



DOWNING COLLEGE CAMBRIDGE

ANNUAL REPORT AND ACCOUNTS

for the financial year ending

30 June 2009





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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

	2009 £	2008 £	2007* £
Income			
Income	7,893,897	7,774,387	7,473,469
Donations and Benefactions Received	1,785,397	7,303,658	1,717,250
Conference Services Income	1,214,192	1,271,939	1,329,437
Operating Surplus/(Deficit)	(1,049,034)	(27,248)	(280,528)
Loss on College Fee per Student	2,735	2,383	2,116
Capital Expenditure			
Investment in Historical Buildings	1,771,217	1,267,677	1,489,081
Investment in Student Accommodation	1,382,039	987,873	911,409
Assets			
Free Reserves (adjusted for Howard Theatre donation)	2,402,430	4,235,541	6,102,017
Investment Portfolio (Net of Loans)	24,162,211	29,162,939	32,028,385
Endowment Drawdown	1,228,662	1,687,793	1,627,169
Return on Securities: 3 year average	-4.67%	5.65%	12.3%
Net Assets	122,748,031	127,907,281	124,527,815

* 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, DSc (Hon, Hull), FRS, FMedSci

Professor of Behavioural Neuroscience

The Fellows of the College (in order of Election) as of 1 October 2009

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 Private 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 Ledgeway, BA (Salford), MA (Manchester), PhD (Manchester), *Tutor*, University Senior Lecturer in Linguistics (1996)

Ian Richard James, BA, MA (Warwick), PhD (Warwick), *Tutor for Graduates*, Fellow in Modern and Medieval Languages, University Lecturer in French (1996)

Susan Elizabeth Lintott, MA, PhD (Kent), *Senior 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), LittD, FBA, 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, QC (Hon), MA (Oxon), DCL (Oxon), FBA, 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)
 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)
 Adriana Irma Pesci, MS, PhD (Nacional de la Plata), *Senior Treasurer of the Amalgamation Club*, Darley Fellow in Mathematics (2006)
 Amy Louise Milton, BA, MSc, 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)
 Kenneth McNamara, BSc, PhD, University Lecturer in Earth Sciences (2008)
 Tariq Sadiq, BA (Durham), MSc (Durham), *Development Director* (2009)
 Richard Keith Taplin, MBE, BSc (LSE), *Junior Bursar* (2009)
 Jie Li, BS (Wuhun), MS (Paris), MS (Paris), PhD (Paris), University Lecturer in Fluid Dynamics (2009)
 Sophie-Ann Harrington, MSci, MA, PhD, *Mays Wild Research Fellow in Materials Science* (2009)
 Subha Mukherji, M.Phil, PhD, Fellow in English (2009)
 Adam Fouad Ramadan, BA, MSc (UCL), D.Phil (Oxon), Fellow in Geography (2009)

Retirements and Resignations 1 July 2008 – 30 September 2009

Guy Charles Brown, BSc (Imperial College London), MSc (Chelsea College, London), PhD, University Lecturer in Biochemistry 2008 (resigned 30 September 2009)
 Simone Laqua-O'Donnell, BA, MSt (Oxon), DPhil (Oxon), PhD, Research Fellow in History 2006 (resigned 30 September 2009)
 Barry Charles Moore, MA, MSc (London School of Economics), University Reader in Economics 1979 (retired 30 September 2008)
 Rachel Kerry O'Reilly, MSc, MA, PhD (London), *Mays Wild Research Fellow in Chemistry*, Dorothy Hodgkin Royal Society Fellow 2005 (resigned 31 December 2008)
 Philip Huson Rubery, MA, PhD, ScD, University Senior Lecturer in Biochemistry 1973 (retired 31 March 2009)

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 (deceased 23 May 2009)
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, C.B.E., 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, LLD, 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)
Philip Huson Rubery, MA, PhD, ScD

The Associate Fellows

Julian Jeffs, QC, MA
William Tudor-John, MA
George Frederick Pulman, QC, MA
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 30 November 2008)
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
Martin Vinnell, BSc, PhD (Essex)
Michael McEvoy, MA, PhD
Keith James Eyeons, MA, MA (MM) (Nottingham), Chaplain
Peter Thomson, MA
David Chambers, MSc (LBS), MSc (LSE), PhD (LSE)
Humphrey Battcock, MA

Bye-Fellows

Nigel Allington, BSc (Hull)
Graham Bates, MA
Richard Berengarten, MA
Theresa Biberauer, BA (Stellenbosch), MPhil, PhD
Rosemary Clark, MA, PhD
Marta Correia, BSc (Technical University of Lisbon)
Guillermo de la Cueva-Mendez, PhD
Stuart Eves, VetMB, MRCVS
Neda Farahi, PhD
David Izquierdo-Garcia
Vicky Jones, MA, MB, BChir
Peter Kitson, MA, PhD
Kerry Maunder, PhD
Jonathan Newton, BA
Jill Pearson, BA, VETMC, MRCVS
Maria Teresa Ruiz-Tagle, PhD
Ian Sabir, MA, PhD
William Schafer, PhD
Gareth Taylor, BA, PhD
Mamta Thangaraj, PhD
Jason Varuhas
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

Partners Capital LLP
5 Young Street
London W8 5EH

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 2009. The consolidated financial statements include those of the College's wholly-owned trading subsidiaries, Downing College Developments Limited and Downing Cambridge Conferences Limited.

The Charter for the College was granted on the 22 September 1800, some 51 years after the death of Sir George Downing in 1749. The terms of Sir George's will required four heirs to die without legitimate children before the provision to establish a College came into effect. The delay was caused by the claim to the estate by Lady Margaret Downing, widow of Sir George's cousin. The first stone was finally laid on 18 May 1807. The Charter established "one perpetual college for students in law, physic, and other useful arts and learning, which college shall be called by the name of DOWNING COLLEGE, IN THE UNIVERSITY OF CAMBRIDGE".¹ 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 2009, the community consisted of the Master, 51 Fellows, and 688 junior members, of whom 404 are undergraduates and 284 are graduates. In addition, 143 members of staff (full-time equivalent: 114.9) support the College. In 2008-09, three new fellows were admitted. These were: Mr Tariq Sadiq, Development Director, who has been with the College since 2004; Mr Richard Taplin, Junior Bursar, who was appointed as Domestic Bursar in 2002; and Dr Jie Li, a University Lecturer in Fluid Dynamics. On 1 October 2009, a further three Fellows were admitted: Dr Sophie-Ann Harrington, a Research Fellow in Materials Science; Dr Subha Mukherji, a University Lecturer in English; and Dr Adam Ramadan, a Fellow and College Teaching Officer in Geography.

The College offers its students the experience of being educated at one of the world's leading universities² through small-group and individual supervision. As the Vice Chancellor, Professor Alison Richard, has said, "The Colleges deliver our world-class university at an intimate level – the genius of scale."³ Competition for entry to Downing is among the most intense in the University. Ninety percent of all applicants are assessed through a series of interviews. In the 2008-09 admissions round, 686 people, 45% women and 55% men, applied for 126 places (placing the College in the top five colleges by number of applications received). Of these, a total of 133 offers were made for entry in 2009, with 10 unconditional offers made to applicants who had applied in 2007. Fifteen candidates failed to achieve the grades required by their offers. Of the 128 undergraduates admitted in October 2009, 38% were women and 62% men. Eight per cent were from outside the EU. Of all students classed as Home or EU, 60% were educated in the maintained sector.

In 2008-09, 426 undergraduate candidates (2007-08: 393) sat University examinations, of whom 87 (2008: 92) achieved firsts, three candidates (2008: 7) were placed at the top of their Tripos, and a further 14 (2008: 13) in the top 2.5%. The number of firsts achieved is the third highest in the College's history, beaten only by those achieved in the last two years. Some of the results in particular were outstanding, notably the first year Medics, where 9 out of 16 students obtained firsts, and the second year Economists where 75% of the students obtained firsts. The results of the fourth year students were also the best to date. There was a pleasing spread of firsts and distinctions across a wide-range of subjects, including Archaeology and Anthropology (2), Chemical Engineering (2), Classics (1), Computer Science (1), Economics, (7), Law (7), Mathematics (3), Medicine (15), Clinical Medicine (4), Modern and Medieval Languages (1), Natural Sciences (21), Oriental Studies, now changing its name to Asian and Middle Eastern Studies (1), and Social and Political Sciences, now changing its name to Politics, Psychology and Sociology (3). Each year, the College awards prizes to candidates who are ranked in the top 2.5% or achieved a special distinction in their respective class lists. This year the College awarded 17 such prizes. They were awarded to Michelle Jin (Economics) who was also awarded the Whalley Tooker prize for the best performance by a student in his or her penultimate year; Rodrigo Queiro (Engineering); Madeleine Ito (Geography), Joseph Poore (Land Economy), Sean Aughey and Jenny Macleod (Law); Deepti Lobo, Ben Peirce, James Stafaniak, Jessica Wong, and Sean Zheng (Medicine); James Hall, Oliver

¹ *The Charter*, page vii.

² *The University of Cambridge was ranked 2nd in The Times Higher Education – QS World University Rankings 2009*

³ *"The Power to Transform: The Cambridge 800th Anniversary Campaign"*, p. 4

Lupton, Anna Masson and John Morgan (Natural Sciences); Thomas Mann (Oriental Studies), and Alex Brown (Politics, Psychology, and Sociology). Despite these examples of individual excellence, the College's position in the Tompkins Table fell from 12th to 15th. The College continues to place emphasis on the need to ensure that successful pupils at school remain successful once in College. Thirty three graduates were awarded PhDs and 48 were awarded MPhils and other degrees, certificates, or diplomas.

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 April 2009, the College hosted the 7th Oon International Award for Preventive Medicine Lecture. The prize winner, Dr Doug Melton, an eminent stem cell biologist from Harvard University, gave the Lecture "How to make pancreatic insulin-producing cells. 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. 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 Toshiyuki Takamiya, an Emeritus Professor of Literature at Keio; Professor Charles McCurdy, the Thomas Jefferson Fellow Professor of History and Law and Chair of the Corcoran Department of History at the University of Virginia; and Assistant Professor Christopher Chinn, from the Faculty of Classics at Pomona College. In November 2008, The Master attended the celebration in Tokyo of the 150th Anniversary of Keio University, as representative of that University's oldest academic partner.

Music, drama, and sport continue successfully to contribute to the student experience at Downing. Four Downing members rowed in the Varsity Boat Races. 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 one place in the Lents to finish second and one place in the Mays to finish sixth. The women started at fifth place in the Lents and finished fourth and gained their blades in the Mays having moved up from ninth to fifth. A generous donation ensured that the opportunity to row was not limited to those who could afford it. The women's 1st netball team won the league, undefeated for the fourth time in five years. The mixed netball team also won the league (for the third time in a row). The men's football team won the first division. The 1st Men's badminton team was promoted in consecutive seasons and is now in the top division, as is the 1st women's team. In Tennis, the 1st Men reached the quarter finals in cuppers, and the Men's rugby team finished fourth in the 1st division; they also reached the semi-final of the cuppers competition, losing to the St Edmund's team, which included seven blues – one of whom was an All Black. The women's hockey team reached the final of cuppers, and the men's basketball team reached the semi-final. 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). This summer the choir completed a successful tour to Heidelberg, Germany. Other performances included a service at Norwich Cathedral, a joint service with the choir at Lincoln College, Oxford, and a joint service with other Cambridge choirs at Ely Cathedral, which was broadcast live on Radio 3, as part of the 800th anniversary celebrations. The Downing Service, a set of evening canticles, composed by Bob Chilcott and commissioned by Rickman Godlee, had its first performance at the College's Commemoration of Benefactors Service in Chapel on 18 May 2009. The Downing Service was recently performed at Salisbury Cathedral by its choir at Choral Evensong, which was also broadcast on Radio 3. The Music Society continued its highly-popular series of Master's Lodge recitals, giving seven performances including two graduate concerts. In May Week, the students put on a successful, and profitable, May Ball, called *Peter Pan's Neverland*. A donation from each ticket sold was made to Great Ormond Street Hospital.

In late November 2009, the new Howard Theatre, which forms the centrepiece of the Howard Conference Centre, was completed. The Theatre, which is based on the Georgian model, was funded exclusively by an extraordinarily generous donation from the Howard Foundation, a charitable Foundation set up in 1982 by Dr Alan Howard and his son, Mr Jonathan Howard. The Theatre, which has

been designed on principles of sustainability by Quinlan Terry, will complete Howard Court and assist the College to ensure its financial viability through an enhanced conference business. It will provide a state-of-the-art venue for dramatic and musical performances by the student societies. Dr Howard's contribution to Downing College was recognised by the University by awarding him the first Campaign Medal at a ceremony in Buckingham Palace, attended by the Master. Dr Howard is also a member of the University's Guild of Benefactors.

Throughout 2009, members and staff of the College have enthusiastically participated in celebrating the 800th Anniversary of the University of Cambridge. Downing alumnus, Quentin Blake (1953: English), introduced and contributed to the light show on the Senate House, which marked the start of the celebrations. He has also created a mural of a panoramic history of the University through fifteen images of lives of Cambridge people. The mural, which is approximately 70 feet in length, was donated to Addenbrooke's Hospital. Through the 2009 Fund, the University has helped sponsor a range of student activities, including the Cambridge entry into the World Solar Challenge, a biennial race for solar powered cars which runs from Darwin to Adelaide. A Downing alumna, Laura Hughes (2005: Engineering) was in charge of aerodynamics in the construction of the car and was a member of the team that constructed and drove the solar-powered car in the 2009 race, finishing 14th. The car is capable of cruising at 60 mph using the same power as a hairdryer. All members of staff of the University and the Colleges were invited to a garden party in the University's Botanic Gardens.

