



DOWNING COLLEGE CAMBRIDGE

ANNUAL REPORT AND ACCOUNTS

for the financial year ending
30 June 2010





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“One perpetual College for students in law, physic, and other useful arts and learning.”

FINANCIAL HIGHLIGHTS

	2010	2009	2008
	£	£	£
Income			
Income	8,287,583	7,893,897	7,774,387
Donations and Benefactions Received	2,711,954	1,785,397	7,303,658
Conference Services Income	1,616,911	1,214,192	1,271,939
Operating Surplus/(Deficit)	(612,829)	(1,049,034)	(27,248)
Cost of Space (£ per m2)	£202.85	£204.77	£184.41
College Fees:			
Publicly Funded Undergraduates	3,744	3,612	3,471
Privately Funded Undergraduates	4,791	4,515	3,889
Graduates	2,184	2,127	2,082
Loss on College Fee per Student	2,503	2,735	2,383
Capital Expenditure			
Investment in Historical Buildings	503,853	1,771,217	1,267,677
Investment in Student Accommodation	478,339	1,382,039	987,873
Assets			
Free Reserves (adjusted for Howard Theatre donation)	1,264,165	2,402,430	4,235,541
Investment Portfolio	25,211,440	24,162,211	29,162,939
Spending Rule Amount	1,497,688	1,830,995	1,774,218
Return on Securities	7.2%	-21.7%	-3.3%
Return on Securities: 3 year average	-5.95%	-4.71%	5.26%
Net Assets	125,348,459	122,748,031	127,907,281

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

Peter James Duffett-Smith, MA, PhD, *Vice-Master*, University Reader in Experimental Radio 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, 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)

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, 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)

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 Senior 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, Tutor*, Fellow in English, University Research Associate in Engineering (2004)

Jay Theodore Stock, BA (Trent), MSc (Guelph), PhD (Toronto), *Graduate Tutor*, University Lecturer in Human Evolution and Development (2005)
 Natalia Mora-Sitja, BSc (Barcelona), MA, (Barcelona), MSc (Oxon), DPhil (Oxon), *Tutor*, University Lecturer in Economic 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)
 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, *Dean*, University Lecturer in Earth Sciences (2008)
 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, *Praelector*, Mays Wild Research Fellow in Materials Science (2009)
 Subha Mukherji, M.Phil, PhD, *Acting Graduate Tutor*, University Lecturer in English (2009)
 Adam Fouad Ramadan, BA, MSc (UCL), D.Phil (Oxon), Fellow in Geography (2009)
 Keith James Eyeons, MA, MA (MM) (Nottingham), Ph.D, *Chaplain* (2010)
 Robert Keith Harle, MA, PhD, Fellow in Computer Science (2010)
 Timothy James Burton, MA, MB, B.Chir, PhD, Clinical Lecturer in Translational Medicine & Therapeutics (2010)
 Jimena Berni, MS (UBA), PhD (UBA), Henslow Research Fellow in Biomedical Sciences (2010)
 Jamie Thomas Alcock, BA (Queensland), Ph.D (Queensland), University Lecturer in Real Estate Finance (2010)
 Marta Morgado Correia, Ph.D, Fellow in Biological Sciences (2010)

Retirements and Resignations 1 July 2009 – 30 September 2010

Marijn Gerard Johannes Ford, MA, PhD, Fellow in Molecular Biology (2003) (resigned 31 January 2010)
 Charles Porter Ellington, BA (Duke), MA, PhD, FRS, Professor of Animal Mechanics (1979) (retired 31 March 2010)
 Tariq Sadiq, BA (Durham), MSc (Durham), Development Director (2009) (resigned 30 June 2010)
 Margery Ann Barrand, BSc, PhD (London), University Senior Lecturer in Pharmacology (1992) (retired 30 September 2010)
 Franco Giuseppe Giacinto Basso, LLC (Pisa), Fellow in Classics, Language Teaching Officer Faculty of Classics (2007) (resigned 30 September 2010)
 Penelope Nevill, BA (Auckland), LLB (Auckland), LLM, Praelector, Fellow in International Law (2005) (resigned 30 September 2010)

The Honorary Fellows

Giles Skey Brindley, MA (London), MD, FRS
 Sir Francis Graham Smith, MA, PhD, FRS
 David Rees, ScD, FRS
 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,
 (deceased 17 May 2010)
 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
 Charles Porter Ellington, BA (Duke), MA,
 PhD, FRS
 Margery Ann Barrand, BSc, PhD

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
 Tim Cadbury, MA
 Janet Owens, MD
 Richard Williams, MA
 Jonathan Howard, MA
 Chris Bartram, MA, FRICS, RA

The Fellows Commoner

Timothy Rawle, MA
 Martin Vinnell, BSc, PhD (Essex)
 Michael McEvoy, MA, PhD
 Peter Thomson, MA
 David Chambers, MSc (LBS), MSc (LSE),
 PhD (LSE)
 Humphrey Battcock, MA
 Serita Rana, MA
 Barrie Hunt, MA, M.Ed (Exeter)

The Fellows Commoner Emeritus

John Hicks, MA, FREng

Bye-Fellows

Nigel Allington, BSc (Hull)
 Sean Aughey, BA, LLM
 Richard Berengarten, MA
 Theresa Biberauer, BA (Stellenbosch),
 MPhil, PhD
 Rosemary Clark, MA, PhD
 Stuart Eves, VetMB, MRCVS
 Neda Farahi, PhD
 Vicky Jones, MA, MB, BChir
 Peter Kitson, MA, PhD
 Kerry Maunder, PhD
 Alex Morris, PhD
 Jonathan Newton, BA
 Jill Pearson, BA, VETMC, MRCVS
 Ian Sabir, MA, PhD
 William Schafer, PhD
 Gareth Taylor, BA, PhD
 Michael Wakelam, BSc (Birmingham),
 PhD (Birmingham)
 Kamran Yunus, PhD

OFFICERS AND PRINCIPAL PROFESSIONAL ADVISERS

Master: Professor B J Everitt, BSc, MA, PhD, ScD, FRS, DSc (Hon, Hull), DSc (Hon, Birmingham), FMedSci

Senior Tutor: Professor G J Virgo, MA, BCL

Senior 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 2010. The consolidated financial statements include those of the College's wholly-owned trading subsidiaries, Downing College Developments Limited and Downing Cambridge Conferences Limited.

Downing College is one of the 31 autonomous, self-governing Colleges within the University of Cambridge. The Charter for the College was granted on the 22 September 1800, some 51 years after the death of Sir George Downing in 1749, and the first stone was finally laid on 18 May 1807. 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 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 Downing now has a wider remit, that of encouraging the study of and research into all subjects taught in the University.

The University came first overall in the QS World University Rankings for 2010; 1st in natural sciences; 2nd in arts and humanities and life sciences; 3rd in social sciences; and 4th in engineering and IT. The rankings use a number of criteria to measure success:² academic peer review (Cambridge was ranked No. 1); reputation with employers (No. 3); citations per faculty member (No. 36); student/faculty ratio (No. 18); proportion of international faculty (No. 38); and the proportion of international students (No. 39).

The Fellowship

The Fellowship consists of 52 Fellows (as of 1 October 2010), each of whom serves as a trustee of the charity. Forty-two Fellows hold their primary positions with the University and 10 are employed on a full time basis by the College. A quarter of the Fellowship hold professorships. This year, three Fellows received promotions: Dr Zoe Barber, Director of Studies in Physical Natural Sciences, was appointed a Reader; Dr Jay Stock, Director of Studies in Anthropology, was appointed a Senior Lecturer; and Dr Ken McNamara, Fellow in Geology, was appointed a Senior Lecturer.

During the year, four new Fellows were admitted: Sophie-Ann Harrington, MSci, MA, PhD, the Mays Wild Research Fellow in Materials Science; Subha Mukherji, MPhil, PhD, Fellow in English; Adam Ramadan, BA, MSc (UCL), DPhil (Oxon), a College Teaching Officer and Fellow in Geography, and the Chaplain, Keith Eyeons, MA, MA (MM) (Nottingham), PhD. On 1 October 2010, a further five Fellows were admitted to the Fellowship: Robert Harle, MA, PhD, Fellow in Computer Science; Timothy Burton, MA, MB, BChir, PhD, Clinical Lecturer in Translational Medicine & Therapeutics; Jimena Berni, MS (UBA), PhD (UBA), Henslow Research Fellow in Biomedical Sciences; Jamie Alcock, BA (Queensland), PhD (Queensland), University Lecturer in Real Estate Finance; and Marta Morgado Correia, PhD, Fellow in Biological Sciences.

The international exchange programme enables members of the faculties of Keio University, the University of Virginia, and Pomona College to come on extended visits to Downing. This year's visiting Fellows were: John Quale, the Thomas Jefferson Fellow, Associate Professor in Architecture at the University of Virginia and Mary Passter, Assistant Professor of Linguistics and Cognitive Science at

¹ The Charter, page vii.

² The weightings are as follows: Academic reputation (40%); Academic Peer Review 40%, Employer/Recruiter Review 10%, Student Faculty Ratio 20%, Citations per Faculty 20% and International Factors 5% each (see <http://www.topuniversities.com>).

Pomona College. In October 2010, the College welcomed Aiko Kurasawa, Professor of Economics at Keio University and Marcia Inhorn, Professor of Anthropology at Yale, the first Diane Middlebrook and Carl Djerassi Visiting Professor.

Junior Members

The students consist of 641 fee-paying students, of which 426 are undergraduates and 215 graduates. Competition for entry to Downing is among the most intense in the University. Ninety percent of the applicants are assessed through a series of interviews. In the admissions round for entry in 2010 or 2011, there were 719 applicants (324 = 45% women; 395 = 55% men), who applied for 126 places (placing the College in the top five colleges by number of applications received). Of these 55% were from the maintained sector; 40% from the independent sector, and 5% from the EU and overseas. A total of 141 offers were made for entry in 2010, with 13 unconditional offers made to applicants who had applied in 2008. Twenty-two candidates failed to achieve the grades required by their offers. Of the 132 undergraduates admitted in October 2010, 42% were women and 58% men; 40% were from independent schools (October 2009: 38%). Of those students classed as Home or EU, 58% were educated in the maintained sector. 6% of all undergraduate students were from outside the EU.

