overseen by the Investments Committee, with day-to-day management delegated to the Bursar. Its membership is identical with that of the Finance Committee but augmented by external members with professional expertise. The Investment Committee reports to the Governing Body, which is responsible for authorising major changes of strategy, the appointment of fund managers, and all direct holdings of property.
11. The Investment Committee is required to meet twice a year in order to review investment performance; in practice, however, it tends to meet more frequently in order to consider specific investment opportunities or unusual events. The Committee receives monthly performance reports from its core securities portfolio manager, representatives of which also attend the principal meetings.
12. This Statement has been reviewed in 2008 and will be reviewed at least every three years.

## Risk

The College aims to invest prudently. In 2003, the College commissioned a review of its securities holdings in order to quantify the risk/return profile of the portfolio and to recommend a strategic asset allocation, which would reduce the volatility of returns by introducing new asset classes and adjusting weightings.

The College implemented this strategic asset allocation in June 2004, and reaffirmed the strategy in February 2007. The portfolio is well-diversified and takes into account the risk-adjusted returns of each asset class and its role within the portfolio (e.g. volatility reduction, provision of income, return enhancement, deflation hedge, or inflation hedge). Foreign exchange forward contracts are used to limit exposure to fluctuations in exchange rates. Until the financial year-end 30 June 2008, the portfolio had demonstrated its ability to protect against market risk. However, since year-end the turmoil in the financial markets has resulted in most asset classes being affected negatively with assets with long historical trends of low correlation to each other moving in tandem.

## Ethical Investment

The College keeps its duty in regard to the ethical investment of its funds under review. It currently does not have direct holdings in tobacco companies. This exclusion does not have a material impact on the financial return of the portfolio. The policy pre-dates the findings of the Harries case (Bishop of Oxford v. Church Commissioners, 1992), which requires that unless investments are contrary to a charity's aims, then the overriding principal of selection is financial return. In general, the College adopts a policy of exclusion rather

than engagement and would not wish knowingly to hold shares in any enterprise whose activities are counter to its charitable objectives. Categories of exclusion that may fall within this definition are companies whose activities violate human rights, the environment, and best practice in social and stakeholder matters. Reliable continuous screening would be an expensive use of charitable resources, and it is unclear if wholesale exclusions would materially affect performance. For this reason, at present the policy remains aspirational. Any member of the College may request that the Finance (Investments) Committee review the appropriateness of any holding.

## Risk Management

The Governing Body's Risk Management Strategy Register was approved in 2003 and is scheduled to be reviewed in full during 2008-09. The relevant Committees are charged with considering the risks inherent in their areas of responsibility and advising the Governing Body on the probability of occurrence and the likely impact, together with the steps taken in mitigation. Although risks can be identified and plans to deal with such risks formulated, the College is nevertheless exposed to a variety of risks, some of which cannot be addressed through insurance. The age of the estate, parts of which are nearly 200 years old, and the age of some of the mechanical and electrical services means that problems inevitably occur, sometimes without warning and often at great expense. Annual results can be affected by large swings in student numbers, principally in the graduate community and mainly because of multiple applications and the uncertainty of funding. A wide range of the College's operations may also be affected by the turmoil in the financial markets and the forecast recession in what is known as "the real economy".

## The Environment

The College will comply fully with environmental legislation and officially approved codes of practice and will make continued efforts to:

- promote sound environmental management policies and practices in all areas of its activities;
- increase awareness of environmental responsibilities among members and staff;
- minimise waste and pollution and operate effective waste management and recycling procedures;
- reduce the consumption of fossil fuels;
- reduce water consumption;
- promote a purchasing policy which will give preference, as far as practicable, to those products and services which cause the least harm to the environment;
- avoid use, wherever possible, of environmentally damaging substances, materials, and processes; maintain its grounds and buildings in an environmentally sensitive way;
- encourage modes of transport by staff and students which minimise the environmental impact;
- prohibit smoking in all College buildings

In 2007, a Carbon Reduction Task Force under the leadership of Professor Bill Adams, the Moran Professor of Conservation and Development, was established. On 19 February 2008, Downing signed the Cambridge Climate Change Charter and was the first College to do so, building on its work to improve its environmental performance. The College achieved fourth position in the Colleges' Environmental League Table.

## Accounting

### 1. Donations and Benefactions:

The College increasingly relies on donations and benefactions, these being received principally from members out of residence. In establishing its policy for the treatment of unrestricted gifts, the College sought to address the fact that the cost of fundraising activities is met from unrestricted funds. In the early years of a development programme, this practice reduces the resources available to the College's present beneficiaries. It also in effect transfers some unrestricted funds to funds having restricted purposes and yet current beneficiaries only receive income calculated according to the spending policy on the amounts raised. A significant proportion of funds received is for restricted purposes. The decision was therefore taken in 2001-02 to include the first £100,000 of each unrestricted gift in current income. The College then decided that this amount should be increased annually in line with HEPPI; it now stands at £121,472. Where possible, fundraising costs for restricted funds are met from the income received from funds raised.

### 2. Legacies:

Because of its historical experience, the College treats legacies as having been received only when they have been paid, or when it becomes indisputably certain that they will be paid. In line with the recommended practice for charities, the College discloses the nature of any material assets bequeathed but subject to a life interest: the College will be the beneficiary of substantial assets under the will of John Archibald Seton, who died in 1979.

### 3. Taxation:

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a Charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Capital Gains Act 1992 to the extent that such income or gains are applied exclusively to its charitable purposes.

The College receives no similar exemption in respect of Value Added Tax. The College is a partially exempt organisation for VAT purposes. With the approval of H M Revenue and Customs, it has adopted a methodology that enables it to recover part of the VAT on its expenses. Though recovered VAT significantly exceeds the VAT previously recoverable under the old CVCP Guidelines, input tax on purchases is, nevertheless, largely irrecoverable. In 2007-08, the College received £142,995 in refunds on purchases of £6.0M.

The College's subsidiary companies, Downing College Developments Limited and Downing Cambridge Conferences Limited are not subject to these exemptions and are liable for Corporation Tax. However, all taxable profits of the subsidiaries are gift aided to the College, thereby extinguishing any corporation tax that may be assessable.

#### 4. Depreciation:

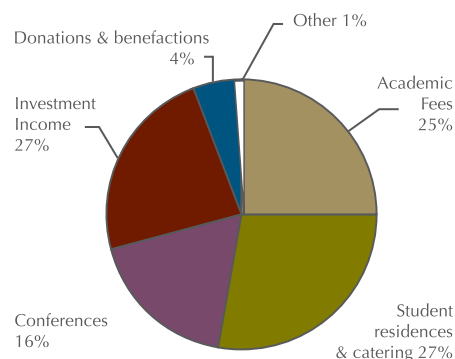
The earliest buildings, designed by William Wilkins, form a significant part of the Domus and are listed as Grade I.<sup>5</sup> All other buildings on the Domus come within the curtilage of those buildings and are therefore subject to some of the same restrictions. The Listing imposes an obligation to repair and restore. The full quinquennial valuation of the buildings was undertaken principally by Gerald Eve LLP in 2006. A full impairment review incorporating the Planned Maintenance Programme and other major projects was then carried out and updated with guidance from Northcroft Ltd. The resulting value of the buildings after depreciation was included in the Fixed Assets on the Balance Sheet. All repairs that restore value are capitalised, as are improvements. Other repairs are charged against income. For insurance purposes, the replacement cost of the buildings has been valued at £109.8 million.

#### 5. Pensions:

FRS 17 has been adopted in full, enabling the estimated cost of providing the pension benefits earned during the year to be included as a staff cost within expenditure. The deficit on the scheme is shown as a liability of the College and deducted from reserves.

<sup>5</sup>Certain of the College buildings were first listed as buildings of "special architectural or historic interest" on 26 April 1950. The buildings that are classified as Grade 1 ("buildings of exceptional interest", comprising about 2% of the 1989 resurvey) are: east and west Ranges, including the Hall, the Master's Lodge and the east and west lodges. Those classified as Grade 2 ("particularly important buildings of more than special interest", comprising about 4% of the list) are: The Gate lodge [with 36 Regent Street], and gates to Regent Street; the West Gate onto Tennis Court Road, including short screen walls on either side; North-west Gate onto Tennis Court Road opposite Fitzwilliam Street; Boundary Wall fronting Tennis Court Road.

## BREAKDOWN OF INCOME 2007 / 08



<sup>6</sup> See Note 1, "Academic Fees and Charges", excluding Research/Teaching Grants and Other Fees and note 4 "Education Expenditure"

<sup>7</sup> In December 1998, the Secretary of State for Education and Employment, the University, and the Colleges agreed to a total cut of 21.8% in the College Fee over the ten years beginning in the academic year 1999-2000 and for the payment of that fee via the University from the HEFCE grant. Prior to 1999-2000, the Local Education Authority had paid the College Fee directly to each College on behalf of each student. As part of the new arrangements, the Colleges agreed to equalise the fees charged. For Downing, which was at the top of the fee scale, the equalisation process resulted in an additional reduction of 0.5% p.a. The cumulative loss to the College was just under £1.2 million (assuming increases would otherwise have been in line with inflation measured by HEPII).

<sup>8</sup> In 2007, the size of the endowment (net of loans) placed Downing at 22nd in terms of this measure of wealth. Colleges of a similar sized student body (+/-50) have endowments ranging between £22 million and £130.1 million. The median of all Colleges is £47 million. All figures exclude Trinity College.

## OPERATING AND FINANCIAL REVIEW

### College Funding

The College funds its activities from academic fees, charges for student residences and catering, income from its conference and functions business, its investments, and from donations and bequests.

Academic fees consist of the college fee, grants to support teaching and research. Of these, the most significant source of funding is the fee payable on behalf of the students by the University from its HEFCE grant towards the cost of admitting and supervising publicly-funded undergraduates and providing tutorial support and social and recreational facilities. In 2007-08, this payment, which accounted for 17.4% of total income, amounted to £1,354,871 (2006-07: £1,340,922) for 391 students, including publicly-funded undergraduates, PGCE, Clinical Medical, and Veterinary Students. Fees charged to privately-funded, overseas undergraduates and to graduates have not been subject to the government-imposed reductions. For 2007-08 the shortfall on a fully-allocated basis<sup>6</sup> increased by 12.6% from £2,116 to £2,383 per student, highlighting the College's dependence on other sources of income. Because of the high level of fixed costs, the financial position would not be helped by reducing the number of students.

Since 1 October 2006, the University has been able to charge top-up fees. The Higher Education Act, which received Royal Assent on 1 July 2004, permits the charging of variable fees provided that an Access Agreement has been entered into with the Office of Fair Access ("OFFA"). The University received approval from OFFA to charge the maximum amount, initially set at £3,000 per annum and now at £3,145 for 2008-09 (reflecting the increases in line with rates announced by the Secretary of State) and made a series of commitments, including the establishment of a needs-based Bursary Scheme, which is an extension of the grant system offered by the Isaac Newton Trust. For those students entering higher education in 2008-09, the range of families whose children are eligible for a bursary, calculated on a sliding scale, has been extended to include students whose family income is less than £60,000. It is estimated that in the short term the Bursary Scheme will absorb a third of the extra income generated by the "top-up fee". As a result of negotiations between the University and the Colleges, some of the extra funding is used to enhance the amount that the University transfers to the Colleges from its HEFCE grant. The effect has been to restore the value of the fee to that received before the Government cuts (21.8% between 1999 and 2008)<sup>7</sup> if adjusted by the GDP Deflator but not to the value required to compensate for inflation measured by the UK Higher Education Pay and Prices Index (HEPPI) or by the actual inflation, with its higher weighting to Tender Price Inflation, experienced by the College.

As part of the 1998 settlement, the Colleges agreed to enhance the system of intercollegiate support and to raise £30 million for The Colleges Fund. The <sup>8</sup>Colleges Fund, which is funded through the intercollegiate taxation system, makes grants to Colleges with insufficient endowments. In order to achieve this level of funds, the top taxation rate for the University contribution was increased in 1999-2000 to 19% of assessable income, declining to 10% by 2008-09. Grants to Downing from The Colleges Fund since the beginning of this arrangement have totalled £1,037,883. The College received a grant of £111,900 in 2007-08 (2006-07: £38,500) on the basis of the return submitted for 2006-07. It did not receive a grant in respect of the year 2005-06 when the College's endowment, taken together with an assumed level of profit from the conference business was deemed to be adequate for its size (measured by the numbers of undergraduates, graduates, college teaching officers, and fellows). The College, nevertheless, considers that the burden of buildings maintenance requires a more substantial endowment and is about to launch a major endowment fundraising campaign. The College, which had not been in a position to make any contributions since 1997, contributed £1,355 in respect of 2005-06 but has not been required to make any contribution since then.

Under the Cambridge system, the majority of the Fellows of a College are paid their principal stipends by the University. Remuneration systems among the Colleges differ. In Downing, Fellows who hold positions in the University – the majority – are paid for the supervisions that they undertake for Downing students (or for students of other Colleges in order to obtain exchange teaching) at an enhanced intercollegiate hourly rate and are provided with rooms and other benefits. The College Statutes permit official fellows to reside within the College: at present seven fellows are resident in College. All of these costs, including the cost of maintaining premises, are included within the costs of Education in the *Income and Expenditure Account*. Direct staff costs are shown in Note 7. In 2007-08, the cost per square metre of providing space was £184.41, compared with £179.35 in 2006-07 (2005-06: £162.29), an increase of 2.8%. From time to time, Downing appoints College Teaching Officers (who are official Fellows) in those subjects in which either there is a substantial need for undergraduate teaching but for which the College has been unable to secure University Teaching Officers as Fellows or for which it has received special funding that enables the College to support an additional Fellow in subjects in which it has a particular strength. For 2007-08, in addition to the three College Teaching Officers funded by the College, Downing employed two College Teaching Officers for which the College receives generous funding from Trinity College. In 2007, an additional half-time post in Social and Political Sciences was added. Approximately £3.4 million of the £30 million endowment is required to support the College Teaching Officer posts.