PUBLIC BENEFIT

The College's purpose is to provide a world-class education to the students with the most potential in each subject, whatever their means or social background. It is the aim of the College to attract the best applicants from the widest range of schools and colleges. By encouraging applications, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of school visits – 35 in 2008-09 - and hosted 7 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. Each of the College's full-time School and College Liaison Officers to date has been a recent Cambridge graduate. Since July 2008, the role has been undertaken by Jim Cannon, whose own application to Downing was a result of the College's Access Scheme in the South West. He 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. This year, he also visited four career fairs, including the AimHigher Higher Education Fayre in Camborne, and four UCAS Conventions, in addition to Oxbridge Information Days. These events have been instrumental in encouraging applications from students at schools without traditional links to Cambridge. Through the Cambridge Special Access Scheme, the College ensures that prospective students from schools or colleges who have had little previous experience of Cambridge are given every consideration. Students are eligible if their school or college has a low level of entry into higher education, their family has little or no tradition of entry into higher education, or their education has been severely disrupted or disadvantaged through health or personal problems, disability or difficulties in schooling. For admission in 2009, there were 32 Special Access applicants, of whom 5 were admitted, compared with 27 such applicants for admission in 2008 of whom 6 were admitted.

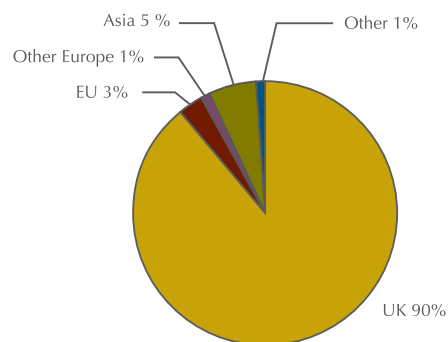
As the aim of this programme is to encourage students who would not otherwise do so to apply to University, it is impossible for the College accurately to judge its success. However, in October 2008, 23 students from 18 different state-maintained non-selective schools in Cornwall, Dorset, and Devon applied for admission, of whom two (2007-08: 7) were offered and accepted places at Downing. Of those, one is now an undergraduate at Downing; one applicant did not meet the required standard in the 'A' Level examinations. The remaining 21 were not

offered places, although four were placed in the “pool”, the intercollegiate clearing system, and two were offered places at other Colleges. Since 1999 when the programme began, 36 people from the South West have taken up their places. In 2009, the number of target-school applicants is 31.

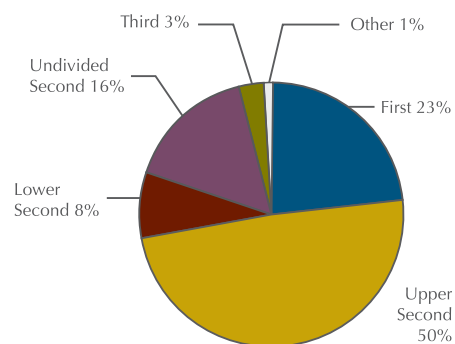
Once here, students have access to several sources of financial aid. In 2008-09, an average of £1,809 was received by 79 home undergraduates out of a Home/EU undergraduate population of 365 through the Cambridge Bursary Scheme, which is a scheme operated in common with the University, other Colleges, and the Isaac Newton Trust. Thirty students received the maximum award. Under this Scheme, which is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement, students whose household income is below £25,000 receive a maximum grant of £3,250 per year in addition to any government means tested grants. Those with incomes of up to £60,032 receive amounts that taper to £50. In addition, the College paid out £0.2 million in grants (to support the purchase of books and equipment, attendance at conferences, and travel); studentships, and bursaries in cases of financial hardship.

UNDERGRADUATE NUMBERS 2008-09

UNDERGRADUATES BY REGION



UNDERGRADUATE DEGREE CLASSIFICATIONS (Cambridge University)



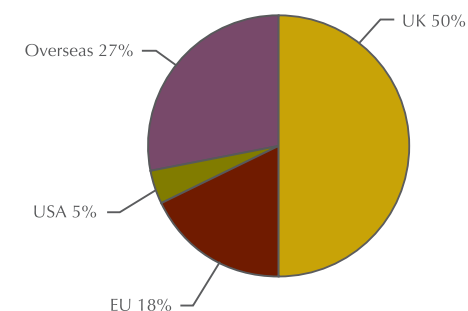
Subject	Year 1	Year 2	Year 3	Year 4	Years 5-7	Total 2008-09	Total 2007-08
Anglo-Saxon	0	0	2	0	0	2	2
Archaeology & Anthropology	2	2	2	0	0	6	5
Architecture	2	1	2	0	0	5	3
Asian & Middle Eastern Studies	1	0	2	2	0	5	5
Chemical Engineering	0	2	2	3	0	7	6
Classics	5	5	5	0	0	15	16
Computer Science	1	0	0	0	0	1	0
Economics	6	8	5	1	0	20	16
Education	0	0	0	1	0	1	2
Engineering	13	9	10	11	0	43	40
English	7	6	6	0	0	19	17
Geography	7	4	6	0	0	17	16
History	6	6	7	0	0	19	20
History of Art	2	0	2	0	0	4	4
Land Economy	4	3	1	0	0	8	5
Law	19	15	15	4	0	53	52
Management Studies	0	0	2	0	0	2	2
Mathematics	4	4	4	6	0	18	19
Medical Sciences	17	13	17	7	16	70	77
Modern Languages	5	6	4	4	0	19	19
Music	0	0	0	0	0	0	0
Natural Sciences (Biological)	13	13	10	2	0	38	35
Natural Sciences (Physical)	12	10	10	10	0	42	42
Philosophy	0	2	1	0	0	3	5
Social & Political Science	4	4	5	1	0	14	16
Theology	4	2	0	3	2	11	4
Veterinary Medicine	2	2	2	2	0	8	7
Total	136	117	122	57	18	450	435

PHD THESES SUCCESSFULLY DEFENDED BY DOWNING GRADUATE STUDENTS 2008-09

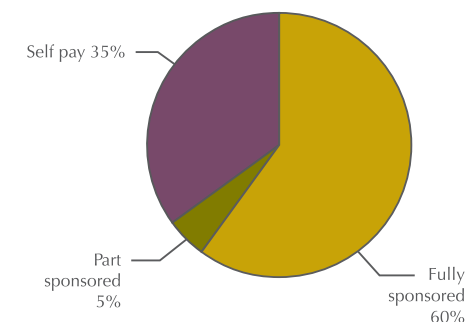
Arumugam	Meera Qurratulayn	PhD	Porous scaffold for bone tissue engineering
Balasubramaniam	Uganthan	PhD	Optimisation of parameters in pulsed laser deposition of YBCO thin films
Bamiedakis	Nikolaos	PhD	Multimode polymer waveguides for high-speed on-board optical interconnects
Boulougouris	Vasileios	PhD	Neuroanatomical & neurochemical modulations of cognitive flexibility: implications for obsessive-compulsive disorder (OCD)
Boyle	Julia Margaret	PhD	The role of differential receptor signalling in the regulation of stem cell differentiation
Chase	Henry William Newton	PhD	Learning and decision-making in fronto-striatal syndromes
Chen	Feng	PhD	Multiple protein phosphatases are required for mitosis in Drosophila
Collins	James Henry Paul	PhD	NMR studies and modelling of a controlled release pharmaceutical delivery system
Dalchau	Neil	PhD	Mathematical modelling of circadian signalling in Arabidopsis
Dennison	Tracy Kristine	PhD	Economy and society in Rural Russia: the serf estate of Voshchazhnikovo: 1750-1860
Dyson	Matthew Niall	PhD	Interfacing tort and crime: legal development in England and Spain since 1850
Fu	Shih-Feng Richard	PhD	APC mutation spectra and microsatellite instability in colorectal cancer and their relationship with dietary and other lifestyle factors
Gay	Laura Jane	PhD	Mutations in colorectal cancer associated with dietary factors
Goodfellow	Henry Arthur Isambard	PhD	Notch target gene regulation by chromatin associated factors and Ecdysone signalling
Graf Von Der Schulenburg	Daniel August Werner	PhD	NMR and lattice Boltzmann application and development for Bioremediation
Haigh	Jonathan Michael	PhD	Novel affinity ligands for immunoglobulins based on the multicomponent Ugi reaction
Hernandez de Muller	Gabriela	PhD	The effect of flow on the crystallisation of polyethylene
Jokic	Boris	PhD	Science and religion in Croatian elementary education: pupils' attitudes and perspectives
Kim	Seongmin	PhD	Optimisation of growth of carbon nanotubes by thermal chemical vapour deposition using in-situ mass spectroscopy
Kosaki	Yutaka	PhD	The role of choice and contingency in development of behavioural autonomy
Lim	Ming	PhD	Strategies of legitimacy in a new industry: a case study of e-Learning in Singapore
Liu	Dameng	PhD	High-K gate oxides for future complementary metal-oxide semiconductor transistors
Mao	Yanlan	PhD	Adhesion molecules in Drosophila EGFR signalling and retinal development
Miyapuram	Krishna Prasad	PhD	Human neuroimaging of visual presentation and imagination of reward
Muralidhar	Balaji	PhD	The role of chromosome 5p gain during the progression of cervical squamous cell neoplasia
Reynolds	Daniel	PhD	Activity of the transcription factor FoxH1 in pluripotency and differentiation of human embryonic stem cells
Saha	Kaushik	PhD	Tetrapyrrole biosynthesis in Arabidopsis thaliana
Stead	Matthew Laurence	PhD	Synthesis and characterisation of heterometallic alkali metal/Sn(II) phosphinidene complexes
Theberge	Florence Rose Marie	PhD	Striatal mechanisms of Pavlovian drug memories and their reconsolidation
Toews von Riesen	Eduard	PhD	Active hyperhelical structures
Tsai	Tsung-Lung	PhD	Robust heteroclinic cycles and frequency locking
Wilkinson	Richard David	PhD	Bayesian inference of primate divergence times
Winder	David Matthew	PhD	Cervical carcinogenesis: mechanisms of HPV16 integration and significance of copy number changes

PPARC Particle Physics and Astronomy Research Council; BBSRC Biotechnology and Biological Sciences Research Council; MRC Medical Research Council; EPSRC Engineering and Physical Sciences Research Council; ESRC Economic and Social Research Council; AHRC Arts and Humanities Research Council

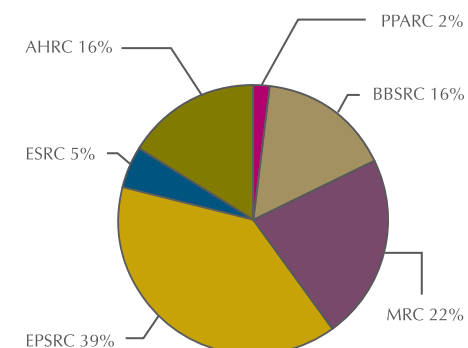
GRADUATES BY REGION



GRADUATES BY FEE TYPE



GRADUATES BY PUBLICLY- FUNDED BODY



SELECTED PUBLICATIONS BY DOWNING FELLOWS 2008-09

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Barrand, Dr Margery

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Bravo, M T, 'Voices from the Sea Ice and the Reception of Climate Impact Narratives', *Journal of Historical Geography* 35(2), pp 256-278 (2009)

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Dall, K L et al, 'Characterisation of naturally occurring HPV16 integration sites isolated from cervical keratinocytes under non-competitive conditions', *Cancer Research* 68, pp 8249-59 (2008)

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Haniff, Professor Chris

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Ledgeway, Dr Adam

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McCombie, Dr John

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McNamara, Dr Kenneth

McNamara, K J, 'Earth and life - origins of Phanerozoic diversity', *Australian Journal of Earth Sciences* 55, pp 1023-1036 (2008)

Milton, Dr Amy

Milton A L, Everitt B J et al, 'Intra-amygdala and systemic antagonism of NMDA receptors prevents the reconsolidation of drug-associated memory and impairs subsequently both novel and previously acquired drug-seeking behaviors', *J Neurosci* 28(33), pp 8230-7 (2008)

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Steger, Dr Brigitte

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Tomalin, Dr Marcus

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Trevor, Dr Jonathan

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Virgo, Professor Graham

‘Causation and Remoteness within the Law of Unjust Enrichment’ in Degeling and Edelman (eds), *Unjust Enrichment in Commercial Law*, Sydney 2008, pp 147-176

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COLLEGE GOVERNANCE

The College is a lay eleemosynary corporation established by Royal Charter. 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 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. It is anticipated that the Secretary of State will exercise this power and that from early in 2010 the Oxbridge colleges will lose their exempt status and will be required to register with The Charity Commission. The Cambridge Colleges will be classed as a special case for purposes of accounting. 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.