In 2009-10, 417 undergraduate candidates sat University examinations, of whom 81 achieved firsts. Thirty-eight graduates were awarded PhDs and 38 were awarded MPhils and other degrees, certificates, or diplomas. The performance of certain cohorts of undergraduates as well as specific individuals has been exceptional. Nine second-year medics and vets obtained firsts; five of the first-year lawyers obtained firsts, with all five in the top 12 of the class list of nearly 200 candidates; four fourth-year chemists obtained firsts; four clinical medics, and four fourth-year engineers obtained distinctions, as did three of the Part III Mathematicians. Special prizes for those students who rank in the top 2.5% of their class list were given to Ajay Ratan (top of Part IA of the Law Tripos, who obtained four of the five University prizes awarded in Part IA); Katherine Blatchford (Part IA Law); Justin Morgan (Part IA MML, who came top in German); John Morgan (Part IB Natural Sciences Physical); Frances Topham-Smallwood (Part II Oriental Studies) and Michelle Jin (Part IIB Economics). Both Frances and Michelle were awarded Downing Association prizes for the best performances among the graduating students. The Whalley-Tooker prize for the best performance by a student in the penultimate year of his or her studies was split between Jessica Rajakumar (Part IB Law) and James Stefaniuk (Part IB Medicine). The Alcan Prize, which is awarded to the most successful undergraduate student in his or her penultimate year studying Natural Sciences (Physical), Engineering, Computer Science or Applied Mathematics, was awarded to Vaiva Imbrasaite (Part IB Computer Science). Despite these examples of individual excellence, the College's position in the Tompkins Table remained at 15th. The College continues to place emphasis on the need to ensure that successful pupils at school remain successful once in College.

Cultural Events

The year was exceptional for the arts in Downing. The Howard Theatre was officially opened on 3 March 2010 by Sir Trevor Nunn, who read English at the College from 1959 to 1962. The students, directed by Camilla Godlee, President of the Downing Music Society and Senior Organ Scholar, and Alex Lass, President of the Downing Dramatic Society performed *The Seven Ages of Man*. This collection of dance, music, songs, and recitals can be seen at www.varsitv.co.uk/episode/egkb7/Downing_College_Howard_Theatre_Opening. Alex Lass also directed the first theatrical performance, a production of *The Relapse or Virtue in Danger* by John Vanbrugh, a restoration

comedy. The Howard Foundation kindly sponsored this production, as well as the production of Michael Frayn's *Donkeys Years*, both of which were favourably reviewed. The Theatre has also hosted the Pembroke Players' production of *Much Ado About Nothing* and a Footlight's "smoker".

The Choir returned to the United States for another successful tour, giving an Alumni Concert at The Yale Club in New York City, singing at a Mass at The Episcopal Church of Saint Mary The Virgin, Times Square, as well as busking for a period in the famous 'clamshell' bandstand in Central Park. They then travelled upstate to Blue Mountain Lake where they gave a concert at the Adirondack Center for the Arts, and finally on to Woodstock (Vermont), where they sang in the services at St James Church, in addition to performing in a production of the Haydn Mass 'Missa Brevis'.

Sports

The Boat Club had another successful year, with the Women's First VIII finishing second in the May Bumps, after gaining the highest overbump ever recorded in the first division, as well as second in the Lent Bumps. The Men's First VIII also finished second in the Lent Bumps. The Women First VIII and the Men's First VIII will compete for the Headship in both the Lents and the Mays. For the first time in recent years, the Men competed at the Head of the Charles in Boston, Massachusetts. The Bumps are the races that attract the most attention among lay supporters, but the Boat Club also races in regattas throughout the country, including the Henley Royal Regatta. Successes in other sports include the Women's First Netball Team winning the League again and just losing in Cuppers. The Men's First XI won the football league and just missed out on the double; the Men's rugby First XV won the Plate, and the Men's fencing team won Cuppers. Two recent graduates are in training for the 2012 Olympics: Annie Vernon, who won a silver medal in the Beijing Olympics and a gold medal in the World Championship in 2010; and Anthony Crutchett, who, is a member of the London 2012 fencing squad and won a Commonwealth Games gold medal in 2010.

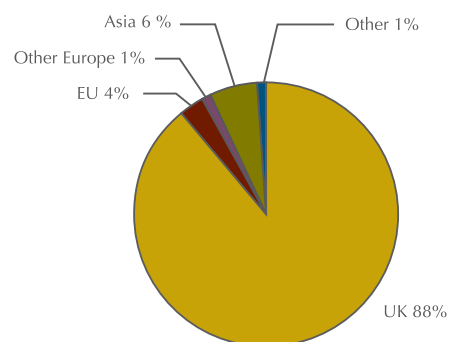
PUBLIC BENEFIT

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 2009-10 - and hosted seven 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, 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 January 2010, the role has been undertaken by Carl Griffiths. He visits schools and organises mentoring, aspiration-raising visits to Cambridge for 14-18 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. Additionally the College hosted 10 school visits and two residential visits from South West student. 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 inspired to participate in higher education generally and at Cambridge in particular. 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 2010, there were 32 Special Access applicants, of whom 16 were admitted, compared with 32 such applicants for admission in 2009 of whom five were admitted.

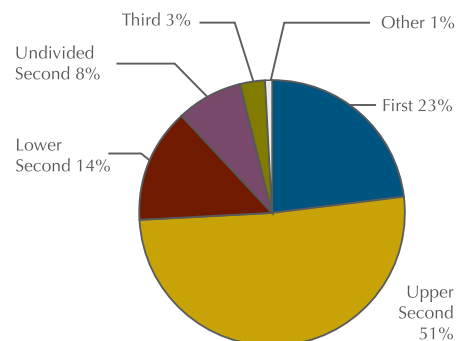
As the aim of this programme is to encourage students who would not otherwise do so to apply to University, it is impossible for the College accurately to judge its success. However, in October 2009, 31 students from 16 different state-maintained non-selective schools in Cornwall, Dorset, and Devon applied for admission, of whom 10 (2008-09: 2) were offered and accepted places at Downing. Of those, eight are now undergraduates at Downing; two applicants did not meet the required standard in the 'A' Level examinations. The remaining 21 were not offered places, although eight were placed in the "pool", the intercollegiate clearing system, and one was offered a place at another College. Since 1999 when the programme began, 44 people from the South West have taken up their places. In 2010, the number of target-school applicants is 44.

Once here, students have access to several sources of financial aid. In 2009-10, an average of £2,099 was received by 92 home undergraduates out of a Home/EU undergraduate population of 354 through the Cambridge Bursary Scheme, which is a scheme operated in common with the University, other Colleges, and the Isaac Newton Trust. Thirty eight 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 £3,400 per year in addition to any government means-tested grants. Those with incomes of up to £50,020 receive amounts that taper to £50. In total, the College paid out £277,825 in grants (to support the purchase of books and equipment, attendance at conferences, and travel); studentships, and bursaries in cases of financial hardship.

UNDERGRADUATES BY REGION



UNDERGRADUATE DEGREE CLASSIFICATIONS (Cambridge University)



UNDERGRADUATE NUMBERS 2009-10

Subject

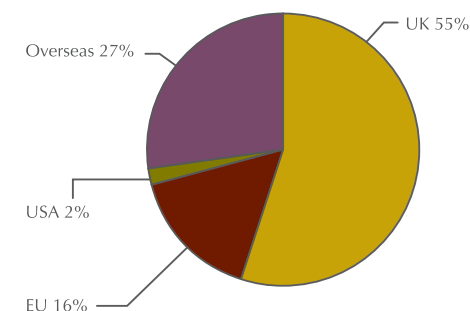
	Year 1	Year 2	Year 3	Year 4	Total 2009-10	Total 2008-09
Anglo-Saxon	0	0	0	0	0	2
Archaeology & Anthropology	1	0	2	0	3	6
Architecture	1	1	1	0	3	5
Asian & Middle Eastern Studies	2	1	0	0	3	5
Chemical Engineering	0	0	2	2	4	7
Chemical Engineering via Engineering	2	0	0	0	2	-
Chemical Engineering via Natural Science	1	0	0	0	1	-
Classics	5	5	5	1	16	15
Computer Science	2	1	0	0	3	1
Economics	6	6	7	0	19	20
Engineering	11	12	9	9	41	43
English	6	6	6	0	18	19
Geography	5	7	4	0	16	17
History	6	5	7	0	18	19
History of Art	0	3	0	0	3	4
Land Economy	0	3	3	0	6	8
Law	16	23	15	9	63	53
Linguistics	0	1	0	0	1	-
Management Studies	0	0	2	3	5	2
Mathematics	4	4	3	7	18	18
Medical Sciences	15	16	13	8	52	54
Modern Languages	10	5	5	4	24	19
Music	2	0	0	0	2	0
Natural Sciences (Biological)	12	13	12	2	39	38
Natural Sciences (Physical)	13	11	10	6	40	42
Oriental Studies	0	0	0	1	1	-
Philosophy	2	0	2	0	4	3
Politics, Psychology and Sociology	5	5	4	0	14	14
Theology	2	2	0	0	4	9
Theology BTh	3	2	0	0	5	-
Veterinary Medicine	2	2	2	2	8	8
Total	134	134	114	54	436	431