The cost of providing education is considerably greater than the money that the College receives from academic fees. Since 2001-02, the cumulative shortfall has been £8.2 million. This shortfall has been met from commercial activities, research and teaching grants, trust funds, donations, and the returns on the investment of charitable funds. These returns, however, were reduced by the phased removal over the period 1999 to 2004 of the right of charities to reclaim Advance Corporation Tax on UK dividend income, which deprived the College of some £185,000.

In order to boost the charitable funds necessary to support its educational mission, the College has launched various appeals. The funds so obtained have enabled the College to commemorate the work of its most outstanding Fellows and Masters and certain of its successful alumni through the establishment of named scholarships and fellowships. The Professor Sir Lionel Whitby Memorial Fund and the Oon Fund provide scholarships in Medicine, and the Harris Fund provides prizes and scholarships in Law. The Glynn Jones Fund provides support for Downing men and women who wish to take courses in management studies. The Darley Fellowship helps support a fellowship in Mathematics, and the Lord Butterfield Fund makes it possible for Downing students to spend a period of study at Harvard. The Octavius Augustus Glasier Collins Fellowship helps support a Fellow in Classics. The Verjee Fellowship supports a Fellowship in Medicine, the Hopkins Parry Fellowship funds a Fellowship in Law, and the Mays Wild Fellowship funds a Fellowship in Natural Sciences. Dr Janet Owens generously supplemented the fund that supports the R J Owens Fellowship in English. Members of the College have also contributed generously to the estate – for example, towards the Sir Mortimer Singer Graduate Building with its Frischmann and Heilmann Wings, Howard Court and the Howard Building, the Maitland Robinson Library, and the Lieutenant Colonel Anderson Fitness Room.

In 1996 the College established a Development Office in order to maintain links with members of the College out of residence. It sponsors events such as alumni days, reunions, and meetings; it also focuses giving through appeals. A major campaign, launched in 1997 with the aim of raising £12,000,000 closed on 31 July 2004, having raised funds of £12,325,432. An appeal was then launched for the restoration of the Dining Hall. Funds of £928,923 have been received to date, out of the £1.14 million that has been pledged. Because of the devastation of the financial markets in late 2008, the launch of a major fundraising campaign for endowment, “Catalysis”, has been deferred to 2009.

Through its subsidiary Downing Cambridge Conferences Limited, the College continues to focus on building its commercial business, which consists of conferences and functions. Income from commercial activities is intended to cover the out-of-term portion of the year-round costs of the estate and the staff. Profits from this, together with fundraising efforts, rigorous cost control, and more appropriate charging policies are key contributors to the strategy needed to address the unfavourable business environment within which Oxbridge colleges operate.

The College benefits from the generosity of Trinity College through funding from the Trinity College Teaching Officers Programme and a discount on the sports ground lease. The Isaac Newton Trust, established by Trinity in 1988 to promote education, learning, and research in the University of Cambridge, has donated a total of £150,000 on a matching basis to create an endowment for supporting students experiencing financial hardship. The Trust continues to provide bursaries of up to £1,000, including a 6.25% contribution from the College, for students from less affluent backgrounds who matriculated before 2006. Since 2006, it has operated the Cambridge University Bursaries Scheme, whereby a third of the top-up fee is set aside to fund bursaries of up to £3,150. It also pays the College for the release of College Teaching Officers' time for teaching for the University and provides support for fellows with postdoctoral research posts. In 2007-08, financial support from Trinity amounted to £46,000. In addition, the College and its members received £109,740 (2006-07: £109,115) from the Isaac Newton Trust.

Because of the Trusts and Restricted Funds it holds, the College is able to support its students with grants, bursaries, and hardship funds. In addition, it is able to reward excellence through scholarships and prizes. This year, the College made awards of £189,304 of which £163,770 was provided by Restricted Funds including Trust Funds and £25,534 was met from general funds.

## FINANCIAL REVIEW

### Income and expenditure

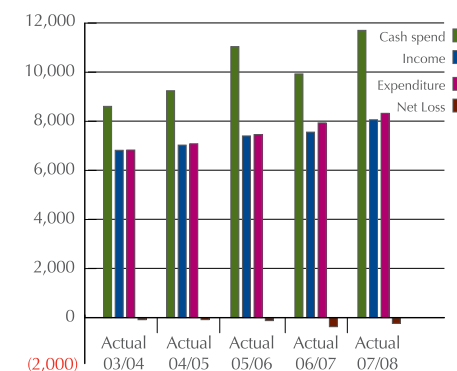
The results for the financial year 2007-08, measured at operating level, show a very small loss of £0.03 million, which compared favourably with the £0.3 million deficit in the restated financial results for 2006-07. However, this outturn masks a deterioration in the results of the core operations. This year's income includes interest income of £0.2 million from the Howard Theatre donation which is subsequently transferred to restricted funds, as well as a one-off profit of £0.3 million on the sale of a house used for student accommodation. The core operations, therefore, show a deficit of £0.6 million, the result of a growth of 5.1% in cash costs before depreciation, despite rigorous efforts to control costs, and a 0.6% growth in operating income before investment income. Staff costs increased by £0.2 million (5.3%) to £3.8 million. Costs in excess of the pay award reflected the addition of a half-time fixed-term College Teaching Officer in Social and Political Science, the return to a complement of two stipendiary research fellows, and temporary cover for sickness and maternity leave.

These continuing but anticipated deficits reflect a series of decisions which has resulted in short-term losses but which will benefit the College in the long-term. Work on the West Range Project, the Hall, and the Howard Theatre has inevitably compromised commercial activities. Furthermore, fundraising efforts have been focussed on raising money for the Hall, and although this appeal proved immensely popular, it was to some extent at the expense of the endowment. The costs for raising restricted income and capital funds are included within the *Income and Expenditure Account* but the income received is transferred from the account, resulting in a charge to general funds. While the focus on the Hall had been at the expense of general fundraising, this year has seen the formal introduction of an Annual Fund, which in its first year raised £50,239, and on a strategic review of the College's needs over the next ten years in preparation for a major endowment campaign. In the absence of significant legacies, unrestricted donations dropped 58% from £226,910 to £95,497, an amount which fell well short of covering the Development Office costs. The financial effect on this year's accounts of the focus on the future contributed to the £0.34 million deficit in the *Income and Expenditure Account*, which was funded from reserves. The dependence on the endowment was, therefore, 18% greater than had income and expenditure been in balance. This burden was in addition to the costs to the endowment of capital expenditure in excess of depreciation (£0.6million).

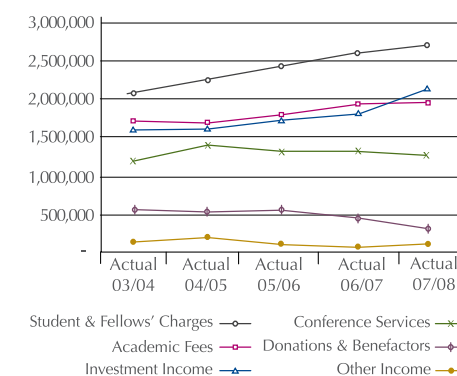
Overall income was up 4.9%, with a 4.6% increase in Academic Fees, reflecting an unusually high intake of overseas undergraduates paying fees at the overseas rate. The admissions process is, however, blind to fee-type, and this outcome (the result of an unusually high number of overseas' applicants), must be seen as atypical. A 12.3% rise in catering sales (£34,820) demonstrated the continuing popularity of the new servery. This year's results were helped by a gain on the sale of a house of £0.3 million, and excluding this, the deficit of 7.9% of income is a more realistic indication of the failure of charges to keep up with costs. Although in the medium-term future profits from conference services should narrow the gap, further upward revision to charges will need to take place for 2009-10, especially to rents, which do not cover costs. Similarly, the level of fees for privately-funded undergraduates has been raised for 2008-09, given that the cost of educating each student is £5,482 and yet the sum received is £3,889. Any measure that affects students' finances is taken only in conjunction with the promotion of the availability of hardship funds.

A central strand of the College's strategy for supporting its educational mission has been the development of the Conference Services business which has grown in income from just under £0.6 million ten years ago to a high of £1.4 million in 2004-05. Unfortunately, the extensive building programme has temporarily reversed this trend. For the four years from 2005-06 to 2009-10, results will reflect the planned scaling back of business to accommodate major building works. Had the business grown in line with inflation (measured by RPIX), Conference Services income would have been over £1.5 million, some £0.3 million more than achieved.

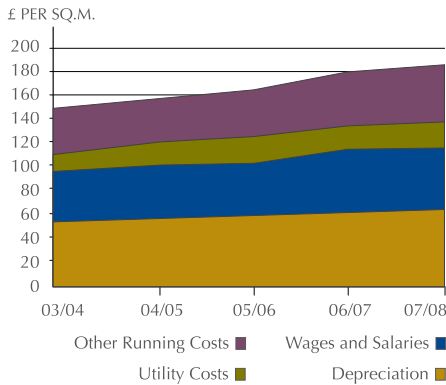
### CASH & INCOME & EXPENDITURE SUMMARY



### INCOME BREAKDOWN



ESTABLISHMENT COSTS



Overall expenditure has grown by 4.7%. Non-salary related operating costs were restricted to an increase of 4.2% which was helped by the College’s move towards outsourcing its pre-planned maintenance. It is anticipated that outsourcing will be more cost effective as it provides cost certainty as well as significantly reducing administration. Growth in staff costs (including agency costs), which account for 46.6% of total costs, was 3.7%. An increase in the number of stipendiary research fellows from one to two and the appointment of a half-time College Teaching Officer added to the effect of an overall blended 2.9% in cost-of-living increases. Following the national pay settlement and University practice, academic and academic-related staff received a pay award of 3.27%. At year end, there had been an increase in other staff headcount from 109.04 FTE to 113.84, including a necessary addition to the IT Department as IT facilities continue to expand, and maternity and sickness cover. The College has suffered a high cost of staff sickness (2007-08: £90,819; 2006-07: £54,360) due to several cases of long-term absence. In consultation with the staff, measures have been implemented to reduce optional absence through sickness. An overhaul of the College’s salary spine for support staff has resulted in some increase in pay costs but also in a system that is more demonstrably fair. This reform followed on from last year’s revision to the bonus system, which seeks to tie staff performance to the College’s objectives.

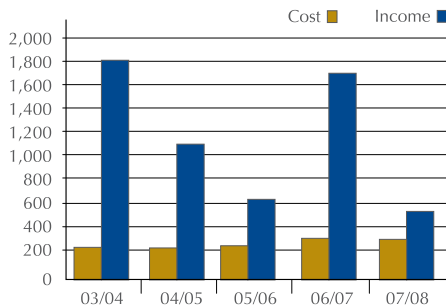
The College retains for the present its commitment to a final salary pension scheme as it believes that the package of benefits currently offered is most appropriate for its work-force, many of whom will be at the College for their working lives. To offset the cost to one of two schemes in which it participates (the Cambridge Colleges Federated Pension Scheme “CCFPS”), which is now closed to new members, the employee contribution rate was raised from 6.35% to 8%. With an overall cost of 22.52% for current services, CCFPS is expensive. The cost, however, should be seen in the context of a workforce, of whom over 80% are paid less than £25,000 per year. Following the most recent valuation (31 March 2008), the overall cost for future benefits will increase to 32.11%.

Development and Fundraising

The Development Office, established in 1996, supports the Downing community by organising events locally, nationally, and internationally and communicating with members through its twice-yearly magazine, Dow@Cam. The Office seeks to focus the generosity of members through designing fundraising campaigns that articulate the College’s strategy and match it with the philanthropic aims of donors.

The success of the fundraising for the restoration of the Hall was particularly gratifying in that it demonstrated the wide appeal of the project and the affection in which the Hall, as the social centre of the College, is held. The project not only proved sufficiently attractive that two donors fulfilled the criteria for being elected Wilkins Fellows but in addition a total of 743 donors contributed to the Hall.

DEVELOPMENT OFFICE COSTS & INCOME



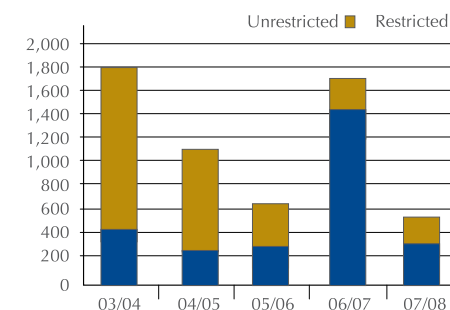
Note: Excludes Howard Theatre Donation

Amount	People	UK	Europe	Other
£0 - £249.99	383	346	6	31
£250 - £499.99	121	111	4	6
£500 - £999	132	117	5	10
£1,000 - £9,999.99	90	70	6	14
£10,000 +	17	13	1	3
Total	743	657	22	64

## EVENTS

	Event Date	Total Attended	Alumni Attended
Edinburgh Regional Reception	5 July 2007	22	20
City Group Event at Allen & Overy LLP	10 July 2007	39	32
South East/Sussex Regional Reception hosted by George Pulman (1967, Law)	14 July 2007	56	21
1749 Society Reception	28 July 2007	51	24
Alumni Day 2007	22 September 2007	183	96
Association Dinner 2007	22 September 2007	171	112
1964 Reunion Dinner	6 October 2007	29	18
Hong Kong Junk Trip and Reception	20 October 2007	12	4
London Event at Commonwealth Club 2007	24 October 2007	133	118
City Group (Killik & Co)	5 December 2007	35	33
Griffins' Annual Dinner 2008	19 January 2008	22	19
Year Reps' Meeting/Dinner 2008	29 January 2008	33	24
Annual Reunion Dinner 2008 pre-1951 and 1958, 1968, 1978, 1988 and 1998	29 March 2008	152	142
San Francisco Dinner hosted by Jeremy Woan (1980, Law)	4 April 2008	12	6
Los Angeles Dinner hosted by Gary Blankenship (1968, Architecture)	6 April 2008	11	5
Griffins' London Dinner 2008	9 May 2008	20	18
2001 MA Reunion Dinner	10 May 2008		
Cambridge Reception	13 May 2008	32	22
Donors' Garden Party	14 June 2008	194	70
Graduands Reception 2008	26 June 2008	294	101
Event for years 1980-85 to Celebrate the Graduation of first female undergraduates	5 July 2008	216	49
City Group Event, Guest Speaker Jan Hruska (1976, Computer Science)	8 July 2008	21	18
1749 Society Reception	26 July 2008	80	31
1964 Dinner	13 September 2008	18	11
Alumni Day and Association Dinner	27 September 2008	191	151
London Alumni Reception, RAC Club	4 November 2008	132	129

## DONATIONS & LEGACIES (Capital and Income)



Note: Excludes Howard Theatre Donation

(In addition, two issues of Dow@Cam (Vols.18 and 19) were published)

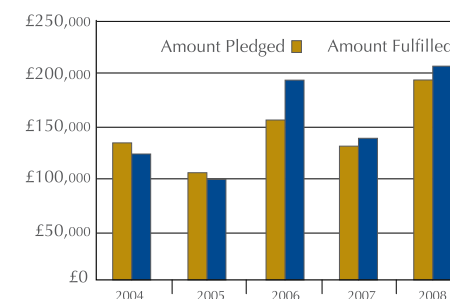
The Telephone Fundraising Campaign, now held annually, was the most successful to date, yielding £0.2 million – 109.4% of the amount pledged. In addition, an Annual Fund was launched, which yielded £50,239.