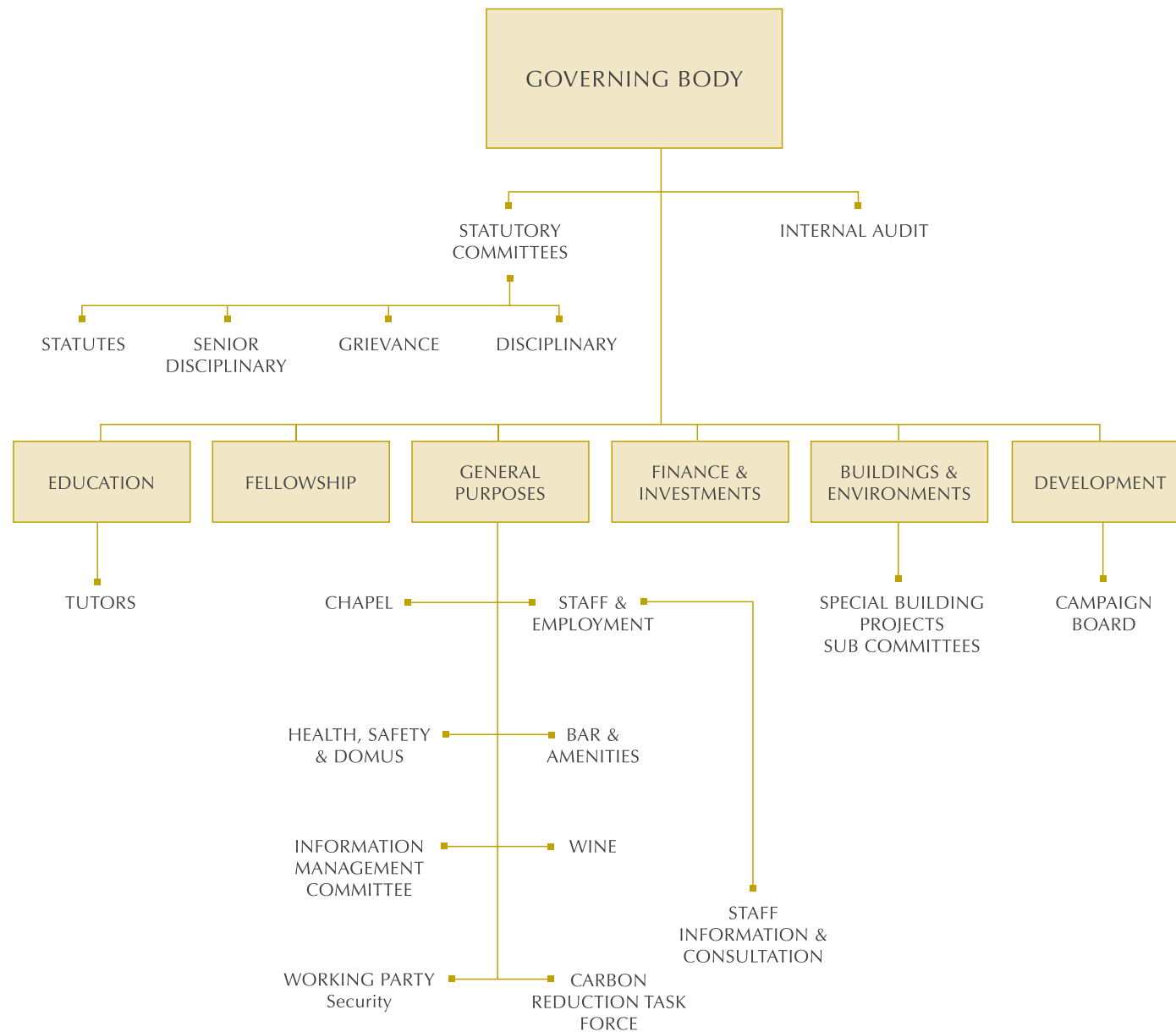
The Statutes that set out the arrangements for governance of the College were last completely revised during 2005 and approved by Her Majesty, with the advice of Her Privy Council on 9 May 2006, with approval given to amendments on 18 March 2009. The Master is Chairman of the Governing Body; the Senior Tutor has overall responsibility for the admission, education, and welfare of undergraduates and graduates; and the Senior Bursar has overall responsibility for the finances and administration of the College. Both the Senior Tutor and the Senior 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 5. 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. All members of the Governing Body have received training in their duties as trustees.

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 (3), 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 are required 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. The direct cost of governance for 2008-09 was £31,224 (2007-08: £34,113).

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.

THE COMMITTEE STRUCTURE



SIGNIFICANT POLICIES

Reserves

1. Total Capital and Reserves stood at £122.7 million at 30 June 2009. Of this amount, £82.1 million is designated as operational assets, including the £80.0 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. (2009: £958,658; 2008: £643,419).
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. 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.
5. At 30 June 2009, free reserves (Unrestricted, Undesignated Expendable Capital Funds adjusted for unspent Howard Theatre donations) stood at £2.4 million (2007-08 £4.2 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. From June 2004 and for the financial year 2008-09, asset allocation within the core securities portfolio was delegated to its discretionary fund manager, 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 mandate of Morgan Stanley Private Wealth Management was 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. The financial turmoil of the last quarter of 2008 triggered a review, the outcome of which was to engage Partners Capital to advise on and implement a new strategy for the management of the securities portfolio.
4. For the financial year 2008-09, 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. For the financial year 2008-09, the custodian for the securities in the core portfolio is Morstan Nominees Ltd, a wholly-owned subsidiary of Morgan Stanley & Co. International Ltd. From August 2009, the custodian for the majority of the securities is BNP Paribas Securities Services S.A.
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 adopted a spending rule that was 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. For the financial year ending June 2010, the measure of inflation has been changed from HEPPI to RPI + 1%.

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. No such purchases are contemplated in the near term. 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 £2,509,900 for the securities portfolio and for commercial property for the current and previous financial year only.
9. The College's property portfolio is presently managed by Carter Jonas LLP. Routine decisions are taken by the Senior 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 Senior Bursar. Its membership consists of 8 members of the Finance Committee but augmented by three 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 three times 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 quarterly performance reports from its core securities portfolio manager, representatives of which also attend the principal meetings.
12. This Statement has been reviewed in 2009 and will be reviewed at least every three years.

Risk

The College aims to invest prudently. The College has commissioned a series of reviews of its securities holdings in order to quantify the risk/return profile of the portfolio and to recommend an appropriate strategic asset allocation to reduce the volatility of returns.

The College implemented this strategic asset allocation in June 2004, and reaffirmed the strategy in February 2007. The portfolio has substantial exposure to currency movements which is limited through foreign exchange forward contracts. Although 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), the recent turmoil in the financial markets resulted in most asset classes being affected negatively with assets with long historical trends of low correlation to each other moving in tandem. The College has responded by conducting a detailed and careful analysis and has concluded that its strategy is sound.

Ethical Investment

The College keeps its duty in regard to the ethical investment of its funds under review. In line with the findings of the Harries case (Bishop of Oxford v. Church Commissioners, 1992), the overriding principle guiding the College's investments is the financial return of the portfolio, unless, such investments are contrary to the charity's aims. 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. After a period of

assessment of methods of managing investments, the College decided to change its system of investing, and with effect from the financial year beginning on 1 July 2009, the College withdrew its portfolio from its discretionary manager and appointed a firm of advisors which provide a range of pooled funds in which to invest. The Investment Committee is responsible for decisions on asset allocation but does not select individual stocks.

Risk Management

The Governing Body's Risk Management Strategy Register is in the process of review. 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 200 years old, 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 are affected by volatility in the financial markets and by recession in the real economy, the effects of which are hard to mitigate. All operations would be impacted by a pandemic. The College has made an appropriate plan to minimize problems.

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 rooms

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 management section of the Colleges' Environmental League Table, 5th in water management, 10th energy management, and 15th in recycling. In April 2010, the Climate Change Act 2008 will come into force, which will impose a mandatory carbon trading scheme. Its initial phase will affect all organizations that consumed over 6,000 MWh (6,000,000 kWh) of half-hourly metered electricity during the period 1 January 2008 to 31 December 2008. It will also include the Colleges of the English Universities. The College has begun a series of "Carbon Conversations" in order to increase awareness of issues affecting Climate Change.

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 £132,121. 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 receive substantial assets under the will of John Archibald Seton, who died in 1979 once the estate of his wife, who died in June 2009, is settled.

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 2008-09, the College received £238,518 in refunds on purchases of £8.3M.

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. Funds

i) Unrestricted Funds:

Unrestricted funds are available to the College for general purposes and are expendable at the College's discretion.

ii) Designated Funds:

Part of an unrestricted fund may be earmarked for particular purposes and these are described as designated funds. One such fund is the Fixed Asset Capital Fund, which together with the Revaluation Reserve represents the net book value of the fixed assets used for operational purposes.

iii) Restricted Funds:

Restricted funds are subject to specific trusts, which may be declared by the donor(s) or with their authority or created through legal process. The restriction may apply to income or capital or both.

5. Depreciation:

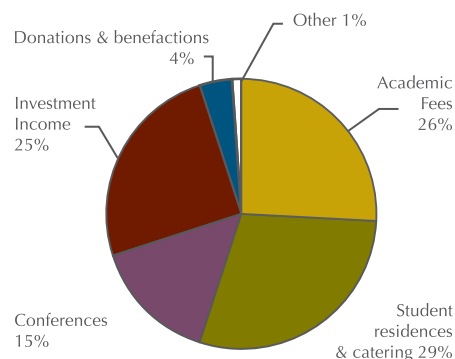
The earliest buildings, designed by William Wilkins, form a significant part of the Domus and are listed as Grade I.⁴ All other buildings on the Domus come within the curtilage of those buildings and are therefore subject to some of the same restrictions. The Listing imposes an obligation to repair and 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 £114.8 million.

6. 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.

⁴ 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 2008 / 09



⁵ See Note 1, "Academic Fees and Charges", excluding Research/Teaching Grants and Other Charges and note 4 "Education Expenditure"

⁶ 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 HEPI).

⁷ In 2008, the size of the endowment (net of loans) placed Downing at 21 (2007: 22) in terms of this measure of wealth. Colleges of a similar sized student body (+/-50) have endowments ranging between £30.6 million and £121.6 million. The median of all Colleges was £43.0 million (2008: £47.8 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 and 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 2008-09, this payment, which accounted for 17.8% of total income, amounted to £1,403,070 (2007-08: £1,354,871) for 390 students, including publicly-funded undergraduates, PGCE, Clinical Medical, and Veterinary Students. Fees charged to privately-funded, overseas undergraduates and to graduates are not subject to the government-imposed reductions. For 2008-09 the shortfall on a fully-allocated basis⁵ increased by 14.8% from £2,383 to £2,735 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 £3,225 for 2009-10 (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 since 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)⁶ 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 Colleges Fund, which is funded through the intercollegiate taxation system, makes grants to Colleges with insufficient endowments⁷. 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 £1,160,683. The College received a grant of £122,800 in 2008-09 (2007-08: £111,900) on the basis of the return submitted for 2007-08. 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 and will make a contribution in respect of the financial year 2007-08 of £3,700 due to having cash on hand relating to the donation for the building of the Howard Theatre.

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 2008-09, the cost per square metre of providing space was £204.77, compared with £184.41 in 2007-08 (2006-07: £179.35), an increase of 11.0%. 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 £3.3 million out of the College's £25 million total 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 £9.9 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 £1,042,323 have been received to date, out of the £1.18 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", was deferred to 2009 and was launched at the London Event on 2 November.

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 2008-09, financial support from Trinity amounted to £46,000. In addition, the College and its members received £138,051 (2008-09: £109,740) 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 £212,420 of which £193,788 was provided by Restricted Funds including Trust Funds and £18,632 was met from general funds.

FINANCIAL REVIEW

Income and expenditure

Five years ago, income and expenditure were approximately in balance. This year, the overall deficit reached £1.3 million. A large element of this overspend was a consequence of the extensive and necessary building projects that began in 2004-05 and will finish with the completion of the Howard Theatre in 2009. However, while a significant falling off in commercial revenue was anticipated as a result of the College being turned into a building site and venues taken out of service, other factors have contributed equally. On the income side, returns on the securities both in the main portfolio and in the pension scheme have deteriorated and rental income received has fallen. Unrestricted donations have been lower than in previous years. On the expenditure side, staff costs have soared over the five year period (due more to the pressure of the market on salaries rather than any increase in headcount), as has the cost of gas, electricity, and food. This year, the effects of this trend have been compounded by the crisis in financial markets and the economic downturn.

The results for the financial year 2008-09, measured at operating level, illustrate the extent of the problem: last year's results were nearly breakeven, albeit helped by the gain of £0.3 million on the sale of a house, but this year the operating loss amounted to £1 million, a swing of £0.7 million on a like for like basis. Income from the core operations (excluding endowment income) grew by 2.5%; associated costs, however, increased by 10.4%. The difference between academic fees and the costs of providing education rose by 18.9% to £1.6 million. Costs are allocated using measures of time and space; inevitably, the cost base is affected by increases in premises costs. This year, the cost of supporting a square metre of space rose by 11% from £184.41 to £204.77. Generally, the results were impacted by an increase of staff costs due to a very high level of long-term physical sickness and maternity absences.

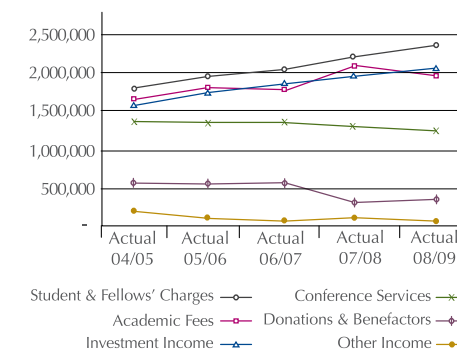
These continuing but anticipated deficits reflect a series of decisions which has resulted in short-term losses but which will benefit the College in the long-term. Work on the West Range Project, the Hall, the Howard Theatre, and the Howard Court accommodation building has inevitably compromised commercial 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. The absence of significant legacies and a delay in the launch of the endowment fundraising campaign meant that unrestricted donations were limited to £93,428, an amount which fell well short of covering the Development Office costs. The focus on the future helped contribute to the £1.3 million deficit in the Income and Expenditure Account, which was funded from reserves. The dependence on the endowment was, therefore, 41% greater than had income and expenditure been in balance. This burden was in addition to the cost to the endowment of capital expenditure in excess of depreciation of £0.7million.

Although overall income was up by only 1.54%, Academic Fees increased by 4.8%, reflecting an unusually high intake of graduate students. The fall in income from Conference Services of 4.5%, however, obliterated gains in other categories. Although the student rent roll delivered an above-inflation return, the income does not cover the costs of providing accommodation in old buildings on a historical site. Similarly, the College's commitment to providing meals for the students is uneconomic. With price expectations set at the beginning of the year, food inflation is largely absorbed by the College. The deficit of 16.3% of income in part indicates 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 again be necessary for 2010-11, especially to rents. Cambridge Colleges' rents are typically lower than those of other universities, which also tend only to house students for one year and insist on longer contract periods. Similarly, the level of fees for

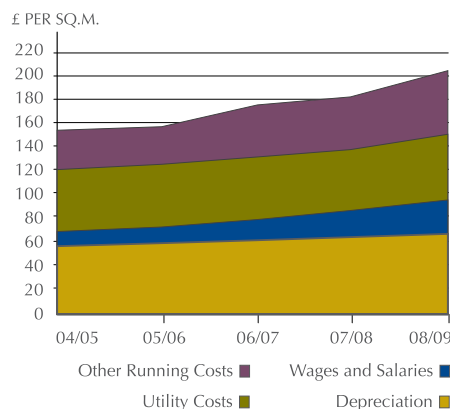
CASH & INCOME & EXPENDITURE SUMMARY



INCOME BREAKDOWN



ESTABLISHMENT COSTS



privately-funded undergraduates, which was raised for 2008-09, must aim to cover the cost of educating each student: the sum charged for 2008-09 of £4,515 did not cover the calculated cost of £5,944. Any measure that affects students' finances, however, is taken only in conjunction with the promotion of the availability of hardship funds, which results in targeted rather than blanket subsidies.