PHD THESES SUCCESSFULLY DEFENDED BY DOWNING GRADUATE STUDENTS 2009-10

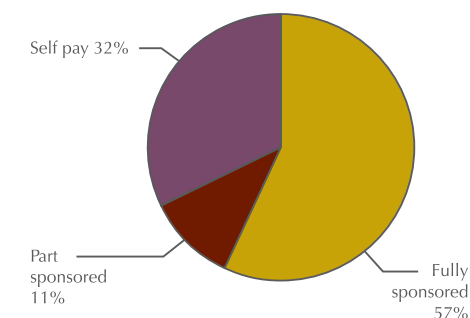
Bell	J C	PhD	Studies on the structure and function of the 5-HT1B receptor
Campbell	V E	PhD	Subcomponent self-assembly: From topological complexity to dynamic systems
Choi	W J	PhD	Sound radiation by vibrating bodies
Cilingir	U	PhD	Effects of earthquakes on underground structures: seismic response of tunnels
Crisp	M J	PhD	Radio over fibre distributed antenna networks
Drake	A C B	PhD	Towards understanding the molecular mechanism of MHCII regulation
Eyeons	K J	PhD	Karl Barth's Interpretation of John's Gospel
Farrow	T	PhD	Quantum dot single-photon emitting diodes
Fejer	S	PhD	Self-assembly in complex systems
Godman	J E	PhD	Iron-sulphur cluster assembly factors in chlamydomonas reinhardtii
Hu	X	PhD	Low molar mass organosiloxane ferroelectric liquid crystals for telecommunication applications
Hunt	D P J	PhD	Neural potential of adult dermal precursors
Kong	D L	PhD	Optics: Curved waveguide for a wedge display system
Lam	S J	PhD	The role of the engrailed in retinal axon guidance and mapping in Xenopus
Lamm	S E	PhD	13th Century exempla collections and the dissemination of ideas about Jews and Muslims in north-western Europe
Mansfield	F M	PhD	From molecular recognition at lipid bilayers to dynamic combinatorial logic gates
Mayr	L M	PhD	The role of lymphocyte migration in B cell mediated immune responses
Morgado Correia	M	PhD	Development of methods for the acquisition and analysis of diffusion weighted MRI data
Pan	X	PhD	A holographic glucose sensor
Parker	H E	PhD	Mechanisms underlying the secretion of incretin hormones
Paxton	C W	PhD	Kelch related protein 1 in myogenesis
Pereira	J M S	PhD	Factors affecting the reliability of analyses of structural MIR data and methods to improve such analyses
Prance	J R	PhD	Cooling an electron gas using quantum dot based electronic refrigeration
Richards	D M	PhD	One-loop five-point amplitudes in string theory
Sawyer	E B	PhD	Biophysical analysis of haem-protein interactions in bacterial haem transfer systems
Siregar	R S E	PhD	Behavioural assessment of Orangutans during rehabilitation and reintroduction in East Kalimantan, Indonesia
Skey	J	PhD	Synthesis of Chiral Amphiphilic Di-Block Copolymers using reversible addition fragmentation chain transfer polymerisation
Srymova	M U	PhD	Teacher change programmes in Kazakhstan
Stanta	J L	PhD	Discovery of protein and glycan disease biomarkers in schizophrenia
Sundaram	S G	PhD	Genetic Molecular studies on the mechanism of TRPC channel activation in drosophila photoreceptors
Wensley	B G	PhD	Investigating the folding of a three-helix bundle protein family
White	T A	PhD	Structure solution using precession electron diffraction and diffraction tomography
Yip	V W Y	PhD	Schools' strategies for parental involvement in Hong Kong

STFC Science and Technology Facilities 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. NERC National Environment Research Council

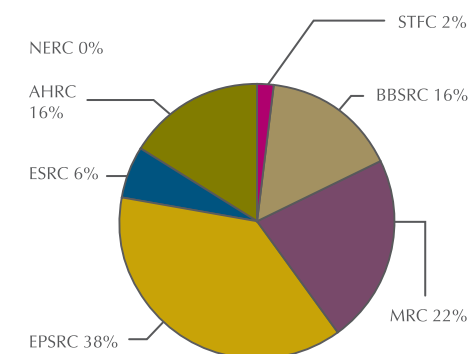
GRADUATES BY REGION



GRADUATES BY FEE TYPE



GRADUATES BY PUBLICLY- FUNDED BODY



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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. Acting on the powers in the Charities Act 2006, the Secretary of State removed the exempt status of the Colleges of Oxford and Cambridge on 1 June 2010. The College was then registered with the Charity Commission on 12 August 2010 (Registered Number: 1137455). The Cambridge Colleges are classed as a special case for purposes of accounting and will continue to publish accounts in the form of accounts stipulated by Statute G III 2(i) of the University, *The Recommended Cambridge Colleges Accounts ("RCCA")*, which is based on Financial Reporting Standards and is compliant with the *Statement of Recommended Practice: Accounting for Further and Higher Education*. The Intercollegiate Colleges Accounts Committee advises on interpretation. The College is a charity within the meaning of the Taxes Act 1988, s 506 (1).

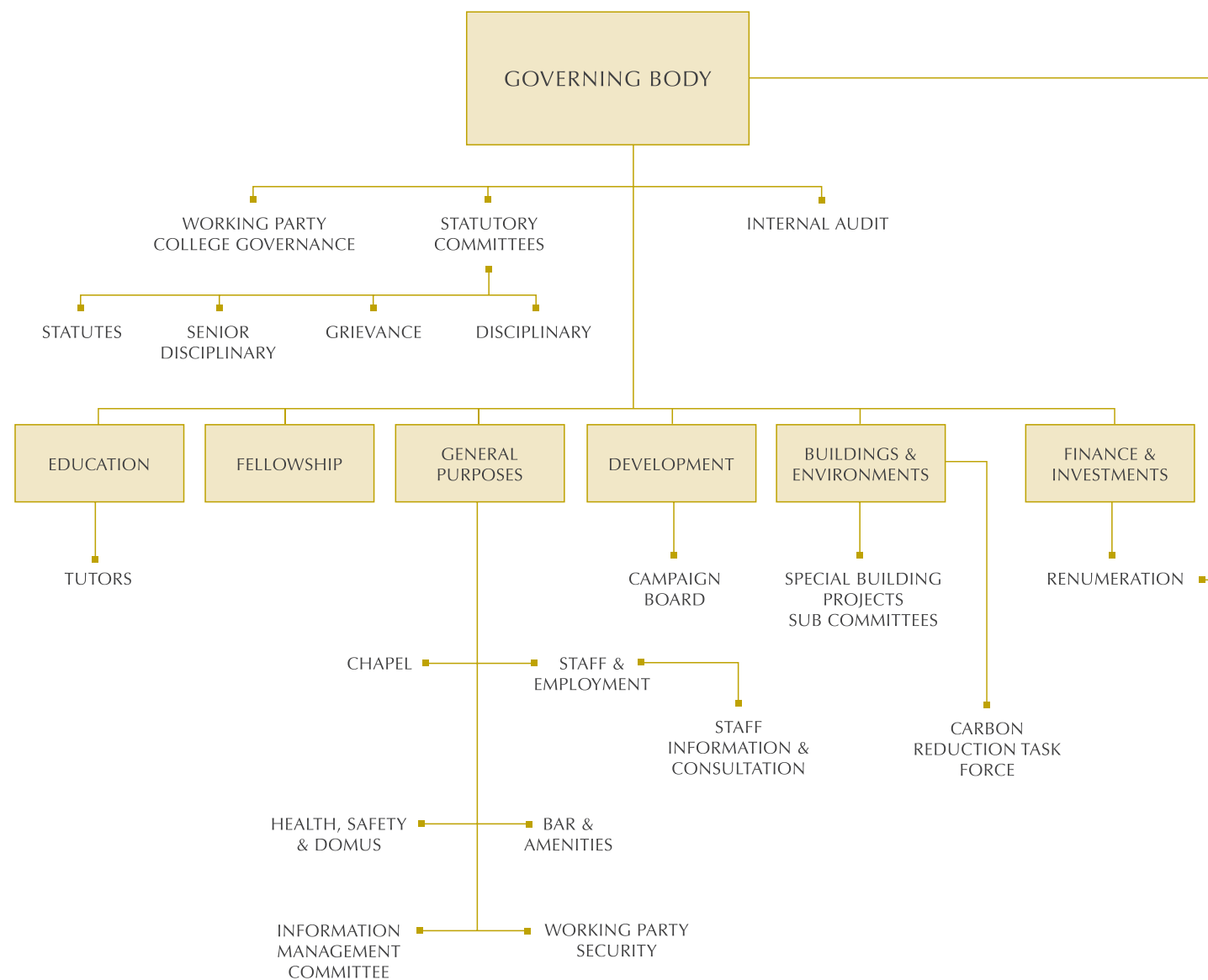
The Statutes that set out the arrangements for governance of the College were last completely revised during 2005 and approved by Her Majesty, with the advice of Her Privy Council on 9 May 2006, with approval given to amendments on 18 March 2009. The Master is Chairman of the Governing Body; the Senior 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 1. With few exceptions, Fellows are chosen after interview on the basis of excellence in teaching and research and their commitment to providing direction of studies and supervisions across the principal subjects offered by the University. New members of the Governing Body are trained in the fulfilment of their responsibility for governance through a system of mentoring. 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 offer advice on elements of College strategy.

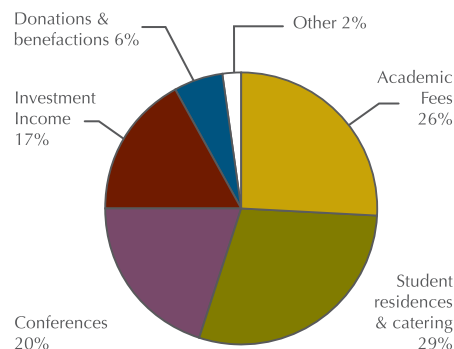
Members of the Governing Body are required to act with integrity, act in the College's interests without regard to their own private interests, and manage the affairs of the College prudently, balancing long-term and short-term considerations. The direct cost of governance for 2009-10 was £26,971 (2008-09: £31,224).