In consultation with The Campaign Board, the Development Office has planned a new Campaign, “Catalysis”, which takes as its starting point the role of the College in enabling its members to transform their lives, identifying the key elements and sources of energy in that process, and looking at ways to ensure that the vision of the College is perpetuated. In deference to the suffering caused by the recent financial crisis, the launch of Catalysis has been deferred until 2009 and will now coincide with the year of the 800th anniversary of the founding of the collegiate University.

As part of the 800th Campaign, which began in 2001, the University and all of the Colleges aim to raise £1 Billion by 31 July 2012. To date, the College has raised £18.3 million for College use, which will contribute to that total: £1 million for Students (Hardship); £1.7 million for Staff (Teaching); £0.2 million for Freedom to Discover; £8.5 million for Heritage (Buildings); and £6.9 million for unrestricted purposes.

A recent analysis of intercollegiate giving has demonstrated that Colleges which properly resource their cultivation of members have benefited from an increase in giving. It is, therefore, likely that in order to reach all those members who are interested in the development of the College, the Office will need to be augmented.

## TELEPHONE FUNDRAISING DONATIONS 2004-2008



## Event Attendance by Financial Year (1 July – 30 June)

	2008-09		2007-08		2006-07*		2005-06*		2004-05*		2003-04*	
	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni
1749 Reception July	80	31	51	24	51	24	73	37	54	26		
Alumni Day September	105	71	183	96	121	55	113	61	129	64	92	82
Association Dinner September	86	80	171	112	155	91	148	107	143	94	112	102
London Event October/November	132	129	133	118	168	153	147	123	185	169	194	182
Griffins' Dinner January			22	19	23	17	11	8	18	13	16	13
Year Reps Meeting January/February/March			33	24	37	31	37	30	36	28	22	22
Reunion Dinner March/April			152	142	169	163	153	145	125	115	126	116
Donors Garden Party June			194	70	244	97	265	118	219	86	319	127
Graduands Reception June			294	101	279	99	217	83				
Other events	255	78	268	179	348	266	423	326	335	195	336	280
<b>TOTAL</b>	<b>658</b>	<b>389</b>	<b>1,501</b>	<b>885</b>	<b>1,595</b>	<b>996</b>	<b>1,587</b>	<b>1,038</b>	<b>1,244</b>	<b>790</b>	<b>1,217</b>	<b>924</b>

\* Financial Year (1 August – 31 July)

The tables below show the total funds raised for the years 2007-08, 2006-07, and 2005-06, and the Status of Members out of Residence and Donors in 2007-08, compared with those in 2006-07 and 2005-06.

## ACTUAL FUNDS RECEIVED

	2007-08	2006-07	2005-06
	£	£	£
Student Accommodation	4,771	30,454	6,147
Hall Restoration	124,610	739,843	64,461
Howard Theatre	6,528,885	205,332	-
Teaching Support	46,015	355,410	74,484
Student Support	32,439	53,131	23,726
Sports & Cultural (incl. Boat Club)	83,123	27,583	6,139
Endowment	129,499	64,847	110,667
Annual Fund (unrestricted)	95,031	223,318	281,710
Downing Enterprise Scheme	25,888	17,308	73,701
Other	12	24	24
TOTAL	7,070,273	1,717,250	641,059

In addition, the Boathouse Centenary Trust received donations of £1,954 during the year, bringing the total it has raised to £1,111,526. Alumni clubs, such as The Segreants, The Griffins, and the Downing Association, also raise funds to support members in residence.

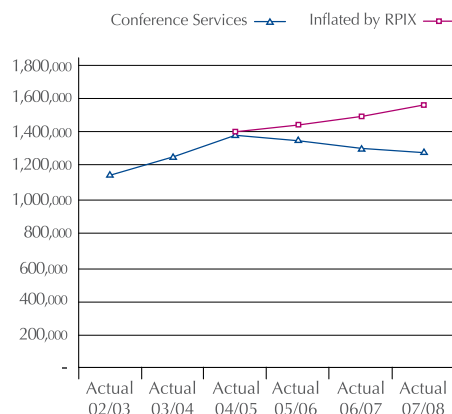
## STATUS OF MEMBERS OUT OF RESIDENCE AND DONORS 2006-07

	2007-08	2006-07	2005-06
Number of Alumni (living and deceased)	9,885	9,705	9,532
Deceased	1,624	1,559	1,513
Number of Living Alumni	8,261	8,146	8,019
Address known (Members in Contact)	6,697 <sup>9</sup>	6,326	6,251
Address unknown	1,564	1,820	1,768
% Address known	81.1%	77.7%	78%
Request not to be mailed	1,732	1,592	1,609
Number of living Donors this financial year	1,005	1,086	1,037
Total membership who have contributed to the College	3,291	3,155	3,009
Living members in contact who have contributed	2,797	2,657	2,757
Living Donors as % of Members in Contact	41.8%	42.0%	44.1%
Participation Rate this financial year of living members	12%	13%	12%
Participation Rate this financial year of living members in contact	15% <sup>10</sup>	16%	12%

<sup>9</sup>Undergraduates: 5,760; Graduates: 937

<sup>10</sup>Undergraduates: 16%; Graduates: 12%

## CONFERENCE SERVICES INCOME

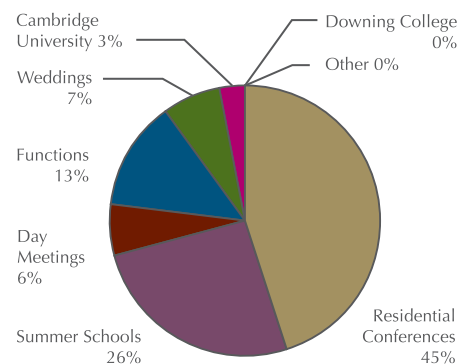


## Conference Services

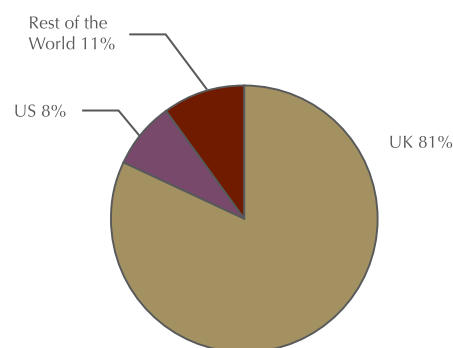
Trading conditions continue to be difficult. The restoration of the Dining Hall reduced the availability not only of the Hall but of the other principal function rooms as these were used for internal catering displaced from the Hall. Further, the noise and disruption caused by the construction of the Howard Theatre compromised the use of neighbouring buildings. Despite the dramatic fall in revenue earned from conference catering and weddings, the overall turnover fell only 2.2%, which was considerably less than anticipated. A focus on selling accommodation, which on a cash basis contributes more than does catering, the careful programming of works, and the success of the screening of the building site helped achieve £1.3 million in sales. The negative impact on the College's commercial activities has continued into the financial year 2008-09, when the number of weddings that the College was able to host fell from 15 to 4. The business should return to its former level during the financial year beginning in July 2009 when the Hall will be fully available and should increase dining capacity by 50% but in providing a large auditorium and break-out rooms will double conference capacity and enable the College more fully to use its ensuite bedroom capacity, now calculated at 29.7% (2006-07: 27.5%)

Achievements in the increasingly competitive world of Cambridge conferences included an increase of 8.7% in the average price achieved per room, from £40.14 in 2006-07 to £43.64, reflecting an emphasis on en-suite sales; the highest number of web-site hits on the Conference Cambridge web-site among all of the Colleges; and the competitive edge gained by the high standard of accommodation.

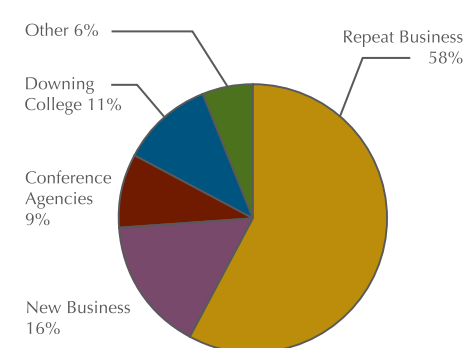
## INCOME BY BUSINESS SECTOR



## INCOME BY REGION



## SOURCE OF BUSINESS



## Capital and Reserves

Capital and reserves increased by £3.4 million from £124.6 million to £128.0 million, an increase of 2.7% compared with last year's increase of 1.3%. The increase is entirely attributable to the increase in Deferred Capital Grants of £6.8 million resulting from the Howard Theatre gift and masks a reduction in other funds of £3.4 million. Endowment assets fell for the second consecutive year, with a £2.3 million reduction due in part to a further write-down in an investment property. Reserves were also reduced by an increase of £0.4 million in the deficit in the staff pension fund, the Cambridge Colleges' Federated Pension Scheme ("CCFPS"), despite an enhanced contribution rate.

Free reserves, as reported in the accounts, rose by £2.3 million (38.3%) from £6.1 million to £8.4 million; however, this increase was due to the method of accounting for the buildings under construction and includes £4.2 million relating to the Howard Theatre donation which will reduce as the building of the Theatre progresses. The amount that the College is able to spend is £4.2 million, a reduction of £1.9 million from last year's free reserves. The College received a grant of £0.1 million from The Colleges Fund.

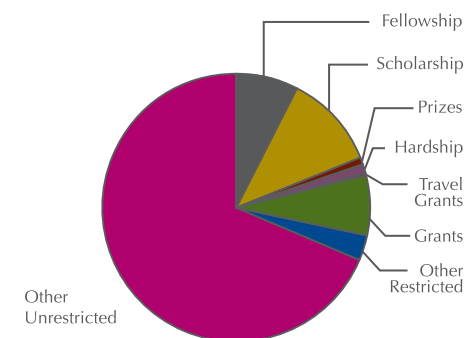
## Investments

For the twelve-month period ending 30 June 2008, both elements of the Investment Portfolio suffered losses. The property portfolio, reflecting the microeconomic influences of the Cambridge property market, lost £1.6 million or 12.2%, and the securities portfolio showed the beginning of the effects of the crisis in credit on the world markets, losing 3.3% (£0.6 million) over the year.

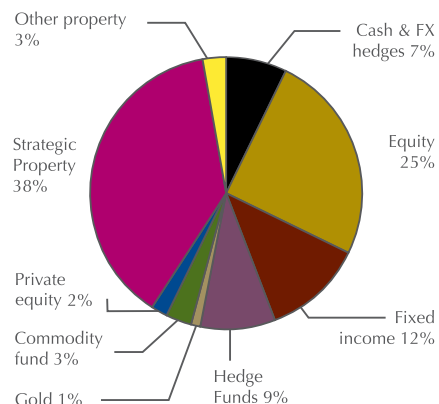
In comparison with the classic UK charity endowment portfolio (70% UK equities/30% UK gilts), the securities portfolio had held up well, outperforming it for eight out of twelve months, which resulted in a 3.8% benefit for the year (3.4% measured against the bespoke benchmark). This relative outperformance justified the sacrifice of return during the bull market of 2005-07 and demonstrated the value of a portfolio with a strategic asset allocation consisting of non-correlated assets. A portfolio with lower volatility offers some protection in a downturn and limits losses in the event that there are capital calls at a low point. If a drawdown occurs at a time of low valuation, then there is limited opportunity to restore value when markets pick up. The tactical allocation to commodities and gold contributed to return: since inception of the portfolio in June 2004, the investment in gold has contributed £0.5 million, 10.8% of the overall £5 million appreciation in value; the holding in agricultural commodities has added 5.2%.

The recent near collapse of financial markets, however, appeared to affect all asset classes negatively resulting in assets with long historical trends of low correlation to each other moving in tandem. Assets within the portfolio that had been expected to counterbalance a severe downturn in equity markets were themselves affected: on 27 October 2008, a low-point in October trading for global equity markets, the bond portion of the portfolio, which consists mostly of directly-held segregated government, supranational, and agency bonds as well as two bond funds (one holding corporate bonds and the other selected for total return), experienced substantial losses due to the widening of credit spreads, some defaults on formerly investment grade issues, and a conservative valuation policy reflecting true market bid prices. Further, the two hedge fund portfolios, which had consistently contributed to the stability of return since inception, fell victim to the turmoil in financial markets. The overall effect of redemptions by panicked investors, bans on short selling in certain jurisdictions, and losses resulting from holdings in prime brokerage accounts at Lehman Brothers were mitigated through the broad range of holdings: the AIP fund, in which the College holds £0.6 million, invests in some twenty-seven funds (24.6% in relative value strategies; 34% in event driven strategies, and 37.9% in directional strategies).