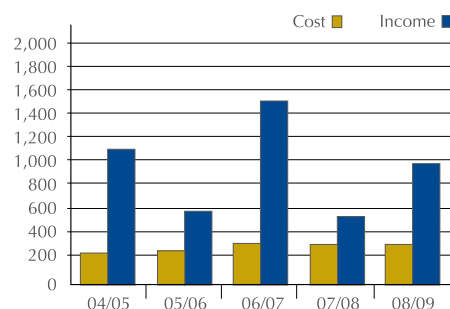
A central strand of the College's strategy for supporting its educational mission has been the development of the Conference Services business which has grown in income from just under £0.6 million ten years ago to a high of £1.4 million in 2004-05. Unfortunately, the extensive building programme has 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.

Overall expenditure has grown by 10.4%. Salary costs increased by £0.3 million (7.3%), even though two fellows, formerly employed by the College, were appointed as temporary University lecturers and a "salary sacrifice" was put into place. The increase reflected a 3% pay-rise to non-academic staff, a pay award of 6.6% to academic and academic-related staff which followed the national agreement, redundancy payments, and an increase in headcount of 3.75 FTE. Non-salary related operating costs were significantly affected by the rise in energy costs, which together with food inflation, were the principal contributors to the 13.1% rise in costs relative to those of last year.

The pressure on the College's finances caused a fundamental review of all heads of College income and expenditure, as a result of which a number of decisions were taken. After consultation with the staff, the Cambridge Colleges Federated Pension Scheme ("CCFPS") was in effect closed to future service for the remaining 35 staff not receiving long-term sickness benefits. Existing staff were offered membership of USS, which most took up, giving a total membership for College posts of 97. Since 1 July 2009, new non-academic staff, with some exceptions, are invited to join a new defined contribution scheme. With reluctance, the College decided that it could no longer afford to assume the risks inherent in final salary pension schemes for categories of staff for which such schemes are not typical. The effect of the FRS 17 calculations on the Income and Expenditure Account was an additional cost of £0.1 million compared to 2007-08, in addition to the charge to reserves of £0.3 million. From 1 October 2009, the employer's contribution to USS increased by 2% to 16%.

Development and Fundraising

DEVELOPMENT OFFICE COSTS & INCOME



Note: Excludes Howard Theatre Donation

The Development Office, established in 1996, supports the Downing community by organising events locally, nationally, and internationally and communicating with members through its magazine, Dow@Cam and email newsletters. 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.

Despite the economic downturn, the annual telephone fundraising campaign was the most successful to date, raising £0.2 million, yielding 110.5% of the amount pledged and contributing to the high participation rate of 19%.

On 2 November 2009, the new Endowment Campaign "Catalysis" was launched, having been deferred a year because of the financial crisis. The Campaign 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.

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 £20.0 million for College use, which will contribute to that total: £1.4 million for Students (Hardship); £1.7 million for Staff (Teaching); £0.3 million for Freedom to Discover; £9.4 million for Heritage (Buildings); and £7.3 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. In August, a Deputy Development Director, Serita Rana, was appointed. The office has recently focused on reducing paper and postage costs and using electronic means of communicating, such as email, Facebook, and Twitter. As of November 2009, the College had email addresses for 4,538 alumni.

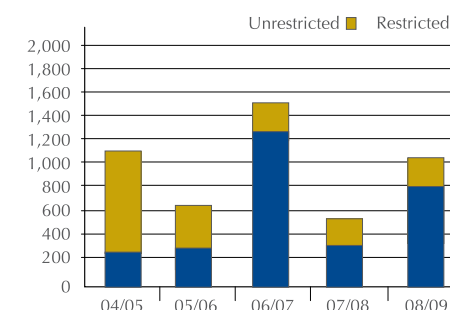
EVENTS

	Event Date	Total Attended	Alumni Attended
25th Anniversary Garden Party 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
New York Reception	30 October 2008	7	5
London Alumni Reception, RAC Club	4 November 2008	168	151
Singapore Reception	10 December 2008	19	14
Year Reps' Meeting/Dinner	28 January 2009	34	27
Griffins' Annual Dinner	31 January 2009	28	23
Hall event for donors – Lunch	14 February 2009	82	25
Hall event for donors – Tea	14 February 2009	113	35
City Group March (January 08)	9 March 2009	37	31
HK Event	19 March 2009	34	26
Annual Reunion Dinner	28 March 2009	168	165
MA Awards Dinner	16 May 2009	95	80
Cambridge Reception	19 May 2009	18	13
Donors' Garden Party	13 June 2009	209	73
1956 & 1982 Reunion Dinner	13 June 2009	30	19
1961 Reunion Lunch	20 June 2009	16	10
Graduands Reception	25 June 2009	217	83*
1964 Reunion dinner	18 July 2009	11	6
1749 Society Reception	25 July 2009	62	31
CLAN Reception	27 July 2009	86	82
Alumni Day	26 September 2009	110	65
Association Dinner	26 September 2009	157	98
London Event at RAF Club	2 November 2009	172	166
New York Reception & Dinner	4 December 2008		

* Number of Graduands attended

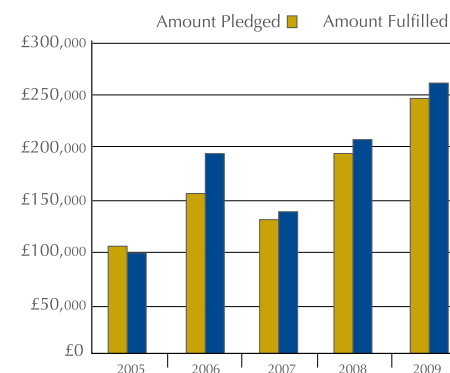
(In addition, two issues of Dow@Cam (Vols. 20 & 21) were published)

DONATIONS & LEGACIES (Capital and Income)



Note: Excludes Howard Theatre Donation

TELEPHONE FUNDRAISING DONATIONS 2005-2009



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

	2009-10		2008-09		2007-08		2006-07*		2005-06*		2004-05*	
	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni
1749 Reception July	62	31	80	31	51	24	51	24	73	37	54	26
Alumni Day September	110	65	105	71	183	96	121	55	113	61	129	64
Association Dinner September	157	98	86	80	171	112	155	91	148	107	143	94
London Event October/November	172	166	168	151	133	118	168	153	147	123	185	169
Griffins' Dinner January			28	23	22	19	23	17	11	8	18	13
Year Reps Meeting January/February/March			34	27	33	24	37	31	37	30	36	28
Reunion Dinner March/April			168	165	152	142	169	163	153	145	125	115
Donors Garden Party June			209	73	194	70	244	97	265	118	219	86
Graduands Reception June			217	83	294	101	279	99	217	83		
Other events			255	78	268	179	348	266	423	326	335	195
TOTAL			1,350	782	1,501	885	1,595	996	1,587	1,038	1,244	790

* Financial Year (1 August – 31 July)

The tables below show the total funds raised for the years 2008-09, 2007-08, and 2006-07, and the Status of Members out of Residence and Donors in 2008-09, compared with those in 2007-08 and 2006-07.

ACTUAL FUNDS RECEIVED

	2008-09 £	2007-08 £	2006-07 £
Unrestricted			
Endowment	139,901	129,499	64,847
Annual Fund	93,428	95,031	223,318
	233,329	224,530	288,165
Restricted			
Student Accommodation	6,460	4,771	30,454
Hall Restoration	113,400	124,610	739,843
Howard Theatre	781,224	6,528,885	205,332
Teaching Support	53,725	46,015	355,410
Student Support	352,027	32,439	53,131
Sports & Cultural (incl. Boat Club)	44,285	83,123	27,583
Downing Enterprise Scheme	50,925	25,888	17,308
Other	150,031	12	24
	1,552,077	6,845,743	1,429,085
TOTAL	1,785,406	7,070,273	1,717,250

In addition, the Segreants Trust (formerly the Boathouse Centenary Trust) received donations of £9,055 during the year, bringing the total it has raised to £1,120,581. Alumni clubs, such as The Segreants, The Griffins, and the Downing Association, also raise funds to support members in residence.

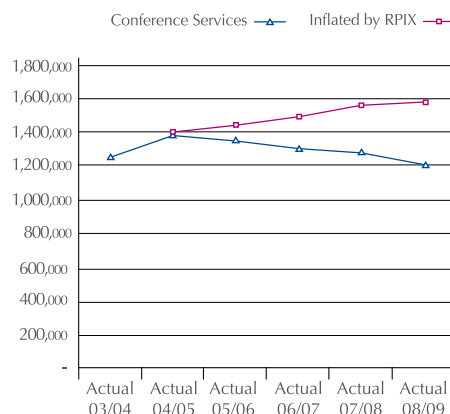
STATUS OF MEMBERS OUT OF RESIDENCE AND DONORS

	2008-09	2007-08	2006-07
Number of Alumni (living and deceased)	10,058	9,885	9,705
Deceased	1,679	1,624	1,559
Number of Living Alumni	8,379	8,261	8,146
Address known (Members in Contact)	6,495 ⁸	6,697	6,326
Email address known	4,538		
Address unknown	1,884	1,564	1,820
% Address known	77.5%	81.1%	77.7%
Request not to be mailed	221	189	1,592
Number of living Donors this financial year	1,225	1,005	1,086
Total membership who have contributed to the College	3,487	3,291	3,155
Living members in contact who have contributed	2,898	2,797	2,657
Living Donors as % of Members in Contact	44.6%	41.8%	42.0%
Participation Rate this financial year of living members	15%	12%	13%
Participation Rate this financial year of living members in contact	19% ⁹	15%	16%

⁸Undergraduates: 5,259; Graduates: 1,236

⁹Undergraduates: 21%; Graduates: 7%

CONFERENCE SERVICES INCOME



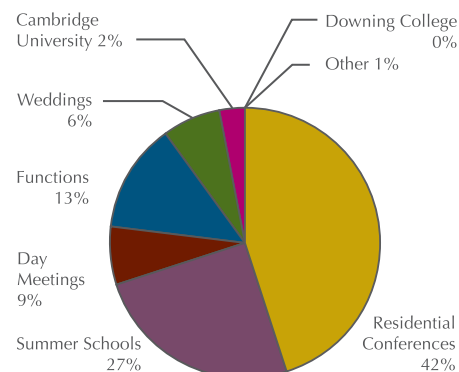
Conference Services

The four year period to 2008-09 has seen a drop of 12.5% in conference turnover (22.4% once adjusted for inflation), reflecting downward pressure on pricing and a reduction in the level of business. During that period, competition among Cambridge Colleges intensified with new entrants to the market. With the loss of facilities, the College's position in the top five became impossible to sustain. Nevertheless, in spite of operating with half a Dining Hall and within a building site, the conference business posted £1.2 million in turnover. Occupancy of available en-suite rooms, increased from 31.2% to 34.4%, though the higher figure was due to the taking out of use of the Howard Court accommodation building while it was being refurbished. The revenue achieved per available room fell from £43.64 to £39.82.

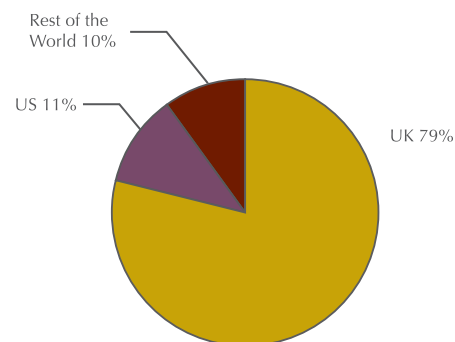
Sales for the first quarter of 2009-10, however, were up by 17.9% year on year. The opening of the Hall in February 2009 meant that the College could safely book weddings for the summer season. As one of only nine Colleges licensed for civil ceremonies, the business sector has historically contributed about 8% of revenues. In August 2009, the College began marketing spare capacity bedrooms through www.universityrooms.com and www.cambridgerooms.com and entered, in a limited way, the bed and breakfast business. Though successful, both of these sectors are labour intensive. The main focus will continue to be on the 150 person residential academic and corporate conferences. In 2008-09, 38.9% of conferences were academic, including summer schools, with 61.1% corporate.

When the new 160-seat raked Howard Theatre opens for business in early December, it will complete the Howard Conference Centre. Meeting room capacity will all but double as the Theatre will provide an additional five break out rooms and The Grace Howard Room will become a second, albeit smaller, dining room. Building on the "green" features of the Theatre – ground-source heating, solar panels, and harvested rain water – the College is currently working towards "green" accreditation. By publicizing the venue as a "green" destination, the College aims to attract companies and educational institutions for which the commitment to carbon reduction is as important as it is to the College.

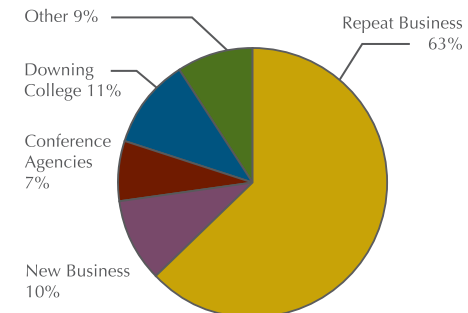
INCOME BY BUSINESS SECTOR



INCOME BY REGION



SOURCE OF BUSINESS



Capital and Reserves

Capital and reserves fell by £5.2 million from £128 million to £122.7 million, as a result of the deficit of £1.3 million and the loss of £5.3 million in the securities portfolio, partly offset by benefactions and donations of £1.4 million. Reserves were also reduced by an increase of £0.3 million in the deficit in the staff pension fund, the Cambridge Colleges' Federated Pension Scheme ("CCFPS"). A recovery plan was submitted to The Pensions Regulator based on the actuarial valuation at 31 March 2008. It was accepted on 3 September 2009.