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



BREAKDOWN OF INCOME 2009 / 10



³ See Note 1, “Academic Fees and Charges”, excluding Research/Teaching Grants and Other Fees and note 4 “Education Expenditure”.

⁴ 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 HEPPI).

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

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 2009-10, this payment, which accounted for 17.6% of total income, amounted to £1,456,289 (2008-09: £1,403,070) for 389 students, including publicly-funded undergraduates, PGCE, Clinical Medical, and Veterinary Students. In 2009-10, the College received £3,744 per publicly-funded undergraduate and set a fee of £4,791 for privately-funded undergraduates. The fee payable by all graduate students was £2,184. Following a major cost-cutting exercise, for 2009-10 the shortfall on a fully-allocated basis³ decreased by 8.4% from £2,735 to £2,503 per student. 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 (“the 2004 Act”), 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 in 2009-10 was £3,290, reflecting the increases in line with rates announced by the Secretary of State. The University 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. Students from families whose income is less than £50,000 receive support calculated on a sliding scale.

The Bursary Scheme absorbed approximately 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 has been 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)⁴ 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.

On 14 December 2010, Parliament approved the Government proposals, made under the 2004 Act, to increase from 1 September 2012 the basic and higher amounts of University fees from their current levels of £1,310 and £3,290 respectively to £6,000 and £9,000 respectively. The rise in fees is necessary to compensate for the 80% reduction in Government funding of the HEFCE Teaching Grant that was announced in the Comprehensive Spending Review.

The Colleges Fund

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 endowments⁵. 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 £1,304,383. The College received a grant of £143,700 in 2009-10 (2008-09: £122,800) on the basis of the return submitted for 2008-09. 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 has launched a major endowment fundraising campaign. The College, which had not been in a position to make any contributions since 1997, contributed £1,355 in respect of 2005-06 but has not had to make any further contributions.

Stipends

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 2009-10, the cost per square metre of providing space was £202.85, compared with £204.77 in 2008-09 (2007-08: £184.41), a decrease of 0.9%. 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. In addition to the two full and one half-time (Social and Political Science) College Teaching Officers funded by the College, in 2009-10 Downing employed two College Teaching Officers (Mathematics and Law) for which the College receives generous funding from Trinity College and one College Teaching Officer (Geography) supported from a grant. Approximately £4.3 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 £11.4 million.

Development

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 Fund 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 Fund helps support a Fellow in Classics. The Verjee Fellowship Fund supports a Fellowship in Medicine, the Hopkins Parry Fellowship funds a Fellowship in Law, and the Mays Wild Fellowship funds a Fellowship in

5 In 2009, the size of the endowment (net of loans) placed Downing at 22nd out of 31 (2008: 21st) in terms of this measure of wealth. Colleges of a similar sized student body (+/-50) have endowments ranging between £17.0 million and £102.1 million. The median of all Colleges was £38.6 million (2008: £43.0 million).

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 £1,108,506 have been received to date, out of the £1.18 million that has been pledged. A major fundraising campaign for endowment, “Catalysis”, was deferred and launched at the London Event on 2 November 2009. 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 £168,857 of which £157,202 was provided by Restricted Funds including Trust Funds and £11,655 was met from general funds.

Conferences

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.

Trinity College

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, 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 £3,250. It also has paid the College for the release of College Teaching Officers’ time for teaching for the University and continues to provide support for Fellows with postdoctoral research posts. In 2009-10, financial support from Trinity amounted to £46,000. In addition, the College and its members received £171,489 (2008-09: £138,051) from the Isaac Newton Trust.

SIGNIFICANT POLICIES

1. RESERVES

1. Total Capital and Reserves stood at £125.3 million at 30 June 2010. Of this amount, £83.2 million is designated as operational assets, including the £81.3 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. (2010: £1,157,624; 2009: £958,658).
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. However, the programme of conversion of investment properties for operational use has the effect of diminishing the free reserves, which the Governing Body accepts may lead to a lower level of reserves than is desirable.
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 2010, free reserves (Unrestricted, Undesignated Expendable Capital Funds adjusted for unspent Howard Theatre donations) stood at £1.3 million (2008-09 £2.4 million).

2. 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, net of costs and approval withdrawals, over rolling five-year periods. A subsidiary aim is to enhance the value of the capital for future beneficiaries. The goal implies a time-weighted net return target of inflation (approximated by a long-term inflation rate of 4%) plus 4% measured over corresponding five-year periods.
3. The Investment Committee sets the overall asset allocation. From June 2004 until 1 August 2009, asset allocation within the core securities portfolio was delegated to a 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. The portfolio advised on by Partners Capital is designed to generate a nominal, unlevered return of 9.3% (5.3% real plus 4% cost of inflation) after all management charges, leaving a margin of 1.3% (9.3%-8%) to build a cushion against the risk of downturns.

4. For the financial year 2009-10, for performance measurement purposes the benchmark consisted of Equities: 30%; MSCI All Country World Index (in local currency); Fixed Income: 14%; FTSE A British Government All Stocks; Hedged Equities: 14%; HFR Fund of Funds Index; Cash: 5%; UK three-month LIBOR Index; Absolute Return Hedge Fund: 14%; three-month treasury bill +0.5%; Inflation Linked Bonds: 6%; IPD All UK Property Monthly; Commodities: 3%; S&P Goldman Sachs Commodity Index; and Private Equity: 14%; Cambridge Associates Private Equity Index. Tactical Allocation ranges were cash: 0-5%; Fixed Income: 5-18%; Equities: 30-50%; Private Equity: 8-15%; and Commodities and Inflation Linked Bonds: 4-18%.
5. From August 2009, the custodian for the majority of the securities was 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 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 RPI + 1% (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. Until 2008-09, an amount equal to interest expense on loans taken out in place of withdrawals from the portfolio was also included in the drawdown. From 2009-10, interest expense has not been covered.
7. Permanent and expendable capital is also 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 £3,542,520 for the securities portfolio and including returns from commercial property since 1 July 2007.
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. Membership of the Investment Committee 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 October 2010 and will be reviewed at least every three years.

3. 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. 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 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 responded by conducting a detailed and careful analysis and concluded that its strategy is sound but that implementation should be on the basis of advice from a third party rather than through discretionary fund management.

The portfolio has substantial exposure to currency movements which is limited through foreign exchange forward contracts, which target hedging 70% of US dollar, Euro and Japanese Yen exposure. Only currencies with potential exposure of greater than 5% of the portfolio are subject to currency management.

4. 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.

5. RISK MANAGEMENT

The Governing Body's Risk Management Strategy Register is under 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 consequences of the proposed changes to the funding of higher education are as yet unknown.



6. THE ENVIRONMENT

Green Policy

The College will comply fully with environmental legislation and relevant officially approved codes of practice, in order to:

- promote sound environmental management policies and practices in all areas of its activities
- minimise the consumption of carbon-rich energy and of water
- minimise waste and pollution and operate effective waste management and recycling procedures
- increase awareness of environmental responsibilities among Fellows, students, staff, and guests
- encourage modes of transport which minimise the environmental impact

Management Policy

The College aims to be at the forefront in environmental planning and implementation among Cambridge Colleges.

It will achieve this by:

- researching techniques to achieve energy and waste reduction
- implementing stringent intra-College policies, with pre-determined targets for energy and waste reduction over time
- applying environmentally sustainable purchasing policies, including total supply chain and whole-life-costing techniques
- communicating targets, monitoring achievement, and feeding back results to participants

Scope

The Environmental Policy covers the following areas:

- reducing the carbon footprint by consuming less energy and converting to more environmentally-friendly sources of energy where practicable
- promoting recycling, aided by minimising and responsibly disposing of non-recyclable waste (eg under the WEEE regulations)
- reducing the per capita consumption of water
- promoting a Green Travel policy for Fellows, staff, students, and guests
- monitoring consumption of energy and water, investigating anomalies, and feeding information back to consumers
- using environmentally-sound building and refurbishment methods

Reducing Consumption

The College aims to meet or exceed all national and sector targets for carbon reduction. These targets include those under the Carbon Reduction Commitment (CRC), the Higher Education Funding Council for England (HEFCE), and those defined by the Cambridge Colleges.

Initial targets include:

- achievement of the Carbon Trust Standard (awarded 2010)
- the 10/10 Commitment. The College will aim to use 10% less energy in 2010 compared to that used in 2009
- reducing per capita water consumption by 10% by 2012
- reducing carbon consumption by between 34% and 50% by 2020
- reducing carbon consumption between 80% and 100% by 2050

Recycling and Waste Management

The College undertakes to reduce the absolute quantity of waste generated and, specifically, the volume sent to landfill, year-on-year.

This reduction will be achieved by:

- purchasing items with reduced packaging
- reducing waste arising from food preparation by means of better stock control and portion management
- involving staff and students in correctly segregating waste streams to maximise recycling
- working with the City Council and other waste disposal agencies to recycle more effectively
- creating new recycling channels where possible

Greater Environmental Awareness

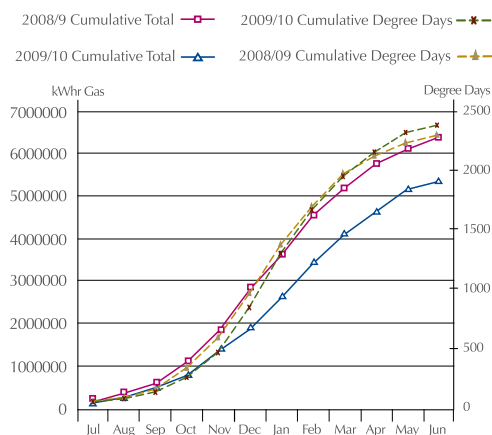
The College will actively promote environmental awareness among Fellows, students, staff and – where appropriate – conference guests.