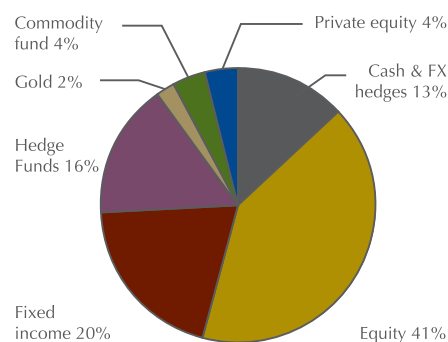
### ENDOWMENT RESERVES



### ASSET ALLOCATION AT 30 JUNE 2008 (Inc. property)



### ASSET ALLOCATION AT 30 JUNE 2008 (Exc. property)



The Global Diversified Strategies Fund, in which the College invests £2.0 million has thirty-seven different funds spread across relative value strategies (26.6%); event driven strategy (24.1%); equity hedged strategies (21.1%); global macroeconomic strategies (20.6%); and managed futures (7.6%). Performance data for hedge funds are typically available a month in arrears; however, all data at 30 June 2007 and 2008 have been restated to reflect actual results. The College's small allocation to private equity within the Morgan Stanley portfolio is stated at cost. Because of the vintage of these two private equity funds, both managed by AIP, investments are thought to have missed the wild valuations of 2006 and 2007.

Inevitably with a policy allocation to equities of between 40% and 55%, the securities portfolio is principally affected by pricing in the world equity markets. For most of the financial year ending 2008, the holding was neutral to underweight (the maximum underweight being 20% relative to the benchmark). Between the most recent peak (on 27 October 2007) when the MSCI World Index reached 2738) and the most recent trough within the financial year (17 March 2008), the MSCI fell 20.7%. The portfolio's loss, however, was limited to 11.4%. Since year end, the MSCI fall from peak to trough (27 October 2007 to 27 October 2008) was 46.5%. The portfolio's value on 27 October 2008 was some 34.8% lower than on 27 October 2007, reflecting the extent to which financial assets and equities that usually perform differently were each affected by the crises in the financial markets and the real economy. In the first four months of financial year 2009, however, the fund managers have gradually increased the weighting to equities in anticipation of a bear market rally. It remains to be seen whether or not this strategy succeeds.

The objective of the investment strategy is to achieve over a five-year period a real rate of return of 4.5% with inflation measured by HEPPI. As the HEPPI index is now only published once a year in July, which no longer coincides with the College's year-end, RPIX offers a more useful measure. Returns have been well in excess of inflation from inception until March 2008, since when the real value of the portfolio has eroded significantly, with the rate of increase in inflation compounding the dramatic fall in market valuations. Until the world equity markets return to a more normal cyclical pattern, only interest and dividends received from holdings will be remitted and cash needs will be met from cash deposits. For the next two years, the drawdown from the securities element of the endowment will be a matter of accounting rather than cash.

Following a review of the College's holdings on Regent Street, each property has been classified as either an investment property or a property held for conversion into student accommodation. The total return from the property portfolio is now included within the Spending Rule. As a property is transferred from investment to operational use, its capital value will be shown in operational assets and depreciated and the rent received included within that from student accommodation. The capital value of the combined portfolios has fallen from £32.2 million to £29.2 million, some 9.5%. This fall will affect the Spending Rule; whereas the cash flow from rental income, despite some voids and defaults, remained substantially flat at £0.8 million. A significant number of rent reviews were completed during the year, with increases of 10% to 21% being achieved. Nevertheless, because of voids, the forecast rental income for next year is £0.8 million.

If a downturn in the real economy follows the crisis in financial markets, further losses must be anticipated. Because of the Spending Rule, and the proportion of spending based on last year's income, the effect of these losses on the College's results will be smoothed. The College's strategy is to lessen its dependence on its endowment to compensate for operating losses by building its commercial business, which because of investment in new and upgraded facilities should increase in profitability and compensate for the poor returns from the current bear market.

## COMPOSITION OF INVESTMENT PORTFOLIO

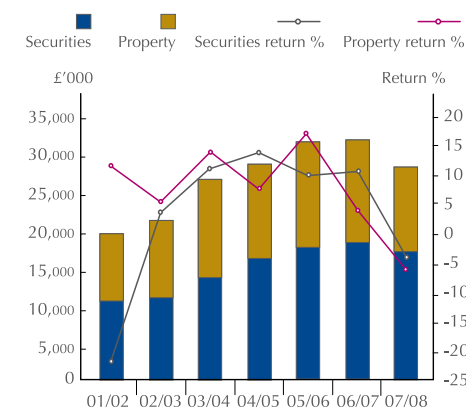
	30 June 2008	31 July 2007	31 July 2006
	£	£	£
<b>1. Securities</b>			
Core Portfolio Morgan Stanley*			
Cash	2,073,347	1,433,274	1,102,363
Forward Foreign Exchange Hedges	107,289	370,276	415,311
UK Equities	427,372	95,884	851,101
Overseas Equities	6,725,178	9,342,513	8,014,604
Fixed Income	3,562,221	2,405,949	3,886,324
Hedge Funds	2,748,169	3,390,028	2,676,690
Private Equity	528,474	431,729	289,531
Commodity Fund	752,648	356,981	—
Gold	359,813	676,911	867,631
Total Morgan Stanley	17,284,511	18,503,545	18,103,555
Private Equity**	139,168	154,828	121,858
TOTAL SECURITIES	17,423,679	18,658,373	18,225,413
<b>2. Property</b>			
Office	8,473,160	9,766,412	10,133,912
Retail	3,266,100	3,603,600	3,562,000
TOTAL PROPERTY	11,739,260	***13,370,012	13,695,912
TOTAL PORTFOLIO	£29,162,939	£32,028,385	£31,921,325

## Cash Flow

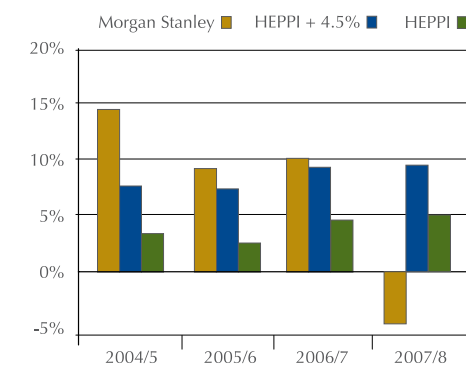
The College's operations (net cash outflow from operating activities) continued to absorb rather than generate cash, principally due to a reduction in donations and benefactions received during the year and income not increasing at the same rate as the inflation of the cost base of 5%. The net effect was an increase in cash used in operations (including interest payments) of £0.4 million to £1.4 million prior to capital transactions, a burden that the endowment cannot support over the long-term. The contribution from the endowment to operations dropped from £2.4 million to £2.2 million, reflecting an additional drawdown from the securities portfolio in the prior year, leaving a £1 million contribution from operating activities to capital projects. It is the College's strategy in the medium-term to expand its conference services business to a level at which its profits cannot only support its educational activities but also underwrite the capital programme.

With the exception of the refurbishment of 50 Lensfield Road and 76 Regent Street, this year's capital works were substantially paid for by generous donations. Of the £1.2 million pledged in support of the Hall project, 20% will be paid over the next six years, which means that the College will underwrite a further £0.2 million in addition to funding £0.3 million of the project. Although pledges to the Dining Hall will continue to be fulfilled after the work is complete, the donation for the building of the Howard Theatre was received in advance of the work, resulting in positive cash flow. The conversion of 76 Regent Street was funded by the sale of 55 Warkworth Terrace, in a further move to bring graduate accommodation within the perimeters of the College.

## ENDOWMENT & TOTAL RETURN



## MORGAN STANLEY RETURNS vs. HEPPI

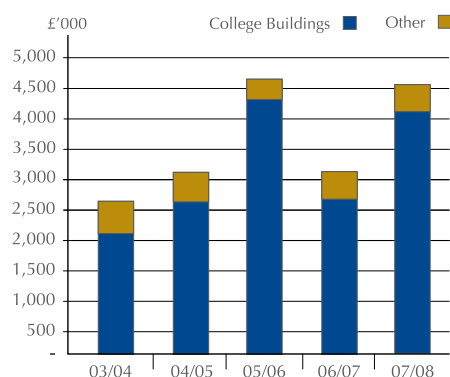


\* Includes donated cash and shares of nil (2007-08), £250,000 (2006-07), and nil (2005-06).

\*\* Includes a donated share in a new venture, held at nil value.

\*\*\* This excludes the residential properties: 25 Parkside, 96A Regent Street, 76 Regent Street and 65 Devonshire Road. These have a combined value of £3,355,000 but are treated as College property in the accounts. Because the costs of a formal valuation would outweigh the likely benefits, the values given are provided by Carter Jonas on the basis of an informal assessment.

## CAPITAL EXPENDITURE



In order to be in a position fully to implement this plan, in March 2008 the College secured a further £3.5 million in financing by paying back its revolving credit and taking advantage of historically low 40 year rates, to borrow £5.5 million at 4.94%. The contribution of the cash flow from donations held in reserve for the future funding of the Howard Theatre in addition to the unused proceeds of the loan resulted in a total net cash inflow of £7 million.

## Investment for the Future

The overriding aim of the College is to invest in future generations of students and Fellows so that they may benefit from the same advantages that are enjoyed today and that are the product of the generosity of past generations. To ensure that this is possible, the College must invest in its buildings, infrastructure, and staff. This year, the College redesigned its staff salary structure at a cost in order to assure that in responding to market pressures for new positions and staff the existing scale remained fair.

In addition to the work so generously funded by old members, the College continued its programme of investing in larger kitchens for student accommodation in line with the requirements of the Housing Act 2004. During 2006-07, fire protection work to the last of the partly-owned houses on Lensfield Road (No. 50) was completed as was the conversion from offices of 76 Regent Street. In the summer of 2008, the first full refurbishment of Howard Court (built in 1994) was completed, which again updated the kitchens for the 32 students according to the recommendations of the Environmental Health Officer, repaired services, and replaced the original pod showers with bath/showers. With generous funding from the Howard Foundation, external repairs to the original gutters and downpipes, the installation of a lightning protection system, and external painting were all included. By refurbishing Howard Court during the building of the Theatre, the impact on the College and on the conference services business was contained. Although business and financial risk is increased by multiple building projects, it was thought that the risk should be borne in order to minimise the impact on students.

## TEN YEAR CAPITAL PROGRAMME

### At 1 October 2008

Current rooms refurbished or acquired in last ten years (1999 – 2008): 374 (74%)  
Total Student Rooms: 504

### Restoration and Major Refurbishment

Year	Building	Number of Student Rooms if Applicable
1999	L Staircase	24
	20 Lensfield Road	9
	22 Lensfield Road	9
2000	25 Parkside	13
	55 Warkworth Terrace	6
2001	K Staircase	25
	G Staircase	
	H Staircase	10
	36 Lensfield Road	9
	38 Lensfield Road	9
2002	I Staircase	23
	34 Lensfield Road (3 flats)	
	Kenny A	25
2003	Kenny B	26
2004	N Staircase	18
	24 Lensfield Road	16
2005	28 Lensfield Road	8
	West Range Phase	1
2006	54 Lensfield Road	7
	West Range Phase	3
2007	50 Lensfield Road	7
	Hall	
	U Staircase	
2008	Howard Court	32
<b>Total</b>		<b>276</b>

### New and Acquired Buildings, Land, and Leases

Year	Location	Number of Student Rooms if Applicable
1999	25 Parkside	13
2000	114 Tenison Road	(5)
	Singer Building	28
	55 Warkworth Terrace	(6)
	1-3 Gonville Place	24
2001	The Boathouse (+ en-suite rooms)	6
2002	Barton Road 19.8 Acres	
	Trinity New Sports Ground	
2003	New Pavilion	
	91 Mawson Road	(5)
2004	65 (a-d) Devonshire Road (Collins Court)	20
2005	96a Regent Street (flats)	3
2006	76 Regent Street	4
<b>Total (excluding resold houses)</b>		<b>82</b>

### Sale of Operational Property and Termination of Leases

Year	Property	Number of Student Rooms if Applicable
2000	Lockkeeper's Cottage	5
2002	Long Road Sports Ground	
2004	114 Tenison Road	5
2005	91 Mawson Road	5
2007	55 Warkworth Terrace (Sale Agreed)	7
<b>Total</b>		<b>22</b>

## Financial Outlook

The College's financial strategic plan centres on two activities, conference services and development: for the last three years and for the next year, the commercial business has been and will be severely compromised by the absence of facilities first during work to the kitchens and administrative offices, then to the Hall, and finally to the Howard Theatre. While the funding for most of the work to the Hall and for the Howard Theatre in its entirety has been provided through generous donations of members, the College's endowment (measured net of borrowings) has been strained by the need to support operations in the absence of commercial profits. In addition, the College has also undertaken an extensive programme of refurbishment and compliance works to its student accommodation and facilities. Rather than drawdown from the endowment to fund the deficiency in operating cash flow and miss out on returns in excess of borrowing rates, the College decided to borrow £2 million as a short-term working capital line, which was then repaid from the proceeds of a £5.5 million forty-year loan. As the loan was in substitution of the use of endowment, the decision was taken to adjust the Spending Rule to cover interest payments.

In taking out the forty-year loan, the College was able to take advantage of a low borrowing rate of 4.94%, paying down debt, and temporarily putting the balance on deposit at rates in excess of interest payments prior to drawing down to fund two major conversions of office space into student accommodation. The reduction in the value of the securities portfolio of 29% from the most recent high to the most recent low will not compromise liquidity in the short-term, although it will impact the Spending Rule, which will in turn affect income, operations, and results. Inevitably, it will also inhibit further expansion of teaching activities (if dependent on general funds); extension of the capital programme beyond improvements relating to safety; or new initiatives that are not directed at profit generation.