Free reserves, as reported in the accounts, fell by £5.3 million to £3.1 million, reflecting a transfer of £4.3 million from the general reserves to the designated reserves for buildings. The College is able to use £2.4 million before its free reserves are spent. The College received a grant of £0.1 million from The Colleges Fund.

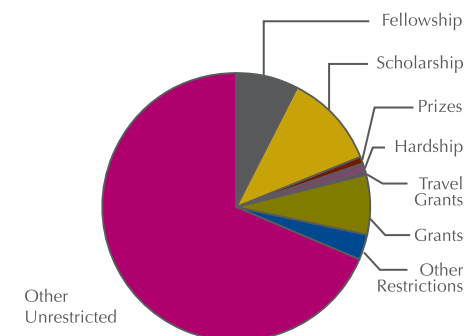
Investments

The near collapse of the financial markets, followed by the severe downturn in the economy, resulted in losses to the College's endowment that have affected the College's operations and will do so for some time. After the last dramatic fall in the value of stock markets in 2000 to 2002, a decision was taken to devise an asset allocation, using modern portfolio theory, which should withstand the volatility in the equity markets, delivering substantial returns but offering protection against losses. A loss in the financial year of 14.4% in the blended benchmark against which performance is measured compared to a loss of 16.6% loss in the traditional charity benchmark (70% global equities/ 30% global fixed income) suggests that the theory has merit. The portfolio, however, suffered a loss of 21.7%, indicating a failure in the application during the twelve-month period, particularly in the last quarter of the calendar year. This underperformance almost eliminated the gains that had been achieved in the five-year period with these fund managers, resulting in an annualized return of 0.9% against the blended benchmark's return of 1.6%. Neither return, therefore, met the objectives of the mandate, which is to achieve a real return of 4.5% on a five-year basis. In monetary terms, the securities portfolio lost £4 million. The Total Expense Ratio for the year was down slightly from 2.17% to 1.97%. The fourth quarter underperformance of 5.8% triggered a review of the arrangements, as a result of which it was decided to move the management of the College's funds, when possible, from a bank with a discretionary mandate to an independent adviser and a third party custodian. The transfer began on 1 August 2009 but can only be completed once restrictions on redemption from some illiquid funds are removed. The College will continue to hold the private equity investments through the original fund manager; these funds have contributed a significant portion of such gains as have been achieved.

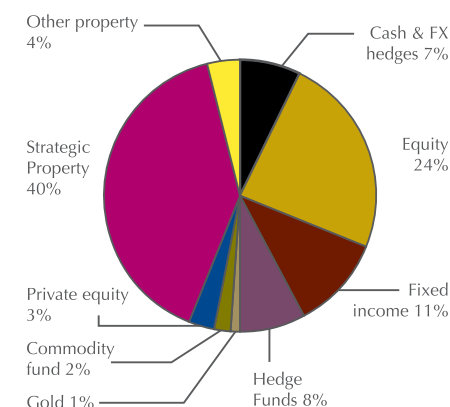
Once the transition arrangements have been completed and the funds fully invested, the target allocation will be as follows: 5.7% Inflation Linked Bonds; 3.4% Commodities; 13.8% Private Equity; 4.6% Emerging Market Equities; 4.6% "Small Cap" Equities; 20.7% "Large Cap" Equities; 14.4% Hedged Equities; 14.4% Absolute Return; 13.8% Fixed Income, and 4.6% Cash. The theoretical return on this asset allocation is 9.3% with a standard deviation of 10.2%. The construction of a portfolio with relatively low volatility is intended to limit losses in the event that there are capital calls at a low point of the market. If a drawdown occurs at a time of low valuation, then there is limited opportunity to restore value when markets pick up. The objective of the investment strategy is to preserve the value of the endowment by achieving a real rate of return of 4%, with inflation measured by RPI + 1%, thus permitting a planned withdrawal rate of 4% each year based on a the average value of a rolling twelve quarters.

The Investment Committee, which has responsibility for the College's investments on behalf of the Governing Body, has recently been augmented by two further external members: Mr Humphrey Battcock (1973: Natural Sciences), Managing Partner of Advent International (UK), and Dr David Chambers, Deputy Director of the Master of Finance Programme at the Judge Business School and a University Lecturer in Finance.

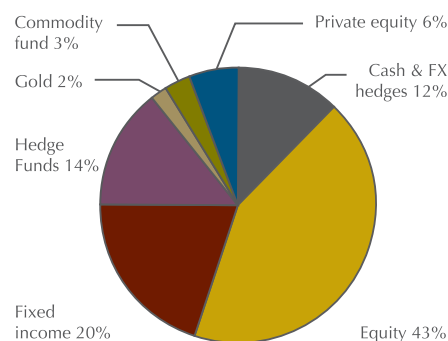
ENDOWMENT RESERVES



ASSET ALLOCATION AT 30 JUNE 2009 (Inc. property)



ASSET ALLOCATION AT 30 JUNE 2009 (Exc. property)



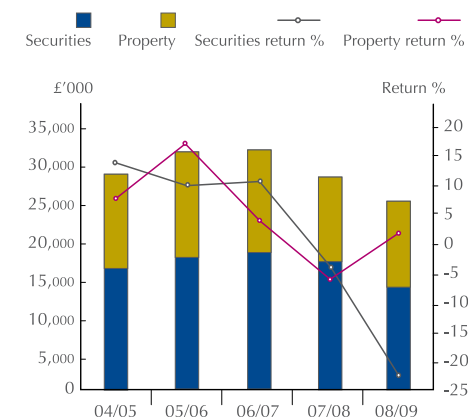
The property portfolio consists principally of properties on Regent Street that are on the College's perimeter. A mixture of shops and offices, the holdings are affected by the microeconomic influences of the Cambridge market. The expected upturn in the Regent Street economy following the completion of the Grand Arcade was thwarted by the recession. As a consequence, the value has decreased by 5.8%. There has been a write-off of £40,141, following the liquidation in receivership of one tenant. Vacancies in more attractive parts of Cambridge have led to tenants giving notice at the end of their leases. The College anticipates a future reduction in rental receipts as a result of the termination of a series of leases at their expiry on a property in which there is a geared freehold interest. The capital value of the combined portfolios has, therefore, fallen from £29.2 million to £24.2 million, some 17.1%. 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. One major rent review was completed during the year, with an increase of 13% being achieved. Nevertheless, because of voids, the forecast rental income for next year is £0.7 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 endowment has never been sufficient to support its operations. The Catalysis fundraising campaign will aim to raise sufficient funds to enable the College to maintain its present activities in the future.

COMPOSITION OF INVESTMENT PORTFOLIO

	30 June 2009	30 June 2008	31 July 2007
	£	£	£
1. Securities			
Core Portfolio Morgan Stanley*			
Cash	844,899	2,073,347	1,433,274
Forward Foreign Exchange Hedges	753,493	107,289	370,276
UK Equities	457,022	427,372	95,884
Overseas Equities	5,261,739	6,725,178	9,342,513
Fixed Income	2,694,162	3,562,221	2,405,949
Hedge Funds	1,837,513	2,748,169	3,390,028
Private Equity	620,601	528,474	431,729
Commodity Fund	386,933	752,648	356,981
Gold	322,505	359,813	676,911
Total Morgan Stanley	13,178,866	17,284,511	18,503,545
Private Equity**	129,085	139,168	154,828
TOTAL SECURITIES	13,307,951	17,423,679	18,658,373
2. Property			
Office	7,860,660	8,473,160	9,766,412
Retail	2,993,600	3,266,100	3,603,600
TOTAL PROPERTY***	10,854,260	11,739,260	13,370,012
TOTAL PORTFOLIO	£24,162,211	£29,162,939	£32,028,385

ENDOWMENT & TOTAL RETURN



* Includes donated cash and shares of nil (2008-09), nil (2007-08), and £250,000 (2006-07).

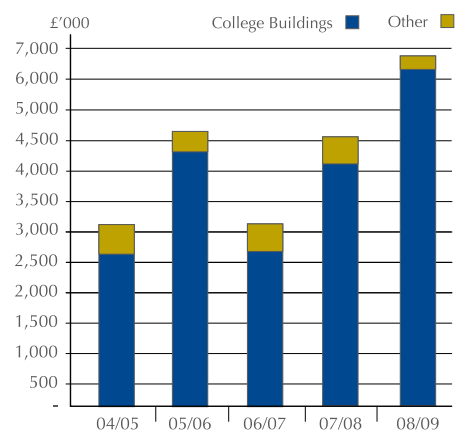
** Includes a donated share in a new venture, held at nil value.

*** 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.

MORGAN STANLEY RETURNS vs. HEPPI



CAPITAL EXPENDITURE



Cash Flow

The College's operations (net cash outflow from operating activities before the effects of working capital) continued to absorb rather than generate cash. Although the principal sources of income grew by 2%, the cost base excluding depreciation increased by 11.9%. The net effect was an increase in cash used in operations (including interest payments) but before working capital of £0.4 million to £1.5 million prior to capital transactions, a burden that the endowment cannot support over the long-term. Last year's working capital position was helped by the receipt of a £0.4 million VAT payment in relation to the West Range Project. The contribution from the endowment to operations dropped from £2.2 million to £1.4 million, reflecting a reduction in withdrawals from the securities portfolio, following a decision to limit withdrawals to dividend and interest payments while the markets were in turmoil. Operations were able only to contribute £0.6 million to capital projects, with the balance being funded from the proceeds of the long-term loan taken out in March 2008. However, 67% of these projects were funded from donations. 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.

This year's capital programme included the completion of the Dining Hall, the refurbishment of Howard Court, a key part of the Howard Conference Centre, and work on the Howard Theatre. Of the £1.2 million pledged in support of the Hall project, £1 million has been received to date. A further 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 £0.4 million of the project. Cash on hand reduced from £8.6 million to £4.2 million as cash was drawn down to fund expenditure on the Howard Theatre.

The losses in the portfolio mean that planned investments will be delayed. Despite the investments in illiquid assets, the College's cash position was sufficient to fund operations throughout last year's difficult conditions, and no difficulties are anticipated for the future.

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.

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. In anticipation of the completion of the Howard Theatre, the College upgraded the Howard Court accommodation building (built in 1994), bringing the total of superior en-suite bedrooms to 100, in addition to the 65 standard en-suite rooms. 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. The conversion of the offices at 70 Regent Street added 6 rooms to the graduate stock.

In response to the requirements of the Climate Change Act 2008, the College is currently reviewing its use of resources. For the present, capital expenditure is limited to projects that are necessary in order to comply with statutory requirements, ensure the safety of the buildings, keep the buildings wind and water tight, ensure the provision of heating, hot water, and mains electricity, avoid significant cost increases due to deterioration, aim to reduce carbon emissions, or enhance the income generation capability of the estate.

TEN YEAR CAPITAL PROGRAMME

At 1 October 2009

Current rooms refurbished or acquired in last ten years (2000 – 2009): 319 (63%)

Total Student Rooms: 503

Restoration and Major Refurbishment

Year	Building	Number of Student Rooms if Applicable
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
2009	V Staircase	
Total		228

New and Acquired Buildings, Land, and Leases

Year	Location	Number of Student Rooms if Applicable
2000	114 Tenison Road	(5)
	Singer Building	28
	55 Warkworth Terrace (resold)	(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 (resold)	(5)
2004	65 (a-d) Devonshire Road (Collins Court)	20
2005	96a Regent Street (flats)	3
2006	76 Regent Street	4
2009	70 Regent Street	6
	Howard Theatre (late October 2009)	
	Groundsman's Store (Barton Road)(commenced)	
Total (excluding resold houses)		91

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	7
Total		22

Financial Outlook

The College's financial strategic plan centres on two activities, conference services and development: For the last four years, the commercial business has been 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 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.

The near collapse of the world's financial markets contributed to the serious losses in the College's securities portfolio, putting back the capital programme by several years and restricting expenditure in all areas of College life. The Fellowship, however, rose to the challenge, reviewed all heads of expenditure and income generation, and created a plan to return the College to financial wellbeing by 2014. The forty-year loan at 4.94% that the College took out in March 2008 provided the liquidity necessary to function and a decision was taken to limit withdrawals from the portfolio to dividends and interest rather than drawing down the full amount permitted by the spending rule. The portfolio, therefore, has benefited from the recent rise in the equity markets. The voids in the properties on Regent Street continue to cause concern. The fall of 17.1% in the value of endowment will have an impact on the Spending Rule, which will in turn affect income, operations, and inhibit further expansion of those teaching activities that are dependent on general funds. The capital programme will be limited to improvements relating to safety and carbon reduction or initiatives that are directed at profit generation.

The next few years will continue to be challenging, 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.

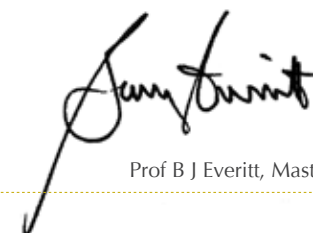
Plans for the Future

The financial crisis and the recession led to a reassessment of plans and a fundamental review of costs. 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 had its official opening on 14 February 2009, and the Howard Theatre, which is all but complete will enable the College to expand its conference business, which is the cornerstone of the strategic plan to ensure that the College is able to sustain its current level of activities.


The financial rewards of hosting academic and corporate conferences 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", which was launched on 2 November 2009, 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 Governing Body continues to believe that the small size of its fellowship (which it targets at 45) contributes to its distinctive qualities. The model size of 45 fellows, 420 undergraduates, and 180 graduates creates a community that remains knowable. Strenuous efforts, nevertheless, are made to welcome members of the University without an affiliation to a College through the bye-fellow and post-doctoral affiliation programmes. The College is conscious of its obligations to the wider community and will actively continue to engage in its public benefit programme of widening participation.