Increased awareness will be achieved by:

- actively publicising national and local environmental initiatives
- managing College initiatives through the Carbon Reduction Committee, the Health, Safety, and Domus Committee, and the Buildings & Environment Committee
- involving JCR and MCR Green Officers in all initiatives
- including environmentally-based incentives in staff performance targets and in student rents
- monitoring and publicising energy-saving and environmental targets and performance, including to conference guests
- improving Green Tourism conformance



Gas Consumption 2009/10 vs. 2008/09



Note: Degree days are a measure of how cold the temperature has been and are calculated each month as the number of days that the temperature is below 15.5°C multiplied by the degrees below that temperature.

Electricity Consumption 2009/10 vs. 2008/09



Green Transport Policy

The College encourages responsible travel arrangements:

- generally, students may not bring motor vehicles to Cambridge
- additional storage facilities will be provided to reduce the need for parental transport during Christmas and Easter vacations
- Fellows, students, and staff will be encouraged to walk or bicycle to work more frequently
- conference and non-conference guests will be encouraged to come to the College by public transport (train/coach)
- the College will provide incentives to staff to use the train or Park and Ride
- work patterns will be adjusted to facilitate use of public transport

Actions and Targets

The College will:

- aim to reduce gross energy consumption by 10% in 2010
- install additional voluntary metering and provide monthly data to residents on their energy consumption
- maintain Carbon Trust Standard Certification
- reduce volumes of waste by 5% in 2010 and increase the proportion recycled by 10%
- assess buildings for energy efficiency and undertake a programme of remedial action
- achieve 20% renewable content in electricity procurement by 2015

Progress

- 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
- January 2010, the College became the first College to gain Carbon Trust Accreditation
- April 2010, the Climate Change Act 2008 came into force, which imposed a mandatory carbon trading scheme. Its initial phase affects all organizations that consume over 6,000 MWh (6,000,000 kWh) of half-hourly metered electricity during the period 1 January 2008 to 31 December 2008. It also includes the Colleges of the English Universities. In the recent Comprehensive Spending Review, this cap and trade scheme was changed to a taxation scheme
- May 2010, the College came top in the overall league of the Colleges' Environmental League Table, achieving 2nd position in the management section, 6th in water management, 7th energy management, and 1st in recycling
- 2010, Quentin Blake (1953-56: English), an Honorary Fellow, donated the drawing of a "Green Griffin" to the College. The Green Griffin is the figurehead for the environmental awareness strategy
- Financial Year 2009-10, while Degree Days have increased by 4% over the same period last year, the College has achieved a 4% reduction in electricity consumption and a 16% reduction in gas consumption. The majority of heating is provided by gas.

FINANCIAL REVIEW

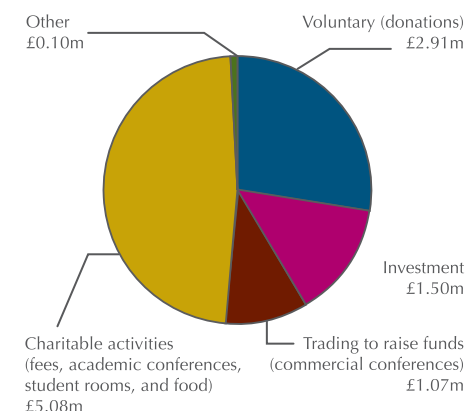
Income and expenditure

- Deficit cut by 47%
- Income up by 5%
- Overall expenditure down by 0.5%
- Operating expenditure cut by 4.6%
- Charitable Income: £5.1 million
- Charitable Spending: £7.6 million

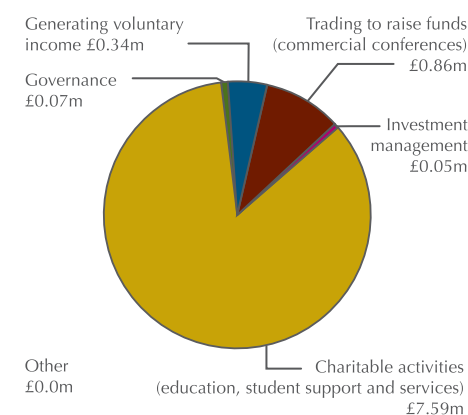
The College's financial position has deteriorated significantly since 2003-04 when income and expenditure were approximately in balance. For the past five years, building work on the kitchens, Dining Hall, and the Howard Theatre has seriously limited the extent and the profitability of the conference business. Work to the kitchens and offices was funded by a forty-year loan at a relatively low interest rate but which nevertheless added £0.3 million to annual expenditure. Together with the requirement for additional staff for compliance purposes, pressure on wages within the local market, the increased cost of pension provision, and the rise in energy costs, this extra but essential expenditure did not position the College well to withstand the effect on investments, rents, and donations of the near collapse of the financial markets in 2008.

In the first full year of the strategic plan for making ends meet, the deficit narrowed to £0.7 million. Without two one off payments (compensation and the profit on the sale of a shareholding in a Downing Enterprise Company investment), the deficit would have worsened to £0.8 million but would nevertheless have been some 34% down on the deficit for last year. These results reflect the contribution of the following cost-cutting measures: the transfer of all but one of the non-academic staff from Cambridge Colleges Federation Pension Scheme to Universities Superannuation Scheme; the introduction of a defined contribution pension scheme for new staff; a pay sacrifice in the removal of funding for sabbatical leave; the restructuring of the housekeeping department; and restrictions on building works other than those for which the College receives donations. The results of these measures can be seen in the containment of costs, which resulted in an overall decrease in staff costs of £16,479 (0.4%), the reduction in operating expenses of £151,067 (4.6%), and the reduction in establishment costs from £204.77 per sq.m to £202.85 per sq.m – all of which have reduced the loss on the services provided for the College Fee.

INCOME £10,662,608

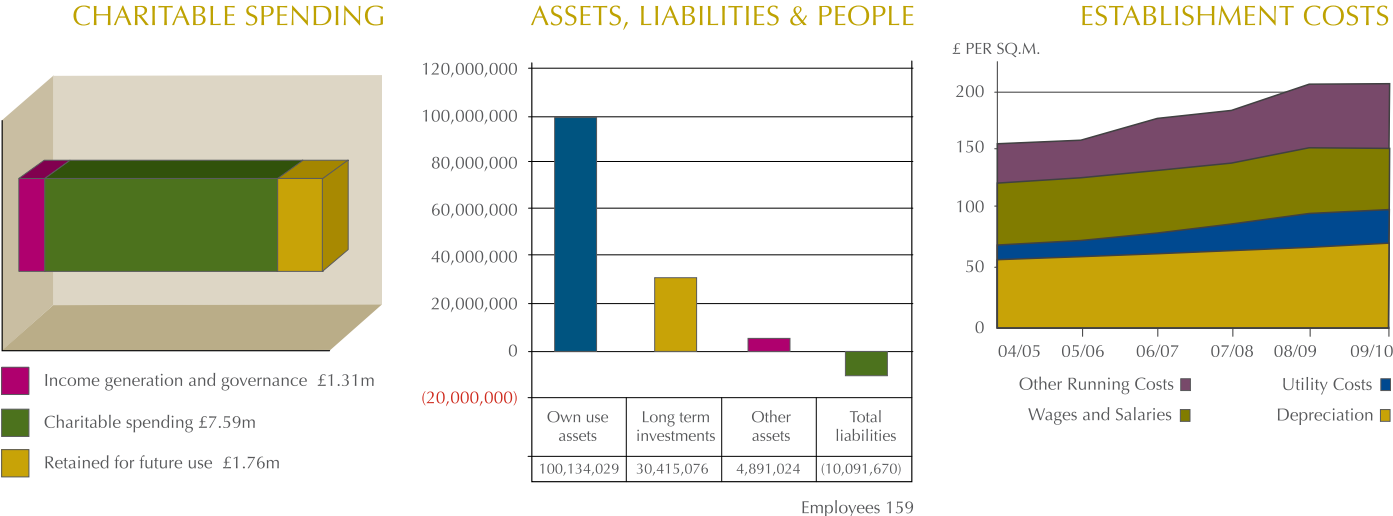


SPENDING £8,900,411



From its founding in 1800, the College has been undercapitalized. Downing was the 17th College to be founded but in terms of the size of its endowment for 2008-09 ranked 22nd in absolute terms and 26th in terms of the amount of endowment supporting each undergraduate (and 24th for each student). As well as measuring the efficiency of the operations, the Income and Expenditure account measures the extent to which other activities and sources of income are able to close the gap between the income received from charitable activities (£5.1 million) and the costs of supporting them (£7.6 million). For the better endowed Colleges, this funding gap can be met from returns on investments. However, only £1.5 million has been contributed by the College's securities and property portfolios. The major contribution comes from the £2.7 million in donations that were receivable during the year. £0.5 million of these were recognised in the Income and Expenditure Account. The remaining £1.8 million has been retained for future use. Profits from the £1.1 million of non-academic and therefore non-charitable conferences that the College hosts partly offset the shortfall.

The strategic plan depends on the increasing success of the new Howard Theatre in attracting conferences, the continuing generosity of old members, the vigilance of the staff in containing costs and improving margins, measures to reduce energy use, the ability to cover the costs of providing accommodation and food to students, and sound investments.



Development: Alumni Relations and Fundraising

- 78% of 8,528 members in contact with the College
- 44% have made donations, 18% this financial year
- £2.7 million cash raised, 57.4% through legacies

Engaging with alumni through magazines, the website, and events, strengthens the College's networks of support and is also an essential prerequisite for successful fundraising. The number of alumni in touch with the College and the percentage giving this year is therefore very pleasing and raising these numbers will continue to be a key objective for the College. To that end Downing is developing its use of social media and the College now has a presence on Facebook, Flickr, LinkedIn, and Twitter.