The next two years will be difficult, but at the end of this period, the College hopes to exceed the levels of profit from Conference Services achieved in 2004-05, the value of the endowment may have been partly restored, the converted accommodation may mean that expensive leases can be terminated and valuable external properties can be sold, and the endowment campaign will be in full flow.

## Plans for the Future

The current financial crisis and the forecast serious recession will inevitably result in a reassessment of plans and an even greater focus on cost control. In undertaking the West Range Project, the College accepted the devastating impact on commercial business in the knowledge that at the end of the Project there would be facilities that would provide both enjoyment and a source of income. The restored Hall, which will have its official opening on 14 February 2009 and the new Howard Theatre, which will be completed approximately one year later, will form the cornerstone of an expanded conference business. The quality of the Hall, Theatre, and accommodation will ensure that the College continues to be used as a venue for major academic and corporate conferences.

The financial rewards of hosting such events help compensate for the shortfall in rents caused by the part-time occupation of buildings by students but are no substitute for an adequate capital structure. The endowment must be sufficient to meet the extra costs of operating within heritage buildings as it is unrealistic to expect fee income to cover these costs in a competitive environment. Yet, the endowment campaign, "Catalysis", is aimed not only at providing financial stability but also at providing funding for new initiatives in teaching and learning, research and discovery, heritage and environment, support and services, and culture and community.

The College continues to believe that the small size of its fellowship (which it targets at 50) contributes to its distinctive qualities. The model size of 50 fellows, 420 undergraduates, and 180 graduates creates a community that remains knowable. Strenuous efforts, nevertheless, are made to welcome members of the University without Colleges through the bye-fellow and post-doctoral affiliation programmes. The College is conscious of its obligations to the wider community and actively engages in the public benefit programme.

On behalf of the Governing Body:



Prof B J Everitt, Master



Dr Susan Lintott, Bursar

Date 17 December 2008

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS

Financial Year End:	2008	2007	2006	2005	2004
<b>1. Education</b>					
Tompkins Tables *	12	3	11	15	17
Undergraduate classification of degrees					
1st	89	96	78	64	70
2:1	194	213	194	201	208
2	34	30	25	36	25
2:2	51	52	73	68	72
3	10	9	9	8	11
Nos. of Special Prizes <sup>11</sup>	20	13	16	12	12
Graduate degrees awarded:					
PhD (including MB PhD)	32	39	42	42	32
MPhil, LLM, MBA et al	37	45	32	41	20
MB BChir [*CLIN Medics Graduating as a group in Nov 08]	1*	12	9	5	7
Numbers visiting Open Days	1041	731	445	445	588
% subsequently applying to Downing (in October following)	23%	20%	19.6%	55%	29%
Applicants from South-West initiative (October following)	32	40	22	34	43
Total Number of Applicants for Undergraduate Courses including Open Applications (in October following)	653	544	709	763	697
Offers by other Colleges	(0)	36	32	37	
All Admissions (Including Summer Pool)	46	122	124	121	126
% Women: % Men		48:52	49:51	50:50	50:50
Applicants from Maintained Schools	47:53	350	387	57%	52%
Acceptances from Maintained Schools		52	53	60%	57%
Applications by subject (University rankings in brackets)					
ASN&C	1	1	3	1(-)	0(-)
Archaeology & Anthropology	3	5	8	10(3=)	9(4=)
Architecture	20	24	26	21(5)	26(3)
Classics	6	8	9	20(1)	2 (16=)

\* The table ranks the results of the undergraduates in 24 of the Colleges, expressing the results as a % of the score that would be achieved if everyone were to get a First. Five points are awarded for a First, three for a 2:1, two for a 2:2, and one for a Third.

<sup>11</sup>Special Prizes are awarded to those in the top 2.5% of their University Class List.

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2008	2007	2006	2005	2004
<b>1. Education continued</b>					
Computer Science	4	3	2	7 (15)	3 (20)
Economics	49	49	30	49 (7)	35 (10=)
Engineering	67	55	73	99 (1)	68 (5)
English	31	30	19	33 (=15)	21 (19=)
Geography	42	18	43	32 (3)	29 (5=)
History	25	15	29	35 (8)	29 (18)
History of Art	2	2	7	9 (2=)	7 (3)
Land Economy	17	9	9	19 (1=)	11 (3=)
Law	82	75	117	116 (1)	115 (1)
Mathematics	33	21	31	25 (16)	32 (13)
Medicine	92	71	105	83 (3)	83 (2)
Modern & Medieval Languages	14	19	30	18 (14=)	27 (12)
Music	3	2	1	0 (-)	3 (20)
Natural Sciences (Bio)	63	90	126	109 (6=)	107 (6)
Natural Sciences (Phys)	67				
Oriental Studies	3	3	1	7 (9)	4 (11)
Philosophy	3	6	5	11 (10=)	10 (12)
Social and Political Sciences	18	19	21	35 (4=)	37 (2=)
Theology	1	2	1	7 (4=)	3 (16=)
Veterinary Medicine	7	11	6	6 (23=)	8 (15=)
Total University Full-Time Undergraduates <sup>12</sup>	11,826	11,824	11,903	11,979	11,964
% Female: % Male	49:51	49:51	50:50	49:51	49:51
Total Full-Time Downing Undergraduates	439	440	438	448	401
% Female: % Male	47:53	48:52	47:53	44:56	43:57
Numbers of Undergraduates "Dropping-Out"		2	3	3	2

<sup>12</sup>Table 4, Cambridge University Reporter, Special No. 4, 9 October 2008

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2008	2007	2006	2005	2004
<b>1. Education continued</b>					
Total University Full-Time Postgraduates <sup>13</sup>	5,836	6,001	5,346	5,499	5,395
% Female: % Male	46:54	45:55	42:58	45:55	45:55
Total Downing Full-Time Postgraduates <sup>14</sup>	180	183	179	165	203
% Female: % Male	32:68	38:62	42:58	44:56	46:54
Total University not Full-Time Postgraduates <sup>15</sup>	2,658	2,551	2,832	2,560	2,364
% Female: % Male	54:46	57:43	61:39	53:47	52:48
Total Downing not Full-Time Postgraduates	52	38	39	65	51
% Female: % Male	46:54	47:53	36:64	43:57	33:67
Total University numbers entering course for the first time <sup>16</sup> which attract undergraduate fees	3,906	3,829	3,937	3,911	3,948
% Female: % Male	48:52	49:51	48:52	50:50	49:51
Downing numbers entering courses for the first time which attract undergraduate fees <sup>17</sup>	144	131	142	149	141
% Female: % Male	47:53	47:53	47:53	50:50	47:53
Total University numbers entering full-time postgraduate courses for the first time <sup>18</sup>	3,037	3,003	3,168	3,115	2,995
% Female: % Male	49:51	49:51	50:50	51:49	50:50
Downing numbers entering full-time postgraduate courses for the first time <sup>19</sup>	82	81	73	64	94
% Female: % Male	30:70	38:62	38:62	41:59	51:49
<b>Financial Support for Students: Number of Students Receiving Grants</b>					
Isaac Newton Grants	57	66	55	59	52
Cambridge Commonwealth Trust	6	5	3	8	12
Cambridge European Trust	7	7	—	—	—
Cambridge Overseas Trust	13	5	16	20	29
Gates Cambridge Trust	7	7	3	4	4

<sup>13</sup>Table 11

<sup>14</sup>Table 12

<sup>15</sup>Table 12

<sup>16</sup>Table 13

<sup>17</sup>Table 13

<sup>18</sup>Table 10

<sup>19</sup>Table 13

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2008	2007	2006	2005	2004
<b>2. Accommodation</b>					
Average Rent Undergraduate Study Bedroom	£84.21	£80.06	£75.61	£71.69	£67.45
Average Rent Graduate Study Bedroom	£91.13	£85.44	£81.83	£77.85	£72.35
Undergraduates Housed in College Accommodation	385	389	388	401	403
Graduates Housed in College Accommodation	109	103	103	92	94
Total Students in College Accommodation	494	492	491	493	497
<b>3. Student Catering Income</b>					
Lunch	£60,944	£48,795	£26,921	£36,121	£26,056
Dinner	£84,388	£76,206	£54,764	£63,020	£53,043
Café	£63,090	£58,301	£50,240	£62,890	£58,682
<b>4. Conference &amp; Functions</b>					
Conference & Function Income	£1,271,939	£1,329,437	£1,295,171	£1,360,581	£1,226,693
Total Bed nights	13,694	13,375	13,016	13,607	12,990
Bed nights: Academic Conferences	2,465	2,441	1,565	5,007	3,648
Bed nights: Corporate Conferences	4,033	4,862	3,505	2,606	3,280
Bed nights: Summer Schools	7,045	5,711	6,352	5,994	6,062
Capacity Utilisation Total Conference Rooms	47%	47%	41%	55%	53%
En-suite Rooms	29.7%	32.1%	22.3%	39.2%	36.9%
Average Price Achieved per Room Used	43.64	40.14	38.20	40.13	32.98
<b>5. Development and Fundraising</b>					
Development Campaign Funds Raised (including funds raised by the Boathouse Centenary Trust)	£7,072,236	£1,721,148	£644,581	£1,103,773	£1,806,187
Living donors as a % of members in contact	41.8%	42%	44%	38.5%	38.2%
Participation Rate this Financial Year of Living Members in Contact	15%	16%	12%	10.2%	12.8%
Direct Fundraising Costs:					
Donations Raised excluding Legacies	1:1.93	1:4.92	1:2.17	1:1.63	1: 4.5
Donations Raised including Legacies	1:1.93	1:5.32	1:2.58	1:4.7	1: 7.5
Donations Raised including Legacies (5 year average)	1:4.34	1:6.51	1:8.1	1:8.3	1:8.5

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

	2008	2007	2006	2005	2004
<b>6. Financial Measurements</b>					
% Deficit/Turnover	(4.32%)	(5.79%)	(0.64%)	(0.44%)	(0.37%)
% Deficit/Free Reserves	(7.93%)	(7.1%)	(0.79%)	(0.40%)	(0.28%)
Staff costs as a % of Turnover	46.8%	48.2%	47.1%	48.3%	47.7%
£ per sq.metre cost of upkeep of Buildings	£184.41	£179.35	£162.29	£156.23	£146.7
Charitable Funds Invested (including Works of Art, etc.)	£33,006,125	£35,543,000	£35,614,00	£32,055,000	£29,886,000
Endowment Drawdown	£1,687,793	£1,678,563	£1,576,001	—	—
Endowment Drawdown as % Income	21.7%	21.8%	21.5%	—	—
Performance of Core Securities Portfolio (net of fees)	-3.32%	9.91%	9.77%	13.33%	12.78%
Annual Three-year Cumulative	5.65%	12.26%	13.65%	9.38%	(4.06%)
Annual Five-year Cumulative	10.28%	11.57%	2.71%	4.9%	(4.3%)
Capital Value per Unit	£25.36	£27.16	£26.35	£24.99	£23.39
Income Value	£841,592	£771,393	£709,596	£639,939	£522,659
Inflation Measurements					
RPIX	4.8%	2.7%	3.1%	2.4%	2.2%
HEPPI	8.8%	4.5%	2.8%	3.3%	4.03%
Tender Price Inflation (October 2007 – October 2008)	5.5%	—	—	—	—
Pension Fund Assets (CCFPS) at Triennial Valuation	—	—	—	£2,193,741	—
Past Service Funding Level Deficit	—	—	—	(£397,843)	—
Funding Level %	—	—	—	85%	—
Past Service MFR Deficit	—	—	—	(-£11,044)	—
MFR Funding %	—	—	—	99%	—
MFR Funding %	—	—	99%	—	—

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2008	2007	2006	2005	2004
<b>7. Staff</b>					
Fellowship	50	49	47	43	41
University Principal Employer	42	40	37	35	32
Professors	13	11	10	9	9
Readers	3	6	7	7	7
Senior Lecturers	7	5	5	3	4
Lecturers	11	10	7	9	7
Other	8	8	8	7	5
College Teaching Officers	4	5	6	4	5
Research Fellowships	—	—	—	—	—
Stipendiary	2	2	2	3	3
Non-stipendiary	1	1	1	—	—
Administrative	1	1	1	1	1
Female	16	15	14	9	8
Male	34	34	33	34	33
Resident	7	9	9	9	9
Non-Resident	43	37	37	36	32
Support Staff Headcount	136	135	129	130	137
Female	82	85	74	73	79
Male	54	50	55	57	58
Turnover	—	—	—	—	—
Retirements	3	3	6	3	2
Resignations	17	19	22	32	18
Deceased	—	1	—	—	—
Dismissal/Redundancy	3	6	—	—	—
Days Sickness	1095	917	1,479	—	—
Reports under RIDDOR	3	4	8	4	9
Members in the USS Pension Scheme	59	49	45	45	36
Members in the CCFPS Pension Scheme	42	43	45	46	56

## COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2008	2007	2006	2005	2004
<b>7. Staff continued</b>					
At the Triennial Actuarial Valuation 31 March 2008					
Pensioners	23	—	—	14	—
Male	9	—	—	6	—
Female	14	—	—	8	—
Deferred	29	—	—	25	—
Male	15	—	—	13	—
Female	14	—	—	12	—
Active Members	42	—	—	57	—
Average Age	—	—	—	48	—
Male	21	—	—	28	—
Average Age	—	—	—	47.9	—
Female	21	—	—	29	—
Average Age	—	—	—	48.2	—
Members of Previous College Staff Scheme	8	8	9	9	11
<b>8. Other</b>					
Colleges Environmental League Table	4	3	—	4	—
Water Use	£68,100	£62,177	£56,077	£53,249	£50,007
Gas Use	£114,138	£152,196	£175,989	£101,743	£76,504
Electricity Use	£153,802	£136,440	£77,319	£106,525	£66,715

# Financial Statements



## RESPONSIBILITIES OF THE GOVERNING BODY

In accordance with the College's Statutes, the Governing Body is responsible for the administration and management of the College's affairs.