On behalf of the Governing Body:



Prof B J Everitt, Master



Dr Susan Lintott, Bursar

Date 23 December 2009

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS

Financial Year End:	2009	2008	2007	2006	2005
1. Education					
Tompkins Tables *	15	12	3	11	15
Undergraduate classification of degrees					
1st	82	89	96	78	64
2:1	202	194	213	194	201
2	31	34	30	25	36
2:2	61	51	52	73	68
3	11	10	9	9	8
Pass	17	16	12	9	10
DDH	6	3	2	5	4
Ordinary	0	2	0	0	1
Fail	3	1	1	2	2
Nos. of Special Prizes ¹⁰	17	20	13	16	12
Graduate degrees awarded:					
PhD (including MB PhD)	33	38	39	42	42
MPhil, LLM, MBA et al	35	37	45	32	41
MB BChir [*CLIN Medics Graduating as a group in Nov 08]	9	1*	12	9	5
Number of Open Days					
College Open Days	4	5	5	5	5
University Open Days	2	2	2	2	2
South West Open Days	1	1	1	1	2
Numbers visiting Open Days	945	1041	731	445	445
% subsequently applying to Downing (in October following)	22%	23%	20%	19.6%	55%
Applicants from South–West initiative (October following)	44	32	40	22	34
Special Access Scheme Applicants	32	32	27		
Special Access Scheme Admissions		5	6		
Total Number of Applicants for Undergraduate Courses including	719	653	544	709	763
Open Applications (in October following)	(0)	(0)	(36)	(0)	(0)
Offers by other Colleges	43	46	36	32	37
All Admissions (Including Summer Pool)	128	130	122	124	121
% Women: % Men	38:62	47:53	48:52	49:51	50:50
Applicants from Maintained Schools	–	364	350	387	57%
Acceptances from Maintained Schools	69	72	52	53	60%
Applications by subject (October 2008)					
Asian & Middle Eastern Studies	1				

* 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.

¹⁰Special Prizes are awarded to those in the top 2.5% of their University Class List.

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2009	2008	2007	2006	2005
1. Education continued					
ASN&C	0	1	1	3	1
Archaeology & Anthropology	4	3	5	8	10
Architecture	29	20	24	26	21
Chemical Engineering via Engineering	8				
Classics	13	6	8	9	20
Economics	37	49	49	30	49
Engineering	72	67	55	73	99
English	26	31	30	19	33
Geography	38	42	18	43	32
History	33	25	15	29	35
History of Art	2	2	2	7	9
Land Economy	12	17	9	9	19
Law	74	82	75	117	116
Mathematics	26	33	21	31	25
Medicine	113	92	71	105	83
Modern & Medieval Languages	26	14	19	30	18
Music	2	3	2	1	0
Natural Sciences (Bio)	60	63	90	126	109
Natural Sciences (Phys)	70	67			
Oriental Studies (now Asian & Middle Eastern Studies)	–	3	3	1	7
Philosophy	7	3	6	5	11
Social and Political Sciences	19	18	19	21	35
Theology	5	1	2	1	7
Veterinary Medicine	5	7	11	6	6
Total University Full-Time Undergraduates ¹¹	12,006	11,826	11,824	11,903	11,979
% Female: % Male	49:51	49:51	49:51	50:50	49:51
Total Full-Time Downing Undergraduates	442	439	440	438	448
% Female: % Male	47:53	47:53	48:52	47:53	44:56
Numbers of Undergraduates “Dropping-Out”					
Withdrawal for medical reasons	2	1	3	0	1
Transfer to another HEI	1	3	0	3	3
Withdrawn	0	1	0	0	0

¹¹Table 12, Cambridge University Reporter, Special No. 4, 5 October 2009

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2009	2008	2007	2006	2005
1. Education continued					
Total University Full-Time Postgraduates ¹²	5,521	5,836	6,001	5,346	5,499
% Female: % Male	45:55	46:54	45:55	42:58	45:55
Total Downing Full-Time Postgraduates ¹³	183	180	183	179	165
% Female: % Male	34:66	32:68	38:62	42:58	44:56
Total University not Full-Time Postgraduates ¹⁴	2,528	2,658	2,551	2,832	2,560
% Female: % Male	43:57	54:46	57:43	61:39	53:47
Total Downing not Full-Time Postgraduates	63	52	38	39	65
% Female: % Male	32:68	46:54	47:53	36:64	43:57
Total University numbers entering course for the first time ¹⁵ which attract undergraduate fees	3,999	3,906	3,829	3,937	3,911
% Female: % Male	47:53	48:52	49:51	48:52	50:50
Downing numbers entering courses for the first time which attract undergraduate fees ¹⁶	145	144	131	142	149
% Female: % Male	46:54	47:53	47:53	47:53	50:50
Total University numbers entering full-time postgraduate courses for the first time ¹⁷	3,101	3,037	3,003	3,168	3,115
% Female: % Male	48:52	49:51	49:51	50:50	51:49
Downing numbers entering full-time postgraduate courses for the first time ¹⁸	91	82	81	73	64
% Female: % Male	35:65	30:70	38:62	38:62	41:59

Financial Support for Students: Number of Students Receiving Grants

Cambridge Bursary Scheme (formerly Isaac Newton Grants)	79	57	66	55	59
Cambridge Commonwealth Trust	9	6	5	3	8
Cambridge European Trust	12	7	7	—	—
Cambridge Overseas Trust	20	13	5	16	20
Gates Cambridge Trust	6	7	7	3	4
Average value of Cambridge Bursary Scheme Grants	£1,809	£1,813			

¹²Table 12

¹³Table 12

¹⁴Table 12

¹⁵Table 13

¹⁶Table 13

¹⁷Table 10

¹⁸Table 13

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End: 2009 2008 2007 2006 2005

2. Accommodation

Average Rent Undergraduate Study Bedroom	£90:41	£84:21	£80.06	£75.61	£71.69
Average Rent Graduate Study Bedroom	£94:57	£91:13	£85.44	£81.83	£77.85
Undergraduates Housed in College Accommodation	373	385	389	388	401
Graduates Housed in College Accommodation	117	109	103	103	92
Total Students in College Accommodation	490	494	492	491	493

3. Student Catering Income

Lunch	£71,000	£60,944	£48,795	£26,921	£36,121
Dinner	£83,495	£84,388	£76,206	£54,764	£63,020
Café	£71,449	£63,090	£58,301	£50,240	£62,890

4. Conference & Functions

Conference & Function Income	£1,214,086	£1,271,939	£1,329,437	£1,295,171	£1,360,581
Total Bed nights	15,144	13,694	13,375	13,016	13,607
Room nights: Academic Conferences	1,479	2,465	2,441	1,565	5,007
Room nights: Corporate Conferences	4,306	4,033	4,862	3,505	2,606
Room nights: Summer Schools	8,142	7,045	5,711	6,352	5,994
Capacity Utilisation Total Conference Rooms	53%	47%	47%	41%	55%
En-suite Rooms	34.17%	31.67%	32.1%	22.3%	39.2%
Average Price Achieved per Room Used	£39.82	£43.64	£40.14	£38.20	£40.13

5. Development and Fundraising

Development Campaign Funds Raised (including funds raised by the Segreants Trust)	£1,794,462	£7,305,612	£1,721,148	£644,581	£1,103,773
Living donors as a % of members in contact	44.6%	41.8%	42%	44%	38.5%
Participation Rate this Financial Year of Living Members in Contact	19%	15%	16%	12%	10.2%
Direct Fundraising Costs:					
Donations Raised excluding Legacies and the Howard Gift	1:2.42	1:2	1:5	1:2	1:2
Donations Raised including Legacies but ex the Howard Gift	1:3.23	1:2	1:5	1:3	1:5
Donations Raised including Legacies but ex the Howard Gift (5 year average)	1:3.55	1:4	1:7	1:8	1:8

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

	2009	2008	2007	2006	2005
6. Financial Measurements					
% Deficit/Turnover	(16.34%)	(4.32%)	(5.79%)	(0.64%)	(0.44%)
% Deficit/Free Reserves	(53.68%)	(7.93%)	(7.1%)	(0.79%)	(0.40%)
Staff costs as a % of Turnover	51.3%	48.5%	48.2%	47.1%	48.3%
£ per sq.metre cost of upkeep of Buildings	£204.77	£184.41	£179.35	£162.29	£156.23
Charitable Funds					
Charitable Funds Invested (including Works of Art, etc.)	£28,590,332	£33,006,125	£35,543,000	£35,614,00	£32,055,000
Endowment Assets less loans per Full-Time Students	£37,197	£44,451	£48,525	£59,349	£48,891
Endowment Drawdown	£1,228,662	£1,687,793	£1,627,169	£1,576,001	£774,001
Endowment Drawdown as % Income	15.6%	21.7%	21.8%	21.5%	11.0%
Endowment Drawdown as % Income (Five Year Average)	18.5%	—	—	—	—
Endowment Drawdown as % Investment Portfolio	5.1%	5.8%	5.1%	4.9%	2.7%
Performance of Core Securities Portfolio (net of fees)	-21.71%	-3.32%	9.91%	9.77%	13.33%
Annual Three-year Cumulative	-4.67%	5.65%	12.26%	13.65%	9.38%
Annual Five-year Cumulative	1.42%	10.28%	11.57%	2.71%	4.9%
Capital Value per Unit	£19.16	£25.36	£27.16	£26.35	£24.99
Income Value	£900,628	£841,592	£771,393	£709,596	£639,939
Inflation Measurements RPI	-1.6%	4.6%	3.8%	3.3%	2.9%
RPIX	1.0%	4.8%	2.7%	3.1%	2.4%
HEPPI		8.8%	4.5%	2.8%	3.3%
Tender Price Inflation (October 2007 – October 2008)	(10.4%)	(5.0%)	6.6%	6.4%	4.9%
Pension Fund Assets (CCFPS) at Triennial Valuation	—	£3,077,300	—	—	£2,193,741
Past Service Funding Level Deficit	—	(£471,544)	—	—	(£397,843)
Funding Level %	—	87%	—	—	85%
Past Service MFR Deficit	—	—	—	—	(£11,044)
MFR Funding %	—	—	—	—	99%

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2009	2008	2007	2006	2005
7. Staff					
Fellowship	52	50	49	47	43
University Principal Employer	39	42	40	37	35
Professors	13	13	11	10	9
Readers	3	3	6	7	7
Senior Lecturers	5	7	5	5	3
Lecturers	13	11	10	7	9
Other	5	8	8	8	7
College Teaching Officers	4	4	5	6	4
Research Fellowships	3	—	—	—	—
Stipendiary	2	2	2	2	3
Non-stipendiary	1	1	1	1	—
Administrative	3	1	1	1	1
Female	16	16	15	14	9
Male	36	34	34	33	34
Resident	7	7	9	9	9
Non-Resident	45	43	37	37	36
Support Staff Headcount	137	136	135	129	130
Female	81	82	85	74	73
Male	56	54	50	55	57
Turnover					
Retirements	3	3	3	6	3
Resignations	21	17	19	22	32
Deceased	—	—	1	—	—
Dismissal/Redundancy	—	3	6	—	—
Days Sickness	1,264	1,095	917	1,479	—
Reports under RIDDOR	2	3	4	8	4
Members in the USS Pension Scheme	60	59	49	45	45
Members in the CCFPS Pension Scheme	38	42	43	45	46

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2009	2008	2007	2006	2005
7. Staff continued					
At the Triennial Actuarial Valuation 31 March					
Pensioners	—	23	—	—	14
Male	—	9	—	—	6
Female	—	14	—	—	8
Deferred	—	29	—	—	25
Male	—	15	—	—	13
Female	—	14	—	—	12
Active Members	—	42	—	—	57
Average Age	—	50.9	—	—	48
Male	—	21	—	—	28
Average Age	—	52.2	—	—	47.9
Female	—	21	—	—	29
Average Age	—	49.6	—	—	48.2
Members of Previous College Staff Scheme	7	8	8	9	9
8. Other					
Colleges Environmental League Table		4	3	—	4
Management Rank	4	—	—	—	—
Management Score	61.4%	—	—	—	—
Energy Rank	10	—	—	—	—
Energy Score	72.0kWh/p/day	—	—	—	—
Water Rank	5	—	—	—	—
Water Score	297 litres/p.day	—	—	—	—
Recycling Rank	15	—	—	—	—
Recycling Score	56.5%	—	—	—	—
Water Use	£71,989	£68,100	£62,177	£56,077	£53,249
Gas Use	£233,969	£114,138	£152,196	£175,989	£101,743
Electricity Use	£178,971	£153,802	£136,440	£77,319	£106,525
Carbon Trust Standard Emissions Data					
Gas (kWhr)	5,864,619	6,141,309	—	—	—
Propane (kWhr)	—	14,929	—	—	—
Electricity (kWhr)	1,830,684	1,902,637	—	—	—
Carbon Emissions: (TonnesCO2e)					
Gas	1,085.0	1,136.1	—	—	—
Propane	—	3.2	—	—	—
Electricity	983.1	1,021.7	—	—	—
Totals (Tonnes CO2e)	2,068.0	2,161.1	—	—	—

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 College 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 have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Report of the Governing Body 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.

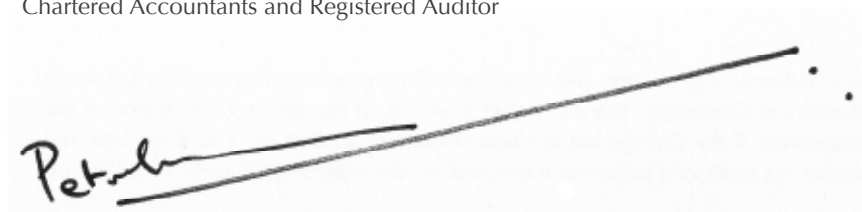
OPINIONS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 June 2009 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge; and
- the information given in the Report of the Governing Body is consistent with the financial statements.
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

PETERS ELWORTHY & MOORE

Chartered Accountants and Registered Auditor



CAMBRIDGE 23 December 2009

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 2009. 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 2009 when measured against the previous year's market value was 4.7%.

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 2009.

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 £122,800 (2008: £111,900) which is credited to permanent capital.