The Catalysis endowment fundraising campaign was launched in November 2009 to address Downing's historical under-capitalisation since its founding in 1800. Due to careful stewardship, income and expenditure was all but in balance by 2003-04. Unfortunately, by 2008-09, the urgent need for Catalysis was heavily underlined by the effect of the near collapse of the banking system on the investment portfolio. Taken together with the rise in energy costs; the need for compliance with new legislation, and the cost of refurbishing worn-out kitchen services, this led to a very significant erosion of the College's capital base. The College has increased its commercial business and cut costs, but these improvements to profitability will not be sufficient to prevent continued losses. Catalysis aims to raise either unrestricted funds or funds that will pay for activities currently supported by general funds (substitution funds). Equally important is the need to develop some capacity to invest as well as to absorb future external shocks. Catalysis is about achieving greater independence and control over our own destiny and increasing Downing's security in a volatile world.

In 2009-10, the College raised £2.7 million in total, of which £0.8 million was unrestricted, £1.3 million was restricted, and £0.6 million is restricted but can be used in substitution. Legacies contributed £1.6 million of this amount and the legacy campaign is a central part of the development strategy.



www.twitter.com/downingcollege
Followers: 348 Tweets: 584



www.flickr.com/photos/downingcollege
Photos: 221 Views: 1,951



www.facebook.com/downingcollege
Likes: 812



Downing College Linked In Group
Members: 187

Development Office website www.downingcambridge.com

Data for 1 July 2009 – 30 June 2010

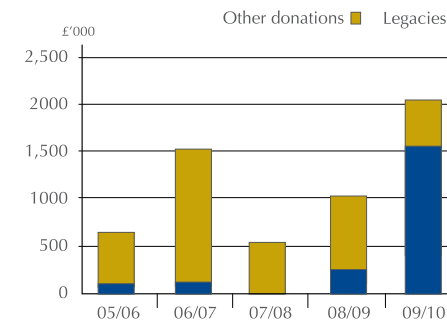
Visits: 14,192

Page views: 51,432

Average time on site: 00:02:32

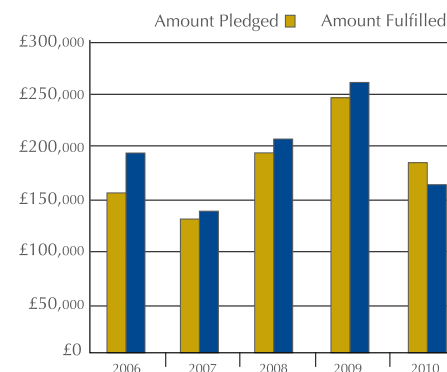
New visits: 62.82% (i.e. 37.13% are returning visitors)

DONATIONS & LEGACIES

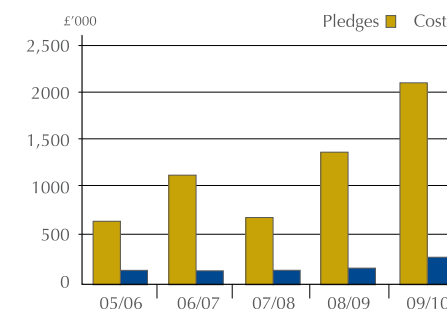


Note: Excludes Howard Theatre Donation

TELEPHONE FUNDRAISING DONATIONS 2005-2010



FUNDRAISING COSTS & INCOME



Note: Excludes Howard Theatre Donation

The tables below show the total funds raised for the years 2009-10, 2008-09, and 2007-08, and the Status of Members out of Residence and Donors in 2009-10, compared with those in 2008-09, and 2007-08.

Actual funds received

	2009-10 £	2008-09 £	2007-08 £
Unrestricted			
Endowment	608,283	139,901	129,499
Annual Fund	246,785	93,428	95,031
	855,068	233,329	224,530
Restricted			
Student Accommodation	5,477	6,460	4,771
Hall Restoration	66,183	113,400	124,610
Howard Theatre	695,267	781,224	6,528,885
Teaching Support	60,306	53,725	46,015
Student Support	718,974	352,027	32,439
Sports & Cultural (incl. Boat Club)	27,218	44,285	83,123
Downing Enterprise Scheme	10,000	50,925	25,888
Other	273,461	150,031	12
	1,856,886	1,552,077	6,845,743
TOTAL	2,711,954	1,785,406	7,070,273

In addition, the Segreants Trust (formerly the Boathouse Centenary Trust) received donations of £9,380 during the year, bringing the total it has raised to £1,129,961. 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

MEMBERSHIP DATABASE	2009-10	2008-09	2007-08
Number of Alumni (living and deceased)	10,248	10,058	9,885
Of which are ex-undergraduates	8,902	8,791	8,661
Of which are ex-graduates	1,346	1,267	1,224
Deceased	1,720	1,679	1,624
Living Members	8,528	8,379	8,261
Address known (Members in Contact)	6,609	6,495	6,697
Of which are ex-undergraduates	5,709	5,259	4,870
Of which are ex-graduates	900	1,236	1,827
% Address known	78%	78%	81%
Email address known	4,694	4,538	
% Email address known	71%	70%	
Address unknown	1,909	1,884	1,564
Request not to be mailed	254	221	189
PARTICIPATION RATES			
Living donors this financial year	1,173	1,189	1,012
Of which are ex-undergraduates	1,065	1,075	914
Of which are ex-graduates	81	76	69
Of which others	27	38	29
Members who have ever contributed to the College	3,511	3,487	3,291
Living members in contact who have contributed	2,904	2,898	2,797
As % of total living members	34%	35%	34%
As % of members in contact	44%	45%	42%
Participation Rate this financial year of living members	14%	14%	12%
Participation Rate this financial year of living members in contact	18%	18%	15%
% ex-undergraduates	19%	20%	19%
% ex-graduates	9%	6%	4%

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

	2010-11		2009-10		2008-09		2007-08		2006-07*		2005-06*	
	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni	Total	Alumni
1749 Reception July	76	59	62	31	80	31	51	24	51	24	73	37
Alumni Day September	155	110	110	65		71	183	96	121	55	113	61
Association Dinner September	145	104	157	98	86	80	171	112	155	91	148	107
London Event October/November	131	120	172	166	168	151	133	118	168	153	147	123
Griffins' Dinner January			31	16	28	23	22	19	23	17	11	8
Year Reps Meeting January/February/March				26	34	27	33	24	37	31	37	30
Reunion Dinner March/April			147	140	168	165	152	142	169	163	153	145
Segreants Dinner			136	46								
Donors Garden Party June			199	85	209	73	194	70	244	97	265	118
Graduands Reception June			288	93	217	83	294	101	279	99	217	83
Other events			416	259	255	78	268	179	348	266	423	326
TOTAL			1,614	979	1,350	782	1,501	885	1,595	996	1,587	1,038

* Financial Year (1 August – 31 July)

Conference Services

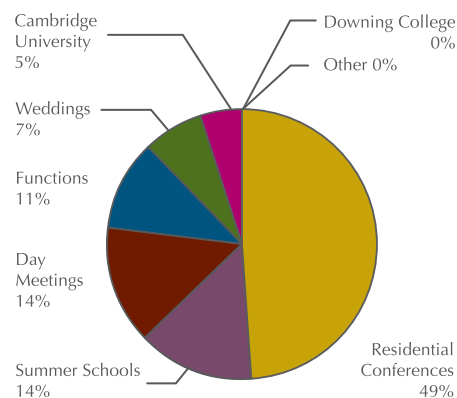
- Total Conference Income: £1.6 million, up by 33.2%
- Charitable conferences: £0.5million
- Ensuite occupancy rate increased to 33.2% (2009: 28.7%)

The opening of the Howard Theatre in March 2010 marked the end of a five-year programme of intensive building work on central facilities. While the impact on educational provision has been minimal, the College's ability to generate trading income has been limited. The restoration of the Dining Hall and the addition of the Theatre have contributed to the popularity of Downing as a conference venue, with the result that the College has been able once again to compete effectively. The conference income (taking charitable and non-charitable conferences together) rose from £1.2 million to £1.6 million.

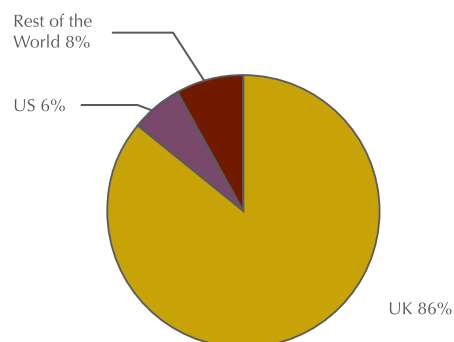
Occupancy of available en-suite rooms, increased from 28.7% to 33.2%, although in the previous year, 32 rooms had been withdrawn for refurbishing. The revenue achieved per available room increased from £39.82 to £51.68, reflecting a higher proportion of sales to corporate and academic conferences rather than to summer schools. In August 2009, the College began marketing spare capacity bedrooms through www.universityrooms.com and www.cambridgerooms.com, achieving sales of 411 bed nights during August (2 weeks) September (3 weeks), December (1 week), and March (1 week). Though successful, this sector is labour intensive. The main focus will continue to be on the 150 person residential academic and corporate conferences. In 2009-10, 33.5% of conferences were academic, including summer schools, and 66.5% were corporate.

Sales for the first quarter of 2010-11 are £0.2 million up on last year's sales, which implies that the year's turnover in conference services will be c. £1.8 million.