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

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

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

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

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

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

The Governing Body is 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.

## INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF DOWNING COLLEGE

We have audited the financial statements 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. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF THE GOVERNING BODY AND AUDITORS

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governing Body.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College is not disclosed.

We are not required to consider whether the statement in the Annual Report concerning the major risks to which the College is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the College's risk management and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

## BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

## OPINIONS

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 30 June 2008 and of the deficit of the College for the year then ended; and
- have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

In our opinion the contribution due from the College to the University has been correctly computed in accordance with the provisions of Statute G, II of the University of Cambridge.



PETERS ELWORTHY & MOORE

Chartered Accountants and Registered Auditor

CAMBRIDGE

18 December 2008

## 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 for accounting in Further and Higher Education (the SORP) with the exception of the Balance Sheet, which has been presented in the different format set out in the relevant section of Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Deferred Grants, and Revaluation Reserves to be disclosed on the face of the Balance Sheet whereas RCCA requires part of this information to be disclosed in the notes to the accounts.

## BASIS OF ACCOUNTING

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

## BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2008. The results of subsidiary undertakings acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. The activities of student societies have not been consolidated.

A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary companies are a design and build company and a conference trading company and therefore the balance sheet would not be materially different from the one included in the accounts

## RECOGNITION OF INCOME

The College invests its endowment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. The endowment spending policy is specifically designed to stabilise annual spending levels and to preserve the real value of the endowment portfolio over time. The spending policy attempts to achieve these two objectives by using a long-term targeted spending rate combined with a smoothing rule, which adjusts spending gradually to changes in the endowment market value. The actual rate of spending for 2008 when measured against the previous year's market value was 4.9%.

Unrestricted donations and benefactions of an income nature are credited to the Income and Expenditure Account in the year of receipt.

Benefactions and donations accepted on condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from the permanent capital fund is shown as income in the year that it is receivable. Income from a permanent capital fund that is not expended in the year in which it is receivable is transferred at the year end from the Income and Expenditure Account to a restricted or unrestricted expendable capital fund as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the Income and Expenditure Account, after the operating surplus, from the restricted expendable capital fund to match the expenditure.

## PENSION SCHEMES

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are accounted for over the period during which the College benefits from the employees' services.

The College also contributes to the Cambridge Colleges Federated Pension Scheme, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

## TANGIBLE FIXED ASSETS

### a) Freehold Land and Buildings

Buildings are stated at valuation, the aggregate surplus or deficit is transferred to a revaluation reserve included within Income/Expendable Unrestricted Designated Reserves.

Existing land is not capitalised unless it is held for investment purposes. Purchased land is capitalised in the balance sheet.

Where buildings have been revalued, they are valued on the basis of their depreciated replacement cost. The valuation in August 2006 was carried out by Gerald Eve, Chartered Surveyors. Freehold buildings are depreciated on a straight line basis over their expected useful economic lives of 100, 50, or 20 years.

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 over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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. A full review was carried out in 2007.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30th June and are depreciated when brought into use.

### b) Maintenance of premises

The cost of major refurbishment and maintenance that restores value is capitalised and depreciated over the expected useful economic life of the asset concerned. The College also sets aside sums periodically to meet future maintenance costs, these being disclosed as designated reserves.

### c) Furniture, fittings and equipment

Furniture, fittings, and equipment are capitalised and depreciated over their expected useful life as follows:

Catering equipment	5 years
Furniture and equipment	10 years
Information Technology	3 years
Library books	15 years

## 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) Works of Art

Works of art and silver are included at their market value as assessed by Sotheby's on 9th April 2002 and this valuation has been reviewed as at 31 July 2007 and is considered to still be accurate.

### c) Estate Properties

Investment properties are included at valuation and the aggregate surplus or deficit is transferred to a revaluation reserve included within Permanent Unrestricted Undesignated Reserves. A formal valuation was carried out by Carter Jonas, Property Consultants, at 30 June 2008.

## 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.

## RESTRICTED RESERVES

### a) Trust Funds

Donations received by the College that have a legally binding restriction to set up a trust fund for a specific purpose.

### b) Donations & Benefactions

Donations and benefactions received by the College that have some restriction placed on them.

### c) Deferred Capital Funds

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

## DESIGNATED RESERVES

### a) Special Funds

Special funds represent an amalgamation of designated funds, the income of which the Governing Body has decided to use for a particular purpose. These include a fixed asset fund which has been set up to assist in identifying those funds that are not free funds. Each year a transfer is made to/from this fund so the fund balance represents the net book value of tangible fixed assets.

## UNDESIGNATED RESERVES

These include all other donations and income reserves.

## TAXATION

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

## 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 received grants of £111,900 (2007: £38,000) which is credited to permanent capital.

# Principal Accounting Statements



## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	2008 £000	Total 2007 £000 (as restated)
<b>Income</b>			
Academic Fees (inc. Research/Teaching Grants)	1	1,932	1,867
Residences, Catering and Conferences	2	3,405	3,336
Endowment Income	3	2,364	2,211
Other Income		73	19
Total Income		7,774	7,413
<b>Expenditure</b>			
Education	4	3,246	2,999
Residences, Catering and Conferences	5	4,719	4,643
Other		140	101
Total Expenditure		8,105	7,743
Profit on disposal of fixed assets		303	—
<b>Operating Deficit</b>		(28)	(330)
Contribution under Statute G,II	6	—	—
		(28)	(330)
Transfer to/(from) Accumulated Income within Restricted Expendable Capital – (Unspent income from Restricted Funds and Donations)		(308)	(166)
Deficit for the year		(336)	(496)

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Restricted Funds		Unrestricted Funds		Total 2008 £000	Total 2007 £000 (as restated)
	Collegiate Purposes £000	Non-Collegiate Purposes £000	Designated Funds £000	Undesignated Funds £000		
Capital & Reserves Balance Brought Forward at 1 July 2007	18,874	—	85,832	19,851	124,557	122,769
Retained Surplus/(Deficit) for the Year	—	—	85	(421)	(336)	(496)
Total Return not recognized in the Income and Expenditure Account (Note 3b)	(749)	—	(182)	(2,133)	(3,064)	725
Colleges Fund Grant	—	—	—	111	111	38
Unspent Trust or Other Restricted Fund Income and Donations Retained by Funds	309	—	—	—	309	166
Benefactions and Donations	6,717	—	—	129	6,846	1,333
Deferred capital fund released in year	(82)	—	—	—	(82)	(82)
Transfers	—	—	(3,601)	3,601	—	—
Actuarial (loss)/gain on pension scheme assets and liabilities	—	—	—	(434)	(434)	104
Total Recognised Gains/(Losses) for the Year	6,195	—	(3,698)	853	3,350	1,788
Capital and Reserves balance Carried Forward at 30 June 2008	25,069	—	82,134	20,704	127,907	124,557

## CONSOLIDATED BALANCE SHEET

	Note	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	2008 £000	2007 £000 (as restated)
<b>Fixed assets</b>					
Tangible Assets	9			93,378	90,302
Investment Assets	10			9,714	9,996
				103,092	100,298
<b>Endowment Assets</b>	11			23,451	25,721
<b>Current Assets</b>					
Stock				157	149
Debtors	12			2,316	2,303
Cash	13			8,615	1,622
				11,088	4,074
<b>Creditors: amounts falling due within one year</b>	14			(3,581)	(3,286)
<b>Net Current Assets</b>				7,507	788
<b>Total Assets less current liabilities</b>				134,050	126,807
<b>Creditors amounts falling due after more than one year</b>	15			(5,500)	(2,000)
<b>Net Assets excluding Pension Liability</b>				128,550	124,807
<b>Pension Liability</b>	21			(643)	(250)
<b>Net Assets including Pension Liability</b>				127,907	124,557
<b>Capital and Reserves</b>					
Restricted	16	16,081	8,987	25,068	18,874
Unrestricted – Designated	16	79,978	2,156	82,134	85,832
Unrestricted – Undesignated excluding Pension Liability	16	9,039	12,309	21,348	20,101
Pension Reserve		(643)	—	(643)	(250)
Unrestricted – Undesignated including Pension Liability		8,396	12,309	20,705	19,851
		104,455	23,452	127,907	124,557

These accounts were approved by the Governing Body on 21 November 2008 and are signed on their behalf by:

Prof. Barry Everitt, Master



# CONSOLIDATED CASH FLOW STATEMENT

	2008 £000	Total 2007 £000 (as restated)
<b>Operating Activities</b>		
Operating Deficit Before Tax	(336)	(496)
Depreciation	1,559	1,521
Profit on disposal of fixed assets	(303)	—
Investment Income	(2,069)	(1,727)
Donation Income Expended in Year	(82)	(82)
Interest Payable	146	92
Movement in Pension Deficit	(41)	(31)
(Increase) in Stocks	(7)	(6)
(Increase) in Debtors	(407)	(120)
Increase/(Decrease) in Creditors	250	(91)
Net Cash Outflow from Operating Activities	(1,290)	(940)
<b>Returns on Investments and Servicing of Finance</b>		
Income from Endowments	1,758	2,321
Retained Endowment Income	309	166
Other Interest Received	295	26
Interest payable	(146)	(92)
Net Cash Inflow from Returns on Investments and Servicing of Finance	2,216	2,421
Net Cash Inflow from Operating Activities, Returns on Investments and Servicing of Finance	926	1,481
<b>Capital Expenditure and Financial Investment</b>		
<i>Donations:</i>		
Capital Benefactions Received	6,846	1,333
Capital Grants Received	111	38
	6,957	1,371
<i>Endowment Asset Investments:</i>		
Payments to Acquire	(40)	(283)
Receipts from Sales	—	—
Net Cash Outflow from Endowment Assets Investments	(40)	(283)

## CONSOLIDATED CASH FLOW STATEMENT CONTINUED

	2008 £000	Total 2007 £000 (as restated)
<i>Other Investment Assets:</i>		
Payments to Acquire	(18)	—
Receipt from Sales	—	—
	(18)	—
<i>Operational Tangible Fixed Assets:</i>		
Payments to Acquire	(5,084)	(3,210)
Receipts from Sales	752	—
	(4,332)	(3,210)
Net Cash Inflow/(Outflow) from Investing Activities	2,567	(2,122)
Net Cash Inflow/(Outflow) before Financing	3,493	(640)
<b>Financing</b>		
Bank Loan Received	3,500	2,000
Net Cash Inflow from Financing	3,500	2,000
Increase in Cash in Year	6,993	1,360
<b>Reconciliation of Net Cash Flow to movement in Net Liquid Assets</b>		
Increase in Cash in the Year	6,993	1,360
Cash Inflow from New Loans	(3,500)	(2,000)
Movement in Net Funds in the Year	3,493	(640)
Net Funds Brought Forward at 1 July 2007	(378)	262
Net Funds Carried Forward at 30 June 2008	3,115	(378)



# Notes to the Accounts



## NOTES TO THE ACCOUNTS

### 1. Academic Fees and Charges

	2008 £000	Total 2007 £000 (as restated)
College Fees:		
Fee Income paid on behalf of Undergraduates eligible for Student Support (per capita fee £3,471)	1,355	1,341
Other Undergraduate Fee Income (per capita fee £3,889)	131	89
Graduate Fee Income (per capita fee £2,082)	349	332
	<b>1,835</b>	<b>1,762</b>
Research/Teaching Grants	79	72
Other Fees	18	13
	<b>1,932</b>	<b>1,847</b>

### 2. Residences, Catering and Conferences Income

	2008 £000	2007 £000 (as restated)
Residential Accommodation		
College Members	1,627	1,611
Conferences (inc. Meeting Rooms)	720	647
Catering		
College Members	505	425
Conferences	553	653
	<b>3,405</b>	<b>3,336</b>

### 3. Endowment Income

#### 3a. Analysis of Endowment Income

	2008 Income from Restricted Funds		2008 Income from Unrestricted Funds	Total 2008 £000	Total 2007 £000 (as restated)
	Collegiate Purposes £000	Non-Collegiate Purposes £000	£000		
Income from:					
Total return recognised in Income and Expenditure Account (3b)	386	—	1,388	1,774	1,700
Cash	—	—	306	306	52
Donations & Benefactions	56	—	228	284	459
	<b>442</b>	<b>—</b>	<b>1,923</b>	<b>2,364</b>	<b>2,211</b>

## NOTES TO THE ACCOUNTS CONTINUED

### 3b. Summary of Total Return

	2008 Income from Restricted Funds		2008 Income from Unrestricted Funds		Total 2007 £000 (as restated)
	Collegiate Purposes £000	Non-Collegiate Purposes £000	£000	Total 2008 £000	
Income from:					
Land and Buildings	—	—	937	937	872
Quoted and other securities and cash	123	—	138	261	33
Gains/(losses) on Endowment Assets:					
Land and Buildings	—	—	(1,590)	(1,590)	(193)
Quoted and other securities and cash	(462)	—	(366)	(828)	1,507
Investment management costs	(24)	—	(46)	(70)	(94)
Total Return for year	(363)	—	(927)	(1,290)	2,425
Total Return recognised in Income and Expenditure account (see note 3a)	(386)	—	(1,388)	(1,774)	(1,700)
Total Return recognised in Statement of Total Recognised Gains and Losses	(749)	—	(2,315)	(3,064)	725

### 3c. Liability to Contribution under Statute G,II

	2008 £000	Total 2007 £000
Endowment Income liable to contribution	1,037	1,089
Endowment Income not liable to contribution	1,327	1,122
	2,364	2,211

### 3d. Investment Management Costs

	2008 £000	Total 2007 £000
Land and Buildings	18	17
Quoted and other securities and cash	52	77
	70	94