Principal Accounting Statements



CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	2009 £000	2008 £000
Income			
Academic Fees (inc. Research/Teaching Grants)	1	2,025	1,932
Residences, Catering and Conferences	2	3,481	3,405
Endowment Income	3	2,348	2,364
Other Income		40	73
Total Income		7,894	7,774
Expenditure			
Education	4	3,586	3,246
Residences, Catering and Conferences	5	5,246	4,719
Other		117	140
Total Expenditure		8,949	8,105
Profit on disposal of fixed assets		6	303
		(1,049)	(28)
Operating Deficit			
Taxation	6	(4)	—
		(1,053)	(28)
Transfer to/(from) Accumulated Income within Restricted Expendable Capital – (Unspent income from Restricted Funds and Donations)		(237)	(308)
Deficit for the year		(1,290)	(336)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Restricted Funds		Unrestricted Funds		Total 2009 £000	Total 2008 £000
	Collegiate Purposes £000	Non-Collegiate Purposes £000	Designated Funds £000	Undesignated Funds £000		
Capital and Reserves Balance Brought Forward at 1 July 2008	25,069	—	82,134	20,704	127,907	124,557
Retained Surplus/(Deficit) for the Year	—	—	103	(1,393)	(1,290)	(336)
Total Return not recognized in the Income and Expenditure Account (Note 3b)	(2,206)	—	(527)	(2,534)	(5,267)	(3,064)
Colleges Fund Grant	—	—	—	123	123	111
Unspent Trust or Other Restricted Fund Income and Donations Retained by Funds	237	—	—	—	237	309
Benefactions and Donations	1,269	—	—	140	1,409	6,846
Deferred capital fund released in year	(94)	—	—	—	(94)	(82)
Transfers	—	—	2,139	(2,139)	—	—
Actuarial (loss)/gain on pension scheme assets and liabilities	—	—	—	(277)	(277)	(434)
Total Recognised Gains/(Losses) for the Year	(794)	—	1,715	(6,080)	(5,159)	3,350
Capital and Reserves balance Carried Forward at 30 June 2009	24,275	—	83,849	14,624	122,748	127,907

CONSOLIDATED BALANCE SHEET

	Note	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	2009 £000	2008 £000
Fixed assets					
Tangible Assets	9			98,448	93,378
Investment Assets	10			8,222	9,714
				106,670	103,092
Endowment Assets	11			20,526	23,451
Current Assets					
Stock				191	157
Debtors	12			1,472	2,316
Cash	13			4,181	8,615
				5,844	11,088
Creditors: amounts falling due within one year	14			(3,833)	(3,581)
Net Current Assets				2,011	7,507
Total Assets less current liabilities				129,207	134,050
Creditors amounts falling due after more than one year	15			(5,500)	(5,500)
Net Assets excluding Pension Liability				123,707	128,550
Pension Liability	21			(959)	(643)
Net Assets including Pension Liability				122,748	127,907
Capital and Reserves					
Restricted	16	16,916	7,359	24,275	25,068
Unrestricted – Designated	16	82,220	1,629	83,849	82,134
Unrestricted – Undesignated excluding Pension Liability	16	4,043	11,540	15,583	21,348
Pension Reserve		(959)	—	(959)	(643)
Unrestricted – Undesignated including Pension Liability		3,084	11,540	14,624	20,705
		102,220	20,528	122,748	127,907

These accounts were approved by the Governing Body on 27 November 2009 and are signed on their behalf by:

Prof. Barry Everitt, Master



CONSOLIDATED CASH FLOW STATEMENT

	2009 £000	2008 £000
Operating Activities		
Operating Deficit Before Tax	(1,290)	(336)
Depreciation	1,631	1,559
Profit on disposal of fixed assets	(6)	(303)
Investment Income	(2,043)	(2,069)
Donation Income Expended in Year	(94)	(82)
Interest Payable	269	146
Movement in Pension Deficit	37	(41)
(Increase) in Stocks	(34)	(7)
Decrease/(Increase) in Debtors	419	(407)
Increase in Creditors	289	250
Net Cash Outflow from Operating Activities	(822)	(1,290)
Returns on Investments and Servicing of Finance		
Income from Endowments	1,211	1,758
Retained Endowment Income	237	309
Other Interest Received	212	295
Interest payable	(269)	(146)
Net Cash Inflow from Returns on Investments and Servicing of Finance	1,391	2,216
Net Cash Inflow from Operating Activities, Returns on Investments and Servicing of Finance	569	926
Capital Expenditure and Financial Investment		
<i>Donations:</i>		
Capital Benefactions Received	1,409	6,846
Capital Grants Received	123	111
	1,532	6,957
<i>Endowment Asset Investments:</i>		
Payments to Acquire	(33)	(40)
Receipts from Sales	—	—
	(33)	(40)

CONSOLIDATED CASH FLOW STATEMENT CONTINUED

	2009 £000	2008 £000
<i>Other Investment Assets:</i>		
Payments to Acquire	(8)	(18)
Receipt from Sales	—	—
	(8)	(18)
<i>Operational Tangible Fixed Assets:</i>		
Payments to Acquire	(6,501)	(5,084)
Receipts from Sales	6	752
	(6,495)	(4,332)
Net Cash (Outflow)/Inflow from Investing Activities	(5,004)	2,567
Net Cash (Outflow)/Inflow before Financing	(4,435)	3,493
Financing		
Bank Loan Received	—	3,500
Net Cash Inflow from Financing	—	3,500
(Decrease)/Increase in Cash in Year	(4,435)	6,993
Reconciliation of Net Cash Flow to movement in Net Liquid Assets		
(Decrease)/Increase in Cash in the Year	(4,435)	6,993
Cash Inflow from New Loans	—	(3,500)
Movement in Net Funds in the Year	(4,435)	3,493
Net Funds Brought Forward at 1 July 2008	3,115	(378)
Net Funds Carried Forward at 30 June 2009	(1,320)	3,115

Notes to the Accounts





NOTES TO THE ACCOUNTS

1. Academic Fees and Charges

	2009 £000	2008 £000
College Fees:		
Fee Income paid on behalf of Undergraduates eligible for Student Support (per capita fee £3,612)	1,403	1,355
Other Undergraduate Fee Income (per capita fee £4,350)	157	131
Graduate Fee Income (per capita fee £2,127)	376	349
	1,936	1,835
Research/Teaching Grants	78	79
Other Charges	11	18
	2,025	1,932

2. Residences, Catering and Conferences Income

	2009 £000	2008 £000
Residential Accommodation		
College Members	1,693	1,627
Conferences (inc. Meeting Rooms)	706	720
Catering		
College Members	574	505
Conferences	508	553
	3,481	3,405

3. Endowment Income

3a. Analysis of Endowment Income

	2009 Income from Restricted Funds		2009 Income from Unrestricted Funds	Total 2009 £000	Total 2008 £000
	Collegiate Purposes £000	Non-Collegiate Purposes £000	£000		
Income from:					
Total return recognised in Income and Expenditure Account (3b)	418	—	1,412	1,830	1,774
Cash	—	—	166	166	306
Donations & Benefactions	136	—	216	352	284
	554	—	1,794	2,348	2,364

NOTES TO THE ACCOUNTS CONTINUED

3b. Summary of Total Return

	2009 Income from Restricted Funds		2009 Income from Unrestricted Funds	Total 2009 £000	Total 2008 £000
	Collegiate Purposes £000	Non-Collegiate Purposes £000	£000		
Income from:					
Land and Buildings	—	—	843	843	937
Quoted and other securities and cash	136	—	151	287	261
Gains/(losses) on Endowment Assets:					
Land and Buildings	—	—	(685)	(685)	(1,590)
Quoted and other securities and cash	(1,900)	—	(1,914)	(3,814)	(828)
Investment management costs	(24)	—	(44)	(68)	(70)
Total Return for year	(1,788)	—	(1,649)	(3,437)	(1,290)
Total Return recognised in Income and Expenditure account (see note 3a)	(418)	—	(1,412)	(1,830)	(1,774)
Total Return recognised in Statement of Total Recognised Gains and Losses	(2,206)	—	(3,061)	(5,267)	(3,064)

3c. Investment Management Costs

	2009 £000	2008 £000
Land and Buildings	18	18
Quoted and other securities and cash	50	52
	68	70

NOTES TO THE ACCOUNTS CONTINUED

4. Education Expenditure

	2009 £000	2008 £000
Teaching	2,048	1,869
Tutorial	485	445
Admissions	404	349
Research	172	154
Scholarships and Awards	212	189
Other Educational Facilities	265	240
Total (Note 8)	3,586	3,246

5. Residences, Catering and Conferences Expenditure

	2009 £000	2008 £000
Accommodation		
College Members	2,285	2,058
Conferences (inc. Marketing costs)	1,430	1,286
Catering		
College Members	861	767
Conferences	670	608
Total (Note 8)	5,246	4,719

6. Taxation

	2009 £000	2008 £000
University Contribution	4	—

NOTES TO THE ACCOUNTS CONTINUED

7. Staff

	College Fellows 2009 £000	Academics 2009 £000	Non-Academics 2009 £000	Total 2009 £000	Total 2008 £000
Emoluments (inc. non-staff)	802	—	2,656	3,458	3,206
Social Security Costs	47	—	175	222	204
Other Pension Costs	67	—	303	370	363
	916	—	3,133	4,050	3,773
Emoluments of the Head of House				32	30
Average Staff Numbers (Full-Time Equivalents)					
Academics	49	—	—	49	47
Non-Academic	1	—	118	115	115
	50	—	118	164	162

Number of employees whose emoluments for the year were £70,000 or more are shown in the following bands.

£80,000 - £90,000	1	—
£70,000 - £79,000	—	1

Of the 50 Fellows disclosed above, 43 are stipendiary.

8. Analysis of Expenditure

a) Analysis of 2009 Expenditure by Activity

	Staff Costs (Note 7) £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education (Note 4)	1,663	1,565	358	3,586
Residences, Catering and Conferences (Note 5)	2,320	1,656	1,270	5,246
Other	67	47	3	117
	4,050	3,268	1,631	8,949

The above expenditure includes £313,769 (2008: £281,119) as direct fundraising costs. This expenditure includes the costs of alumni relations.

NOTES TO THE ACCOUNTS CONTINUED

b) Analysis of 2008 Expenditure by Activity

	Staff Costs (Note 7) £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education (Note 4)	1,591	1,327	328	3,246
Residences, Catering and Conferences (Note 5)	2,121	1,361	1,237	4,719
Other	61	77	2	140
	3,773	2,765	1,567	8,105

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

	2009 £000	2008 £000
Auditors' remuneration:		
– as auditors	14	25
– for other services	3	10
Depreciation of owned fixed assets	1,631	1,568
Operating lease costs:		
– Land and buildings	72	70

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 2008	93,450	3,323	591	488	197	98,049
Additions	6,116	230	42	107	6	6,501
Disposals at Cost/Valuation	—	—	—	—	—	—
Revaluation during the Year	200	—	—	—	—	200
As at 30 June 2009	99,766	3,553	633	595	203	104,750
<i>Accumulated Depreciation</i>						
As at 1 July 2008	2,265	1,676	112	423	195	4,671
Provided for the Year	1,170	355	21	83	2	1,631
Eliminated on Disposal	—	—	—	—	—	—
Revaluation during the Year	—	—	—	—	—	—
As at 30 June 2009	3,435	2,031	133	506	197	6,302
<i>Net Book value</i>						
As at 30 June 2009	96,331	1,522	500	89	6	98,448
As at 30 June 2008	91,185	1,647	479	65	2	93,378

The insured value of Freehold Land and Buildings at 30 June 2009 was £114,817,001 (30 June 2008 - £109,834,021).

NOTES TO THE ACCOUNTS CONTINUED

10. Investment Assets

	2009 £000	2008 £000
Works of Art/Silver	3,329	3,321
College Expendable Investments (Note 11)	4,635	6,135
Loan to Joint Colleges' Nursery Scheme	8	8
Land	250	250
	8,222	9,714

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

	2009 £000	2008 £000
As at 1 July 2008	23,451	25,721
Additions	17,383	17,741
Disposals	(20,690)	(19,682)
Movement in amount due from/(to) Expendable Capital	533	283
Movement in amount included in Investment Assets	1,500	—
Change in Market Value	(423)	(1,195)
Change in Cash Balances held by Fund Managers	(1,228)	583
As at 30 June 2009	20,526	23,451

Represented by:

	2009 £000	2008 £000
Due from Expendable Capital	956	423
Property	10,854	11,739
Securities – Fixed Interest	2,694	11,788
Securities – Equities and Hedge Funds	9,812	3,562
Cash with Agents	845	2,074
	25,161	29,586
College Expendable Investments (Note 10)	(4,635)	(6,135)
	20,526	23,451

NOTES TO THE ACCOUNTS CONTINUED

12. Debtors

	2009 £000	2008 £000
Members of the College	97	94
Rents	265	286
Conferences	50	72
Fees	41	83
Other	335	670
Due from Permanent Capital	684	1,111
	1,472	2,316

13. Cash

	2009 £000	2008 £000
Short-term Money Market Investments	3,000	7,700
Bank Deposits	507	513
Current Accounts	672	401
Cash in Hand	2	1
	4,181	8,615

14. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Due to Tradesmen and Others	1,076	745
Members of the Colleges	166	160
University Fees	27	48
Contribution to Colleges fund	4	—
Other Creditors	2,560	2,628
	3,833	3,581

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

	2009 £000	2008 £000
Bank loan due between 2 and 5 years	—	—
Bank loan due in more than 5 years	5,500	5,500
	5,500	5,500

NOTES TO THE ACCOUNTS CONTINUED

16. Capital and Reserves

	Note	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Total 2009 £000	Total 2008 £000
<i>Restricted Funds:</i>					
Trust Funds		35	7,216	7,251	8,836
Donations & Benefactions		545	143	688	698
Deferred Capital Funds		16,336	—	16,336	15,534
		16,916	7,359	24,275	25,068
<i>Unrestricted Funds:</i>					
<i>Designated Funds:</i>					
Special Funds	17	82,220	1,629	83,849	82,134
		82,220	1,629	83,849	82,134
<i>Undesignated Funds:</i>					
Corporate Capital		—	11,000	11,000	11,727
Special Funds		—	—	—	489
Donations & Benefactions		4,109	540	4,649	5,441
Revenue Reserves		—	—	—	—
Other General Capital		(66)	—	(66)	3,691
Pension Reserve		(959)	—	(959)	(643)
		3,084	11,540	14,624	20,705
		102,221	20,528	122,748	127,907