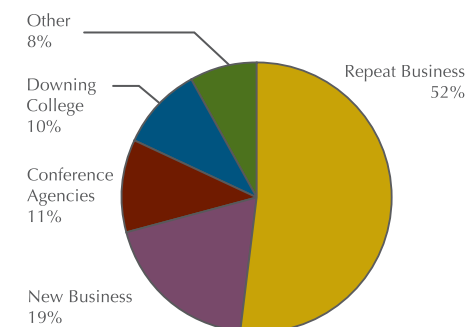
INCOME BY BUSINESS SECTOR



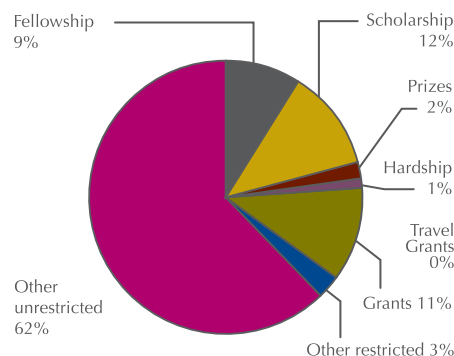
INCOME BY REGION



SOURCE OF BUSINESS



ENDOWMENT RESERVES



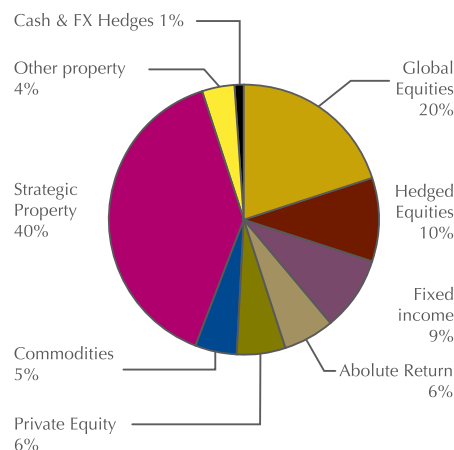
Capital And Reserves

- £125.4 million in capital and reserves - up 2.1%
- £25.2 million in investments – up 4.2%
- £2.4 million in benefactions and donations
- £1.7 million in free reserves– down 44.5%

The College's capital base grew by £2.6 million, reflecting the receipt of £2.4 million in benefactions and donations; the recovery of value in the investment portfolio; and the continuing losses on the operations, which although 47% lower than in 2008-09 nevertheless at £0.7 million continues to be a significant concern.

Free reserves, as reported in the accounts, fell from £3.1 million to £1.7 million, which reflects a transfer of £1.2 million from the general reserves to the designated reserves for buildings. The opportunity to convert investment property on the perimeter of the College into student accommodation has come at a time that puts a strain on reserves but nevertheless makes economic sense. The College received a grant of £0.1 million from The Colleges Fund.

ASSET ALLOCATION AT 30 JUNE 2010 (Inc. property)



Investments

- Change in securities investment management
- Total Return: 10.9%
- £14.4 million in securities: 7.2% total return
- £10.8 million in property: 14.5% total return
- Spending Rule Amount: £1.5 million (Securities: £0.8 million; Properties: £0.7 million)
- Transfer of investment property to operational property

A new investment advisor, Partners Capital, was appointed from 1 August 2009, marking a change from a discretionary fund management model to that of an advisor with an independent custodian. Further, instead of directly holding securities, the College now has investments in a series of portfolios through the vehicle of a fund (constructed by Partners Capital) for each asset class. The target asset allocation within the securities portfolio is as follows: Cash 4.8%, Fixed Income 13.8%; Absolute Return 14.4%; Hedged Equities 14.4%; Global Equities 29.9%; Private Equity 13.8%; Inflation Linked Bonds 5.7%; and Commodities 3%. The process of transition has affected both the allocation and returns. Current weightings differ principally because of the illiquidity of investments in funds selected by the previous manager. The return of 7.2%, was less than the 10.7% achieved by the benchmark (70/30 MSCI World AC NR LC / FTSE A British Govt All Stocks TR). As most of the benchmark's return came in the 3rd quarter of 2009, when the portfolio was in transition. While some value has been restored, the extent of the losses in excess of those suffered by the market as a whole during the fourth quarter of 2008 has permanently impaired the College's endowment.

The impact of the recession has also been felt in the College's property portfolio, all of which is located on the perimeter of the College on Regent Street: the rental income from the geared ground rent on Parker's House declined as the existing rents proved unsustainable beyond the lease termination dates and voids and defaults reduced both the rent roll and the value. Lettings, however, have picked up

along the street as new businesses take advantage of rent free periods and established businesses are able to negotiate reduced rents on extension of their leases. Improved valuations reflect this increasing activity.

On 3 December 2010, the College bought out the leasehold interest in Parker's House. While the purchase was justified on investment returns, the offices also have the potential for conversion to student accommodation. Although from an investment perspective it could be argued that the allocation to property should be reduced, the operational advantages in housing students on site are considered to justify any increased risk to return from the concentration in this asset class.

The development of the endowment is a critical element in sustaining the College in its present form. That requires both increasing the endowment through fundraising but also preserving its purchasing power through sound investment. Even with modest planned withdrawals, the typical endowment portfolio has failed to maintain its value in real terms over the last decade⁶.

Composition of Investment Portfolio

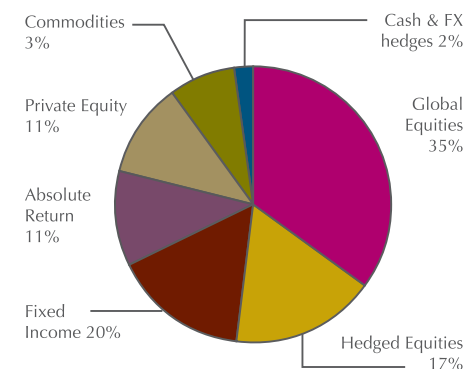
	30 June 2010	30 June 2009	30 June 2008
	£	£	£
1. Securities			
Core Portfolio* Cash	241,114	844,899	2,073,347
Forward Foreign Exchange Hedges	48,157	753,493	107,289
Global Equities	5,060,537	5,718,761	7,152,550
Fixed Income	2,304,770	2,694,162	3,562,221
Hedge Funds	4,047,980	1,837,513	2,748,169
Private Equity	1,523,004	620,601	528,474
Commodity Fund	1,158,049	386,933	752,648
Gold	—	322,505	359,813
Total	14,383,611	13,178,866	17,284,511
Private Equity**	23,570	129,085	139,168
TOTAL SECURITIES	14,407,181	13,307,951	17,423,679
2. Property			
Office	8,100,660	7,860,660	8,473,160
Retail	2,703,599	2,993,600	3,266,100
TOTAL PROPERTY***	10,804,259	10,854,260	11,739,260
TOTAL PORTFOLIO	25,211,440	£24,162,211	£29,162,939

* Includes donated cash and shares of nil (2009-10), nil (2008-09), and nil (2007-08).

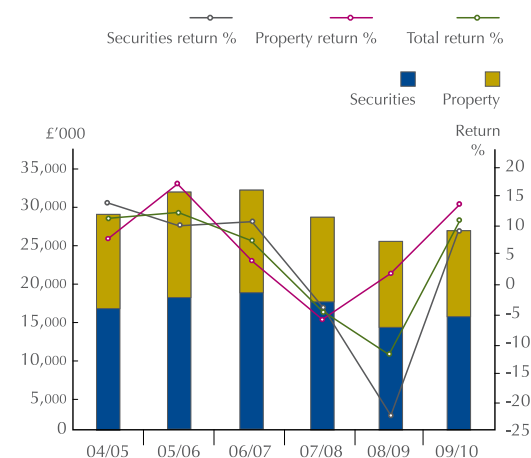
** Includes donated shares in three new ventures, held at nil value.

*** This excludes the residential properties: 25 Parkside, 96A Regent Street, 76 Regent Street, 70 Regent Street and 65 Devonshire Road. These have a combined value of £4,335,000 but are treated as the College's operational 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.

ASSET ALLOCATION AT 30 JUNE 2010 (Exc. property)



ENDOWMENT & TOTAL RETURN

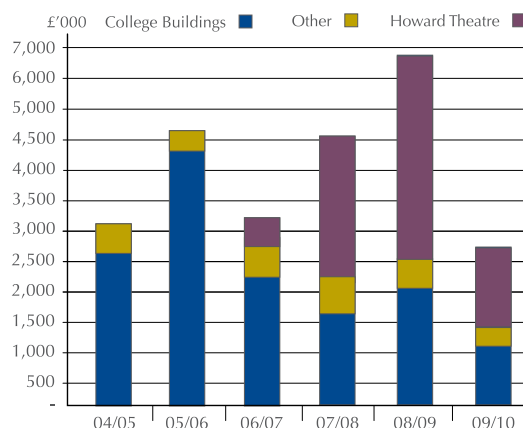


Securities

2004-05 to 2008-09: Discretionary Fund Manager
2009-10: Advised by Partners Capital

⁶ Cambridge Associates

CAPITAL EXPENDITURE



Cash Flow

- Earnings Before Depreciation and Interest: £1,342,931
- Capital Expenditure excluding expenditure on the Howard Theatre: £1,371,974

An interim goal of the strategic plan is the balancing of operating cash with operating expenditure. In 2009-10, these sources and uses of cash were nearly in balance. In order to achieve this result, capital expenditure on buildings continued to be constrained and did not meet even the RICS's recommended spend of an average of 1.5% of the insured value of the buildings. The development of the conference services business and success in fundraising are essential in order to support not only the College's core educational activities but also the capital programme. Because of the time limit on planning consent, it will be necessary to undertake works, which would ideally wait until the success of Catalysis and the College's commercial operations had built a sufficient reserve so that the sources and uses of cash were in balance after all necessary expenditure on maintaining the estate.

Investment For The Future

The proper maintenance of the buildings, which have a replacement value of £126 million, is an essential investment in the future. For the past decade, a rolling programme has been in place to ensure that the estate was brought up to modern standards and complied with legislation. The losses in the investment portfolio, together with the constraints on commercial activities caused by the restoration of the Dining Hall and the building of the Howard Theatre, led to restrictions on other capital projects. For the next two years, routine refurbishment will continue to be deferred while a major conversion project is underway. Other projects will be confined to works 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, reduce carbon emissions, or enhance the income generation capability of the estate.