## NOTES TO THE ACCOUNTS CONTINUED

### 4. Education Expenditure

	2008 £000	Total 2007 £000 (as restated)
Teaching	1,869	1,745
Tutorial	445	433
Admissions	349	314
Research	154	120
Scholarships and Awards	189	147
Other Educational Facilities	240	240
Total (Note 8)	3,246	2,999

### 5. Residences, Catering and Conferences Expenditure

		2008 £000	2007 £000 (as restated)
Accommodation	College Members	2,058	2,000
	Conferences (inc. Meeting Rooms)	1,286	1,242
Catering	College Members	767	763
	Conferences	608	638
Total (Note 8)		4,719	4,643

## NOTES TO THE ACCOUNTS CONTINUED

6. Contribution Under Statute G,II	Note	2008 £000	2008 £000	2007 £000	2007 £000
Endowment Income as per Income and Expenditure Account	3		2,364		2,215
Less: Items not Assessable to Contribution:					
Donations and Bequests		(283)		(455)	
Income of Funds not subject to Contribution		(325)		(16)	
Return on Pension Scheme Assets		(11)		(25)	
Shortfall in Dividends Received		(708)		(622)	
Deductions from External Revenue		(608)		(580)	
			(1,935)		(1,698)
Assessable Income	20a		429		517
Less: Deductible Items	20b		(574)		(557)
			(145)		(40)
Deductible Items brought forward from Previous Years			—		—
Net Assessable Income			(145)		(40)
Assessment:					—
Excess of Deductible Items Brought Forward			40		—
Losses that can no longer be utilised			—		—
Less: Loss Unutilised in Year			145		40
Excess of Deductible items carried forward			185		40

## NOTES TO THE ACCOUNTS CONTINUED

### 7. Staff

	Other				
	College Fellows 2008 £000	Academics 2008 £000	Non-Academics 2008 £000	Total 2008 £000	Total 2007 £000 (as restated)
Emoluments (inc. non-staff)	798	—	2,408	3,206	3,017
Social Security Costs	44	—	160	204	200
Other Pension Costs	68	—	295	363	368
	910	—	2,863	3,773	3,585
Emoluments of the Head of House				30	29
Average Staff Numbers (Full-Time Equivalents)					
Academics	47	—	—	47	45
Non-Academic	1	—	114	115	111
	48	—	114	162	156
Number of employees whose emoluments for the year were £70,000 or more are shown in the following bands.					
£70,000 - £79,000				1	1

Of the 48 Fellows disclosed above, 38 are stipendiary.

### 8. Analysis of Expenditure

#### a) Analysis of 2008 Expenditure by Activity

	Staff Costs (Note 7) £000	Other Operating Expenses £000	Depreciation £000	Total 2008 £000
Education (Note 4)	1,590	1,327	329	3,246
Residences, Catering and Conferences (Note 5)	2,121	1,361	1,237	4,719
Other	61	77	2	140
	3,772	2,765	1,568	8,105

The above expenditure includes £292,258 (2007: £283,562) as direct fundraising costs.  
This expenditure includes the costs of alumni relations.

## NOTES TO THE ACCOUNTS CONTINUED

### *b) Analysis of 2007 Expenditure by Activity(as restated)*

	Staff Costs (Note 7) £000	Other Operating Expenses £000	Depreciation £000	Total 2007 £000
Education (Note 4)	1,485	1,213	301	2,999
Residences, Catering and Conferences (Note 5)	2,043	1,382	1,218	4,643
Other	57	43	1	101
	<b>3,585</b>	<b>2,638</b>	<b>1,520</b>	<b>7,743</b>

### *c) The deficit for the year is stated after charging:*

	2008 £000	2007 £000
Auditors' remuneration:		
– as auditors	25	14
– for other services	10	3
Depreciation of owned fixed assets	1,568	1,520
Operating lease costs:		
– Land and buildings	70	67

## NOTES TO THE ACCOUNTS CONTINUED

**9. Tangible Assets**

	Freehold Land and Buildings £000	Furniture and Equipment £000	Library Books £000	Information Technology £000	Catering Equipment £000	Total £000
<i>Original Cost/Valuation</i>						
As at 1 July 2007	89,217	3,016	555	433	194	93,415
Additions	4,691	307	36	55	3	5,092
Disposals at Cost/Valuation	(458)	—	—	—	—	(458)
Revaluation during the Year	—	—	—	—	—	—
As at 30 June 2008	93,450	3,323	591	488	197	98,049
<i>Accumulated Depreciation</i>						
As at 1 July 2007	1,125	1,341	92	367	188	3,113
Provided for the Year	1,150	335	20	56	7	1,568
Eliminated on Disposal	(10)	—	—	—	—	(10)
Revaluation during the Year	—	—	—	—	—	—
As at 30 June 2008	2,265	1,676	112	423	195	4,671
<i>Net Book value</i>						
As at 30 June 2008	91,185	1,647	479	65	2	93,378
As at 30 June 2007	88,092	1,675	463	66	6	90,302

The insured value of Freehold Land and Buildings at 30 June 2008 was £109,834,021 (30 June 2007 - £102,602,138).

## NOTES TO THE ACCOUNTS CONTINUED

### 10. Investment Assets

	2008 £000	2007 £000 (as restated)
Works of Art/Silver	3,321	3,303
College Expendable Investments (Note 11)	6,135	6,630
Loan to Joint Colleges' Nursery Scheme	8	8
Land	250	55
	<b>9,714</b>	<b>9,996</b>

The College's subsidiary undertakings are Downing Developments Limited and Downing Cambridge Conferences Limited, both incorporated in England and Wales. The costs of the investments are £1 which represents 100% of the Company's issued ordinary £1 Share Capital.

### 11. Endowment Assets

	2008 £000
As at 1 July 2007	25,721
Additions	17,741
Disposals	(19,682)
Movement in amount due from/(to) Expendable Capital	283
Change in Market Value	(1,195)
Change in Cash Balances held by Fund Managers	583
As at 30 June 2008	<b>23,451</b>

*Represented by:*

	2008 £000	2007 £000 (as restated)
Due from Expendable Capital	423	139
Property	11,739	13,370
Securities – Fixed Interest	11,788	14,945
Securities – Equities and Hedge Funds	3,562	2,406
Cash with Agents	2,074	1,491
	<b>29,586</b>	<b>32,351</b>
College Expendable Investments (Note 10)	(6,135)	(6,630)
	<b>23,451</b>	<b>25,721</b>

## NOTES TO THE ACCOUNTS CONTINUED

### 12. Debtors

	2008 £000	2007 £000 (as restated)
Members of the College	94	83
Rents	286	153
Conferences	72	(53)
Fees	83	78
Other	670	623
Due from Permanent Capital	1,111	1,419
	<b>2,316</b>	<b>2,303</b>

### 13. Cash

	2008 £000	2007 £000 (as restated)
Short-term Money Market Investments	7,700	662
Bank Deposits	513	657
Current Accounts	401	302
Cash in Hand	1	1
	<b>8,615</b>	<b>1,622</b>

### 14. Creditors: amounts falling due within one year

	2008 £000	2007 £000 (as restated)
Due to Tradesmen and Others	745	490
Members of the Colleges	160	171
University Fees	48	50
Contribution to Colleges fund	—	—
Other Creditors	2,628	2,575
	<b>3,581</b>	<b>3,286</b>

### 15. Creditors: amounts falling due after more than one year

	2008 £000	2007 £000 (as restated)
Bank loan due between 2 and 5 years	—	2,000
Bank loan due in more than 5 years	5,500	—
	<b>5,500</b>	<b>2,000</b>

## NOTES TO THE ACCOUNTS CONTINUED

**16. Capital and Reserves**

	Note	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Total 2008 £000	Total 2007 £000 (as restated)
<i>Restricted Funds:</i>					
Trust Funds		30	8,806	8,836	9,458
Donations & Benefactions		517	181	698	697
Deferred Capital Funds		15,534	—	15,534	8,719
		16,081	8,987	25,068	18,874
<i>Unrestricted Funds:</i>					
<i>Designated Funds:</i>					
Special Funds	17	79,978	2,156	82,134	85,832
		79,978	2,156	82,134	85,832
<i>Undesignated Funds:</i>					
Corporate Capital		—	11,727	11,727	13,138
Special Funds		489	—	489	460
Donations & Benefactions		4,859	582	5,441	5,850
Revenue Reserves		—	—	—	—
Other General Capital		3,691	—	3,691	653
Pension Reserve		(643)	—	(643)	(250)
		8,396	12,309	20,705	19,851
		104,455	23,452	127,907	124,557

**16. a) Reconciliation of Movement in Capital Reserves**

	Restricted Funds		Unrestricted Funds					Total 2008 £000
			Designated Funds		Undesignated Funds			
	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000		
Balance as at 1 July 2007	9,249	9,625	83,502	2,330	6,085	13,766	124,557	
Increases During Year	7,159	—	90	—	4,510	—	11,759	
Decreases During Year	(327)	(638)	(3,614)	(174)	(2,199)	(1,457)	(8,409)	
Balance as at 30 June 2008	16,081	8,987	79,978	2,156	8,396	12,309	127,907	

## NOTES TO THE ACCOUNTS CONTINUED

**16. b) Analysis of Funds**

	Restricted Funds 2008 £000	Unrestricted Funds 2008 £000	Total 2008 £000	Total 2007 £000 (as restated)
Fellowship Funds	2,341	—	2,341	2,463
Scholarship Funds	2,848	630	3,478	3,758
Prizes Funds	540	21	561	366
Hardship Funds	323	—	323	392
Travel Grant Funds	39	—	39	42
Other Funds	18,977	102,188	121,165	117,536
	25,068	102,839	127,907	124,557

**16. c) Capital is invested in the following categories of assets**

	Restricted Funds		Unrestricted Funds					
			Designated Funds		Undesignated Funds		Total 2008 £000	Total 2007 £000 (as restated)
	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000		
Tangible Fixed Assets	15,526	—	77,852	—	—	—	93,378	90,302
Investment Assets	34	—	—	—	9,680	—	9,714	9,996
Endowment Assets	—	8,987	—	2,156	—	12,309	23,451	25,721
Net Current Assets/(Liabilities)	521	—	2,126	—	4,859	—	7,507	788
Creditors: more than one year	—	—	—	—	(5,500)	—	(5,500)	(2,000)
Pension Liability	—	—	—	—	(643)	—	(643)	(250)
	16,081	8,987	79,978	2,156	8,396	12,309	127,907	124,557

**16. d) Memorandum of Total Return recognised in the Statement of Recognised Gains and Losses**

Within reserves the following amounts represent the Total return of the College recognised in the Statement of Recognised Gains and Losses:		2008 £000
At start of year		10,841
During year		(3,064)
At end of year		7,777

These amounts do not include any total return relating to the College's properties from the previous financial year and earlier.

## NOTES TO THE ACCOUNTS CONTINUED

### 16. e) Analysis of Movements in Capital and Reserves

	Opening Balance £000	Net Income & Expenditure £000	Transfers £000	Other Gains/Losses £000	Closing Balance £000
<i>Restricted Funds</i>					
Alcan Prize Fund	11	—	—	(1)	10
Batley Fund	11	—	—	(1)	10
Bill Willetts Fund	24	—	—	(1)	23
Blakenship Book Fund	—	—	—	12	12
Bradbrook Fund	12	—	—	(1)	11
Buchanan Fund	282	—	—	(21)	261
Charles Campbell Book Fund	3	—	—	—	3
Cockerell Fund	26	—	—	(2)	24
Colin Hill Fund	—	—	—	1	1
Collins Fund	221	—	—	(17)	204
Colonel Anderson Trust Fund	116	—	—	(9)	107
Darley Fund	323	—	—	(12)	311
Downing Association Fund	46	—	—	(5)	41
Edward Collins Fund	131	—	—	(10)	121
Ernest William Denham Fund	31	—	—	(2)	29
Everitt Fund	1	—	—	—	1
Fritsch Fund	441	—	—	(35)	406
Fu Fund	—	—	—	4	4
Gamlingay Fund	87	—	—	(5)	82
Graystone Fund	200	—	—	(15)	185
Gulbenkian Fund	2	—	—	—	2
Hall Fund	12	—	—	(1)	11
Harris Fund	507	—	—	(38)	469
Harrison Fund	(8)	—	—	15	7
Harrison Prize Fund	3	—	—	—	3
Hopkins Parry Fund	1,195	—	—	(84)	1,111
Carried forward	3,677	—	—	(228)	3,449

## NOTES TO THE ACCOUNTS CONTINUED

## 16. e) Analysis of Movements in Capital and Reserves continued

	Opening Balance £000	Net Income & Expenditure £000	Transfers £000	Other Gains/Losses £000	Closing Balance £000
<i>Restricted Funds continued</i>					
Brought forward	3,677	—	—	(228)	3,449
Hugh Brammer Fund	5	—	—	2	7
Ivor Evans Fund	21	—	—	(1)	20
Johnston Fund	1	—	—	—	1
Lander Fund	223	—	—	(15)	208
Lord Butterfield	169	—	—	(8)	161
Mays Wild Fund	407	—	—	6	413
Moullin Fund	3	—	—	—	3
Oon Khye Beng Ch'hia Tsio Memorial Fund	318	—	—	(18)	300
Oon Khye Beng Ch'hia Tsio Memorial Prize Fund	105	—	—	(4)	101
Osler Fund	118	—	—	(13)	105
Owen Fund	429	—	—	(32)	397
Pask Prize	1	—	—	—	1
Perry Fund	3	—	—	—	3
Pilley Fund	406	—	—	(31)	375
Platt Fund	32	—	—	(2)	30
Purcell Fund	2	—	—	—	2
Richards Fund	59	—	—	(4)	55
Robertson Research Fellowship Fund	629	—	—	(24)	605
Saint Fund	48	—	—	(4)	44
Saunders Fund	49	—	—	(4)	45
Savile Fund	150	—	—	(11)	139
Schreiner Fund	72	—	—	(4)	68
Seton Fund	84	—	—	(4)	80
Shallard Fund	2	—	—	—	2
Stevens Fund	5	—	—	(1)	4
TG Jones Fund	832	—	—	(62)	770
Carried forward	7,850	—	—	(462)	7,388