16. a) Reconciliation of Movement in Capital Reserves

	Restricted Funds		Unrestricted Funds				
			Designated Funds		Undesignated Funds		Total
	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	2009 £000
Balance as at 1 July 2008	16,081	8,987	79,978	2,156	8,396	12,309	127,907
Increases During Year	1,824	—	2,243	—	990	—	5,057
Decreases During Year	(989)	(1,628)	(1)	(527)	(6,302)	(769)	(10,216)
Balance as at 30 June 2009	16,916	7,359	82,220	1,629	3,084	11,540	122,748

NOTES TO THE ACCOUNTS CONTINUED

16. b) Analysis of Funds

	Restricted Funds	Unrestricted Funds	Total	Total
	2009	2009	2009	2008
	£000	£000	£000	£000
Fellowship Funds	1,830	—	1,830	2,341
Scholarship Funds	2,154	476	2,630	3,478
Prizes Funds	430	16	446	561
Hardship Funds	263	—	263	323
Travel Grant Funds	29	—	29	39
Other Funds	19,569	97,981	117,550	121,165
	24,275	98,473	122,748	127,907

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

	Restricted Funds		Unrestricted Funds					
			Designated Funds		Undesignated Funds		Total	Total
	Income/Expendable Capital Funds	Permanent Capital Funds	Income/Expendable Capital Funds	Permanent Capital Funds	Income/Expendable Capital Funds	Permanent Capital Funds	2009	2008
	£000	£000	£000	£000	£000	£000	£000	£000
Tangible Fixed Assets	16,332	—	82,116	—	—	—	98,448	93,378
Investment Assets	26	—	—	—	8,196	—	8,222	9,714
Endowment Assets	—	7,359	—	1,629	—	11,540	20,526	23,451
Net Current Assets	559	—	104	—	1,347	—	2,011	7,507
Creditors: more than one year	—	—	—	—	(5,500)	—	(5,500)	(5,500)
Pension Liability	—	—	—	—	(959)	—	(959)	(643)
	16,916	7,359	82,220	1,629	3,084	11,540	122,748	127,907

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:	2009	2008
	£000	£000
At start of year	7,777	10,841
During year	(5,267)	(3,064)
At end of year	2,510	7,777

These amounts do not include any total return relating to the College's properties from financial years earlier than that ended 30 June 2007.

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	10	—	—	(2)	8
Alwyn W Heong Fund	—	—	—	181	181
Bartram Fund	—	—	—	100	100
Batley Fund	10	—	—	(3)	7
Bill Willetts Fund	23	—	—	(6)	17
Blankenship Book Fund	13	—	—	(3)	10
Bradbrook Fund	11	—	—	(2)	9
Buchanan Fund	261	—	—	(64)	197
Charles Campbell Book Fund	3	—	—	—	3
Cockerell Fund	24	—	—	(6)	18
Colin Hill Fund	1	—	—	—	1
Collins Fund	204	—	—	(50)	154
Colonel Anderson Trust Fund	107	—	—	(26)	81
Darley Fund	311	—	—	(72)	239
Downing Association Fund	41	—	—	(10)	31
Edward Collins Fund	121	—	—	(30)	91
Ernest William Denham Fund	29	—	—	(7)	22
Everitt Fund	1	—	—	—	1
Fahrenwaldt Fund	—	—	—	10	10
Fritsch Fund	406	—	—	(100)	306
Fu Fund	4	—	—	(2)	2
Gamlingay Fund	82	—	—	(20)	62
Graystone Fund	185	—	—	(45)	140
Gulbenkian Fund	2	—	—	(1)	1
Hall Fund	11	—	—	(3)	8
Harris Fund	469	—	—	(115)	354
Carried forward	2,329	—	—	(276)	2,053

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	2,329	—	—	(276)	2,053
Harrison Fund	7	—	—	(1)	6
Harrison Prize Fund	3	—	—	(1)	2
Hopkins Parry Fund	1,111	—	—	(269)	842
Hugh Brammer Fund	7	—	—	1	8
Ivor Evans Fund	20	—	—	(4)	16
Jean Ruhman Fund	—	—	—	8	8
Johnston Fund	1	—	—	—	1
Lander Fund	208	—	—	(42)	166
Lord Butterfield	161	—	—	(38)	123
Mays Wild Fund	413	—	—	(76)	337
Moullin Fund	3	—	—	(1)	2
Oon Khye Beng Ch'hia Tsio Memorial Fund	300	—	—	(64)	236
Oon Khye Beng Ch'hia Tsio Memorial Prize Fund	101	—	—	(22)	79
Osler Fund	105	—	—	(26)	79
Owen Fund	397	—	—	(97)	300
Pask Prize	1	—	—	—	1
Perry Fund	3	—	—	(1)	2
Pilley Fund	375	—	—	(92)	283
Platt Fund	30	—	—	(7)	23
Purcell Fund	2	—	—	—	2
Richards Fund	55	—	—	(14)	41
Richens Fund	—	—	—	150	150
Robertson Research Fellowship Fund	605	—	—	(120)	485
Saint Fund	44	—	—	(10)	34
Saunders Fund	45	—	—	(11)	34
Savile Fund	139	—	—	(34)	105
Carried forward	6,064	—	—	(646)	5,418

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	6,064	—	—	(646)	5,418
Schreiner Fund	67	—	—	(16)	51
Seton Fund	79	—	—	(20)	59
Shallard Fund	2	—	—	—	2
Sir Arthur Watts Choral	—	—	—	10	10
Stevens Fund	4	—	—	(1)	3
TG Jones Fund	770	—	—	(188)	582
Thomas Fund	20	—	—	(5)	15
Treherne Fund	80	—	—	(17)	63
Treherne Prize Fund	7	—	—	(1)	6
Unwin Fund	62	—	—	(16)	46
Verjee Fund	285	—	—	(70)	215
Verney Fund	1	—	—	—	1
Warner-Lambert Fund	177	—	—	(35)	142
Whitby Memorial Fund	399	—	—	(97)	302
White Fund	7	—	—	(1)	6
Whitelegg Fund	59	—	—	(14)	45
Wicks Travel Fund	15	—	—	(4)	11
Wyatt Fund	2	—	—	(1)	1
Fundraising – Buildings	37	—	—	(5)	32
Fundraising – Sport	37	—	—	(5)	32
Fundraising – Student Support	323	—	—	(60)	263
Fundraising – Teaching	157	—	—	(28)	129
	9,055	—	—	(1,621)	7,434
Other	478	—	—	27	505
Deferred Capital Funds	15,535	—	—	801	16,336
Total Restricted Funds	25,068	—	—	(793)	24,275

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	2	—	—	—	2
French Fund	35	2	(2)	(9)	26
Goodey Fund	173	5	(5)	(42)	131
Jarvis Fund	42	2	(2)	(10)	32
Library Endowment Fund	1,167	54	(54)	(285)	882
Richmond Fund	218	10	(10)	(53)	165
Stenning Fund	59	3	(3)	(15)	44
Stevenson Fund	1	—	—	—	1
Whalley-Tooker Fund	17	1	(1)	(4)	13
Yates Fund	9	—	—	(2)	7
Young Fund	195	9	(9)	(47)	148
Singer Fund (Pension Trust)	237	11	(11)	(59)	178
	2,155	97	(97)	(526)	1,629
Other (Note 17)	79,979	7	2,234	—	82,220
Total Designated Funds	82,134	104	2,137	(526)	83,849
<i>Undesignated Funds</i>					
Singer Fund (Will Trust)	4,789	182	—	(958)	4,013
Smyth Bequest	592	24	—	(127)	489
Fleet Bequest	58	3	—	(14)	47
Battcock Fund	—	—	100	—	100
Corporate Capital Fund	11,727	51	—	(778)	11,000
General Capital and Other	3,539	(1,655)	(2,237)	(672)	(1,025)
Total Undesignated Funds	20,705	(1,395)	(2,137)	(2,549)	14,624
Total	127,907	(1,291)	—	(3,868)	122,748

NOTES TO THE ACCOUNTS CONTINUED

17. Unrestricted Designated Special Funds

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

	2009 £000	2008 £000
Fixed Asset Capital	95,003	89,864
Deferred Capital Funds	(16,332)	(15,526)
Revaluation Reserve	3,445	3,515
Special Funds	—	—
Organ Fund	94	86
Estate Repairs Fund	—	2,024
Student Bar Reserve	10	16
	82,220	79,979
<i>Revaluation Reserve</i>		
Balance as at 1 July 2008	3,514	3,584
Revaluations during year	—	—
Other Items Charged/Credited to Revaluation Reserve During Year	(69)	(69)
Balance as at 30 June 2009	3,445	3,514

18. Financial Commitments

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

	2009 £000	2008 £000
<i>Land & Buildings</i>		
Expiring between two and five years time	63	63
Expiring in over five years	7	6
	70	69
<i>Other</i>		
Expiring in less than one year	9	—
Expiring between two and five years time	4	10
	13	10

19. Capital Commitments

	2009 £000	2008 £000
Commitments contracted for at 30 June	1,924	5,148

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes

The total pension cost for the College was £370,125 (2008: £362,947).

University Superannuation Scheme

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

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

Because of the mutual nature of the scheme, the college is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

Standard mortality tables were used as follows:

- Male members' mortality: PA92 MC YoB tables - rated down 1 year
- Female members' mortality: PA92 MC YoB tables – No age rating

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

- Males (females) currently aged 65: 22.8 (24.8) years
- Males (females) currently aged 45: 24.0 (25.9) years

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

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%. Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities 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 £1.5 billion
Rate of salary growth	Increase/Decrease by 0.5%	Increase/Decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognizes that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2009, USS had over 130,000 active members and the college had 63 active members participating in the scheme.

The total pension cost for the College was £177,724 (2008: £166,311). 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 Colleges Federated Pension Scheme, in the United Kingdom. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. 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 principal actuarial assumptions at the balance sheet date (expressed as weighted average) were as follows:

	30 June 2009	30 June 2008
Discount rate	6.2%	6.7%
Expected long-term rate of return on Scheme assets	6.1%	6.6%
Salary inflation assumption	4.5%	5.4%
Inflation assumption	3.5%	3.9%
Pension increases (inflation linked)	3.5%	3.9%

The underlying mortality assumption is based upon the standard table known as PA92 on a year of birth usage with medium cohort future improvement factors with the base table adjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables. (2008: PA92 on a year of birth usage with medium cohort improvement factors).

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

Employee Benefit Obligations

The amounts recognized in the balance sheet as at 30 June 2009 to the nearest £'000 (with comparative figures as at 30 June 2008) are as follows:

	2009 £000	2008 £000
Present value of Scheme liabilities	(3,782)	(3,675)
Market value of Scheme assets	2,823	3,032
Surplus/(deficit) in the Scheme	(959)	(643)

The amounts to be recognized in the profit and loss for the year to 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Current service cost	162	149
Interest on Scheme liabilities	245	197
Expected return on Scheme assets	(199)	(208)
Past service cost	—	—
Curtailment gain	—	—
Total	208	138
Actual return on Scheme assets	(242)	(160)

Changes in the present value of the Scheme liabilities for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Present value of Scheme liabilities at beginning of period	3,675	3,353
Service cost including Employee contributions	222	200
Interest cost	245	197
Actuarial losses/(gains)	(163)	66
Benefits paid	(198)	(140)
Present value of Scheme liabilities at end of period	3,781	3,676

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

Changes in the fair value of the Scheme assets for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Market value of Scheme assets at beginning of period	3,032	3,103
Expected return	199	208
Actuarial gains/(losses)	(441)	(369)
Contributions paid by the College	171	179
Employee contributions	60	51
Benefits paid	(198)	(140)
Market value of Scheme assets at end of period	2,823	3,032

The agreed contributions to be paid by the College for the forthcoming year are 20.56% of Contribution Pay plus £45,000pa from 1 July 2009, subject to review at future actuarial valuations. This rate excludes PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Equities and Hedge Funds	48%	52%
Bonds and Cash	43%	37%
Property	9%	11%
Total	100%	100%

The expected long term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.1% (2008: 7.5%), property 6.1% (2008: 6.5%) and an expected rate of return on bonds and cash of 5% (2008: 5.4%).

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

Analysis of amount recognizable in statement of total recognized gains and losses (STRGL) for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Actual return less expected return on Scheme assets	(441)	(369)
Experience gains and losses arising on Scheme liabilities	(18)	1
Changes in assumptions underlying the present value of Scheme	181	(67)
Actuarial gain/(loss) recognized in STRGL	(278)	(435)

Cumulative amount of actuarial gains and losses recognized in STRGL for the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Cumulative actuarial gain/(loss) at beginning of period	(698)	(264)
Recognised during the period	(278)	(434)
Cumulative actuarial gain/(loss) at end of period	(976)	(698)

Movement in surplus/(deficit) during the year ending 30 June 2009 (with comparative figures for the year ending 30 June 2008) are as follows:

	2009 £000	2008 £000
Surplus/(deficit) in Scheme at beginning of year	(643)	(250)
Service Cost (Employer Only)	(162)	(149)
Contributions paid by the College	171	179
Finance Cost	(46)	11
Actuarial gain/(loss)	(278)	(434)
Surplus/(deficit) in Scheme at the end of the year	(958)	(643)

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

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

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of Scheme liabilities	(3,782)	(3,675)	(3,353)	(3,122)	(2,758)
Market value of Scheme assets	2,823	3,032	3,103	2,726	2,399
Surplus/(deficit) in the Scheme	(959)	(643)	(250)	(396)	(359)
Actual return less expected return on Scheme assets	(441)	(369)	60	53	264
Experience gain/(loss) arising on Scheme liabilities	(18)	1	(88)	22	(186)
Change in assumptions underlying present value of Scheme liabilities	181	(67)	138	(168)	(218)

21. 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.

22. 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 £000	Pension Trust £000
Opening Balance at 1 July 2008	4,789	237
Income	182	11
Purchase of Investments	—	(11)
Change in Market Value of Investments	(958)	(59)
Closing Balance at 30 June 2009	4,013	178