## NOTES TO THE ACCOUNTS CONTINUED

### 16. e) Analysis of Movements in Capital and Reserves continued

	Opening Balance £000	Net Income & Expenditure £000	Transfers £000	Other Gains/Losses £000	Closing Balance £000
<i>Restricted Funds continued</i>					
Brought forward	7,850	—	—	(462)	7,388
Thomas Fund	22	—	—	(2)	20
Treherne Fund	87	—	—	(7)	80
Unwin Fund	68	—	—	(6)	62
Verjee Fund	308	—	—	(23)	285
Verney Fund	1	—	—	—	1
Warner-Lambert Fund	183	—	—	(6)	177
Whitby Memorial Fund	432	—	—	(32)	400
White Fund	8	—	—	(1)	7
Whitelegg Fund	64	—	—	(5)	59
Whitelegg Book Fund	—	—	—	—	—
Wicks Travel Fund	16	—	—	(1)	15
Wyatt Fund	2	—	—	—	2
Fundraising – Buildings	37	—	—	—	37
Fundraising – Sport	36	—	—	2	38
Fundraising – Student Support	392	—	—	(69)	323
Fundraising – Teaching	162	—	—	(5)	157
	9,668	—	—	(617)	9,051
Other	487	—	—	(5)	482
Deferred Capital Funds	8,719	—	—	6,816	15,535
Total Restricted Funds	18,874	—	—	6,194	25,068

## NOTES TO THE ACCOUNTS CONTINUED

## 16. e) Analysis of Movements in Capital and Reserves continued

	Opening Balance £000	Net Income & Expenditure £000	Transfers £000	Other Gains/Losses £000	Closing Balance £000
<i>Designated Permanent Funds</i>					
Clark Fund	3	—	—	(1)	2
French Fund	37	1	(1)	(2)	35
Goodey Fund	193	4	(4)	(20)	173
Jarvis Fund	46	1	(1)	(4)	42
Library Endowment Fund	1,261	48	(48)	(96)	1,167
Richmond Fund	236	8	(8)	(17)	219
Stenning Fund	63	2	(2)	(4)	59
Stevenson Fund	3	—	—	(2)	1
Whalley-Tooker Fund	19	—	—	(2)	17
Yates Fund	8	—	—	1	9
Young Fund	211	8	(7)	(17)	195
Singer Fund (Pension Trust)	255	10	(9)	(20)	236
	2,335	82	(78)	(184)	2,155
Other (Note 17)	83,497	—	(3,601)	83	79,979
<b>Total Designated Funds</b>	<b>85,832</b>	<b>82</b>	<b>(3,679)</b>	<b>(101)</b>	<b>82,134</b>
<i>Undesignated Funds</i>					
Singer Fund (Will Trust)	4,935	170	—	(316)	4,789
Smyth Bequest	612	23	—	(43)	592
Fleet Bequest	62	2	—	(6)	58
Corporate Capital Fund	13,138	48	—	(1,459)	11,727
General Capital and Other	1,104	(662)	3,679	(582)	3,539
<b>Total Undesignated Funds</b>	<b>19,851</b>	<b>(419)</b>	<b>3,679</b>	<b>(2,406)</b>	<b>20,705</b>
<b>Total</b>	<b>124,557</b>	<b>(337)</b>	<b>—</b>	<b>3,687</b>	<b>127,907</b>

## NOTES TO THE ACCOUNTS CONTINUED

### 17. Unrestricted Designated Special Funds

Income/Expendable Special Funds are made up of the following:

	2008 £000	2007 £000 (as restated)
Fixed Asset Capital	89,864	86,718
Deferred Capital Funds	(15,526)	(8,714)
Revaluation Reserve	3,515	3,584
Special Funds	—	—
Organ Fund	86	82
Estate Repairs Fund	2,024	1,811
Student Bar Reserve	16	16
	<b>79,979</b>	<b>83,497</b>

#### *Revaluation Reserve*

Balance as at 1 July 2007	3,584	3,653
Revaluations during year	—	—
Other Items Charged/Credited to Revaluation Reserve During Year	(69)	(69)
Balance as at 30 June 2008	<b>3,514</b>	<b>3,584</b>

### 18. Financial Commitments

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

	2008 £000	2007 £000 (as restated)
<i>Land &amp; Buildings</i>		
Expiring between two and five years time	63	63
Expiring in over five years	6	6
	<b>69</b>	<b>69</b>
<i>Other</i>		
Expiring in less than one year	—	—
Expiring between two and five years time	10	10
	<b>10</b>	<b>10</b>

### 19. Capital Commitments

	2008 £000	2007 £000
Commitments contracted for at 30 June	<b>5,148</b>	<b>891</b>

## NOTES TO THE ACCOUNTS CONTINUED

### 20. Contribution Assessment

<i>a) Assessable Income</i>	2008 £000	2008 £000	2007 £000	2007 £000
<i>i. External Revenue:</i>				
College Estates let at Rack Rent	807		857	
Dividends and Interest Gross	354	1,161	281	1,138
<i>Less:</i>				
Insurance of College Buildings	84		74	
Agency, Management charges	108		137	
Transfer to Estates Repairs & Improvements Fund	213		214	
Bank Charges	146		109	
Sinking Fund payments under Statute GII, 4(iv)	—		—	
Other deductions from External Revenue	57	(608)	46	(580)
<i>ii. Trust &amp; Other Funds Subject to Contribution</i>				
Sir Mortimer Singer Fund	157		160	
Summary of Trust and Other Funds	427		421	
Less Shortfall in Dividends Received	(708)	(124)	(622)	(41)
<i>Assessable Income</i>		429		517
<i>iii. Trust &amp; Other Funds Not Subject to Contribution</i>				
Summary of Trust and Other Funds		16		16

## NOTES TO THE ACCOUNTS CONTINUED

### 20. Contribution Assessment continued

<i>b) Deductible Items</i>	2008 £000	2007 £000
Half sums paid to Scholars, Exhibitioners & Research Students	53	45
Prizes	16	16
Half maintenance of Chapel expenditure	8	9
Net expenditure on College Library	123	125
College Teaching Officers	98	101
College Research Fellows	42	26
Archives	13	14
College Building Fund approved under Statute GII,4(vii)	209	208
Donations for University Purposes:		
University Counselling Service	12	13
	574	557
<i>c) Building Fund Under Statute GII,4(vii)</i>		
Balance at beginning of year	—	—
Transfer approved under GII,4(vii)	209	208
Transfer to College Buildings Repair and Improvements	(209)	(208)
Balance at end of year	—	—
<i>d) Estates Repairs And Improvements Fund</i>		
Balance at beginning of year	1,810	1,596
Transfer approved under GII,4(v)		
25% of College Estate let at Rack Rent	213	214
Balance at end of year	2,023	1,810
<i>e) Staff Pension Fund</i>		
Opening Balance	6	6
Income	—	—
Closing Balance	6	6

## NOTES TO THE ACCOUNTS CONTINUED

### 21. Pension Schemes

The total pension cost for the College was £362,947 (2007: £367,625).

#### *University Superannuation Scheme*

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The institution 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 actuarial valuation of the scheme was at 31 March 2005. 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) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

Standard mortality tables were used as follows:

- Pre-retirement mortality: PA92 rated down 3 years
- Post retirement mortality: PA92 (C=2020) for all retired and non-retired members.

Use of the mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

- Males 19.8 years
- Females 22.8 years

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

## NOTES TO THE ACCOUNTS CONTINUED

### 21. Pension Schemes continued

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual investment performance and changed in gilt yields (i.e. the valuation rate of interest). On the FRS 17 basis, using an AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as 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 sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/Decrease by 0.5%	Decrease/Increase by £2.2 billion
Rate of pensions increases	Increase/Decrease by 0.5%	Increase/Decrease by £1.7 billion
Rate of salary growth	Increase/Decrease by 0.5%	Increase/Decrease by £0.5 billion
Rate of mortality	More prudent assumption (mortality used at last actuarial valuation rated down by a further year)	Increase by £0.8 million

# NOTES TO THE ACCOUNTS CONTINUED

## 21. Pension Schemes continued

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the College was £166,311 (2007: £147,296). The contribution rate payable by the College was 14% of pensionable salaries.

### *Cambridge Colleges Federated Pension Scheme*

The College is a member of a defined benefit scheme, the Cambridge College Federated Pension Scheme, in the United Kingdom. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. From 6 April 2006, it became a scheme registered with the HM Revenue & Customs under the terms of the Finance Act 2004. The College's employees covered by the Scheme are contracted out of the State Second Pension (S2P).

The College has elected to close its Scheme membership to new entrants with effect from 1 April 2004. In addition, the College has elected to change benefits for service from 1 April 2005 for existing members by:

- Capping service at 40 years (previously uncapped); and
- Paying unreduced pensions from age 65 (previously 60)

The contribution made by the College in respect of the 12 month period ended 30 June 2008 was £178,621 (2007: £219,319). Contributions over the next year are expected to be at a rate of 23.16% of Contribution Pay, although this may be subject to change as a full actuarial valuation is being undertaken at 31 March 2008 for the Management Committee.

The major assumptions used by the actuary were:

	30 June 2008	30 June 2007	31 July 2006
Discount rate	6.7%	5.8%	5.2%
Price Inflation Assumption	3.9%	3.5%	3.1%
Rate of Increase in Salaries	5.4%	4.25%	3.85%
Rate of increase in pensions deferment			
- Guaranteed minimum pension (GMP)	5.4%	4.25%	3.85%
- Excess pension	3.9%	3.5%	3.1%
Rate of increase in pensions in payment			
- GMP accrued up to 5 April 1988	0.0%	0.0%	0.0%
- GMP accrued after 5 April 1988	2.9%	2.8%	2.3%
Excess pension over GMP and pension accrued after 5 April 1997	3.9%	3.5%	3.1%

The College has changed its year end from 31 July to 30 June. The 2007 figures were revised from July to June for comparative purposes.

## NOTES TO THE ACCOUNTS CONTINUED

### 21. Pension Schemes continued

In addition, standard actuarial mortality tables were used, namely the PA92 Base tables for males and females with the medium cohort projections based on year of birth. This is a change from the 2007 calculations and allows for future longevity improvements.

The assets in the scheme and the expected rate of return were:

	Long Term Rate of Return Expected	Value at 30 June	Long Term Rate of Return Expected	Value at 30 June
	2008	2008	2007	2007
		£000		£000
Equities	7.5%	1,564	7.5%	1,655
Bonds (inc. cash)	5.4%	344	4.7%	1,053
Property	6.5%	1,125	6.5%	395
Total market value of assets		3,033		3,103
Present value of scheme liabilities		(3,676)		(3,353)
Net pension liability		(643)		(250)

The 2008 asset values are based on the bid price of assets, in previous years this was based upon the fair value of assets, as required by the revised accounting standards. The impact of this change is relatively minor as most of the investments are priced at a single rate.

The overall Scheme investment return is the expected return on each of the asset type (namely equities, property and bonds) divided by the overall assets, rounded to the nearest 0.1%.

The 2008 assets and the split between the assets classes are based upon the draft accounts provided by the Scheme administrators.

# NOTES TO THE ACCOUNTS CONTINUED

## 21. Pension Schemes continued

The following results were measured in accordance with the requirements of FRS17, based on the assumptions summarised above:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
Opening defined benefit obligation	3,353	3,122	3,103	2,726	250	396
Service cost	200	193	—	—	200	193
Employer contribution	—	—	179	159	(179)	(159)
Expected return on scheme assets	—	—	208	176	(208)	(176)
Contributions by members	—	—	52	47	(52)	(47)
Interest cost	197	151	—	—	197	151
Actuarial gains/(losses)	66	(50)	(369)	58	435	(108)
Benefits and expenses paid	(140)	(63)	(140)	(63)	—	—
Closing defined benefit obligation	3,676	3,353	3,033	3,103	643	250

The main reasons for the worsening in the financial position are:

- Investment return being lower than expected; and
- The effect of the change in assumptions from 2007 to 2008.

Partially offset by:

- Contributions paid being more than required to meet the current one year pension cost.

The amounts recognised in the income and expenditure account are as follows:

	30 June 2008 £000	30 June 2007 £000
	£	£
In staff costs: Current service cost (net of employee contributions)	200	193
In endowment and investment income:		
Interest cost	197	151
Expected return on pension scheme assets	(208)	(175)
Net return	(11)	(24)
Actual return on pension scheme assets	189	169

## NOTES TO THE ACCOUNTS CONTINUED

### 21. Pension Schemes continued

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

	30 June 2008	30 June 2007	31 July 2006	31 July 2005	31 July 2004
	£	£	£	£	£
Defined benefit obligation	(3,676)	(3,353)	(3,122)	(2,758)	(2,213)
Scheme assets	3,033	3,103	2,726	2,399	1,947
Surplus/(deficit)	(643)	(250)	(396)	(359)	(266)
Experience adjustments on scheme liabilities	1	(88)	21	186	23
Experience adjustments on scheme assets	(369)	60	53	263	(11)

### 22. 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 have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

### 23. Sir Mortimer Singer Fund

Other Unrestricted Funds includes the Sir Mortimer Singer Fund which was funded from a bequest of Sir Mortimer Singer a Fellow Commoner of the College. The money was appointed to the College by Lady Singer upon the trusts declared by a deed dated 25 March 1952. The Pension Trust Fund was also set up from this bequest. Below are the movements on these Funds in the year.

	Singer Fund	Pension Trust
	£000	£000
Opening Balance at 1 July 2007	4,935	255
Income	170	10
Purchase of Investments		(9)
Change in Market Value of Investments	(316)	(19)
Closing Balance at 30 June 2008	4,789	237