TEN YEAR CAPITAL PROGRAMME

At 1 October 2010

Net current rooms refurbished or acquired in last ten years (2001 – 2010): 247 (49%)

Total Student Rooms: 504

Restoration and Major Refurbishment

Year	Building	Number of Student Rooms if Applicable
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
	Kitchen Refurbishment	
2006	54 Lensfield Road	7
	Parlour Extension and Offices	
2007	50 Lensfield Road	7
	Hall	
	U Staircase	
2008	Howard Court	32
2009	V Staircase	
2010	Howard Theatre	
	Boathouse Flood prevention	6
	Master's Lodge Flat	
	H Stair Bathrooms/Kitchen	
Total		221

New and Acquired Buildings, Land, and Leases

Year	Location	Number of Student Rooms (if Applicable)
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)	
2010	14 Regent Street (change of use planning)	
Total (excluding resold houses)		34

Sale of Operational Property and Termination of Leases

Year	Property	Number of Student Rooms (if Applicable)
2002	Long Road Sports Ground	
2004	114 Tenison Road	5
2005	91 Mawson Road	5
2007	55 Warkworth Terrace	7
Total		17

Financial Outlook

The opening of the Howard Theatre on 3 March 2010 marked the end of a five-year period of both physical and financial disruption and the beginning of a new era of theoretical stability in commercial activity. While the forward bookings are strong, nevertheless the state of the economy is fragile. Throughout Cambridge, retail space has been let but there is some evidence that new ventures do not last past the rent-free period. Taken together with the changes that have been announced in the funding of higher education, the prospect remains uncertain. At present, £1.5 million is received from the HEFCE grant to the University as payment on behalf of the 389 publicly-funded undergraduates. In addition, approximately one-third of graduates are funded by the research councils. Any reduction in research council funding will affect the numbers of UK research students. Because of the growth in MPhil courses and their popularity, graduate numbers are likely to remain at the same level; a major shift from PhD students to MPhil students who are only in residence for nine months, however, increases the rental voids.

If the Catalysis Campaign is successful, then the College will be in a better position to withstand future financial shocks. If, however, the recession continues to affect philanthropic donations, then the Governing Body will realign the activities of the College with its financial circumstances.

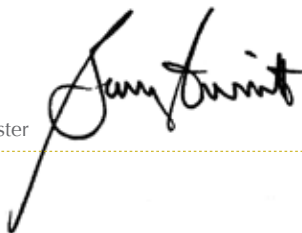
Plans for the Future

Despite the financial challenges, the College continues to be successful in attracting University Teaching Officers to its Fellowship as well as record numbers of applicants for undergraduate places. The Senior Tutor continues to focus on creating a supportive environment in which academic success is valued and rewarded. The distinctive feature of a Cambridge education is the supervision system. The Directors of Studies aim to seek out the best supervisors for their students from across the Colleges. The financial pressure on the higher education sector means that all activities have to be scrutinised for value for money. Work is therefore underway to ensure that Downing students continue to have access to the best teaching in the most appropriate form but within the resources available.

The conservation of those resources has required sacrifices, including financial sacrifices, from Fellows, staff, and students. All constituencies continue to seek ways of achieving the same - or more - for less. Downing was among the first group of Colleges to fund a widening participation programme; the number of applications compared with places available is one of the highest in the University; the undergraduates generally achieve examination results that put the College in the top half, if not the top third of the Tompkins Table; the sports teams are among the most successful; and the College is well on its way to becoming known for its drama productions. The cohesiveness of the community goes some way to counter the deficiencies of the balance sheet. Nevertheless, the focus of the community is now on ensuring that it is able to withstand the economic pressures of an uncertain future.

On behalf of the Governing Body:

Prof B J Everitt, Master



Dr Susan Lintott, Senior Bursar



Date: 21 December 2010

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS

Financial Year End:	2010	2009	2008	2007	2006
1. Education					
Tompkins Tables *	15	15	12	3	11
Undergraduate classification of degrees					
1st	81	82	89	96	78
2:1	209	202	194	213	194
2	41	31	34	30	25
2:2	47	61	51	52	73
3	14	11	10	9	9
Pass	16	17	16	12	9
DDH	9	6	3	2	5
Ordinary	0	0	2	0	0
Fail	0	3	1	1	2
Nos. of Special Prizes ⁸	6	17	20	13	16
Graduate degrees awarded:					
PhD (including MB PhD)	38	33	38	39	42
MPhil, LLM, MBA et al	38	35	37	45	32
MB BChir [*CLIN Medics Graduating as a group in Nov 09]	2*	9	1*	12	9
Number of Open Days					
Numbers visiting Open Days	1125	945	1041	731	445
% subsequently applying to Downing (in October following)	21%	22%	23%	20%	19.6%
Applicants from South-West initiative (October following)	44	44	32	40	22
Special Access Scheme Applicants	37	32	32	27	
Special Access Admissions		4	5	6	
Total Number of Applicants for Undergraduate Courses including	769	719	653	544	709
Open Applications (in October following)	(0)	(0)	(0)	(36)	(0)
Offers by other Colleges	29	43	46	36	32
All Admissions (Including Summer Pool)	131	128	130	122	124
% Women: % Men	42:58	38:62	47:53	48:52	49:51
Applicants from Maintained Schools	358	–	364	350	387
Acceptances from Maintained Schools	84	69	72	52	53
Applications by subject (October 2010)					
Asian & Middle Eastern Studies	4	1			
ASN&C	2	0	1	1	3
Archaeology & Anthropology	3	4	3	5	8
Architecture	18	29	20	24	26

* 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.

⁸ Special Prizes are awarded to those in the top 2.5% of their University Class List.

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2010	2009	2008	2007	2006
1. Education continued					
Chemical Engineering via Engineering	11	8			
Classics	9	13	6	8	9
Computer Science	10	4	4	3	2
Economics	77	37	49	49	30
Engineering	80	72	67	55	73
English	20	26	31	30	19
Geography	31	38	42	18	43
History	13	33	25	15	29
History of Art	3	2	2	2	7
Land Economy	19	12	17	9	9
Law	70	74	82	75	117
Mathematics	30	26	33	21	31
Medicine	125	113	92	71	105
Modern & Medieval Languages	19	26	14	19	30
Music	2	2	3	2	1
Natural Sciences (Bio)	74	60	63	90	126
Natural Sciences (Phys)	87	70	67		
Oriental Studies (now Asian & Middle Eastern Studies)	4	—	3	3	1
Philosophy	5	7	3	6	5
Politics, Psychology & Sociology	34	19	18	19	21
Theology	5	5	1	2	1
Veterinary Medicine	13	5	7	11	6
Total University Full-Time Undergraduates⁹	12,192	12,006	11,826	11,824	11,903
% Female: % Male	48:52	49:51	49:51	49:51	50:50
Total Full-Time Downing Undergraduates	445	442	439	440	438
% Female: % Male	44:56	47:53	47:53	48:52	47:53
Numbers of Undergraduates "Dropping-Out"		1	2	2	3
Total University Full-Time Postgraduates¹⁰	5,795	5,521	5,836	6,001	5,346
% Female: % Male	46:54	45:55	46:54	45:55	42:58
Total Downing Full-Time Postgraduates¹¹	165	183	180	183	179
% Female: % Male	39:61	34:66	32:68	38:62	42:58

⁹Table 12, Cambridge University Reporter, Special No. 4, 7 October 2010

¹⁰Table 12

¹¹Table 12

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2010	2009	2008	2007	2006
1. Education continued					
Total University not Full-Time Postgraduates ¹²	2,580	2,528	2,658	2,551	2,832
% Female: % Male	43:57	43:57	54:46	57:43	61:39
Total Downing not Full-Time Postgraduates	74	63	52	38	39
% Female: % Male	24:76	32:68	46:54	47:53	36:64
Total University numbers entering course for the first time ¹³ which attract undergraduate fees	3,951	3,999	3,906	3,829	3,937
% Female: % Male	47:53	47:53	48:52	49:51	48:52
Downing numbers entering courses for the first time which attract undergraduate fees ¹⁴	148	145	144	131	142
% Female: % Male	39:61	46:54	47:53	47:53	47:53
Total University numbers entering full-time postgraduate courses for the first time ¹⁵	3,346	3,101	3,037	3,003	3,168
% Female: % Male	49:51	48:52	49:51	49:51	50:50
Downing numbers entering full-time postgraduate courses for the first time ¹⁶	72	91	82	81	73
% Female: % Male	40:60	35:65	30:70	38:62	38:62
Financial Support for Students: Number of Students					
Receiving Grants					
Cambridge Bursary Scheme (formerly Isaac Newton Grants)	92	79	57	66	55
Cambridge Commonwealth Trust	12	9	6	5	3
Cambridge European Trust	12	12	7	7	—
Cambridge Overseas Trust	9	20	13	5	16
Gates Cambridge Trust	4	6	7	7	3
Average value of Cambridge Bursary Scheme Grants	£2,099	£1,809	£1,813	—	—
2. Accommodation					
Average Rent Undergraduate Study Bedroom	£96.46	£90.41	£84.21	£80.06	£75.61
Average Rent Graduate Study Bedroom	£99.69	£94.57	£91.13	£85.44	£81.83
Undergraduates Housed in College Accommodation	379	373	385	389	388
Graduates Housed in College Accommodation	106	117	109	103	103
Total Students in College Accommodation	485	490	494	492	491

¹² Table 12

¹³ Table 13

¹⁴ Table 13

¹⁵ Table 13

¹⁶ Table 13

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2010	2009	2008	2007	2006
3. Student Catering Income					
Lunch	90,991	71,700	£60,944	£48,795	£26,921
Dinner	94,625	83,495	£84,388	£76,206	£54,764
Café	65,367	71,449	£63,090	£58,301	£50,240
4. Conference & Functions					
Conference & Function Income	£1,616,911	£1,214,086	£1,271,939	£1,329,437	£1,295,171
Total Bed nights	13,666	15,144	13,694	13,375	13,016
Room nights: Academic Conferences	2,136	1,479	2,465	2,441	1,565
Room nights: Corporate Conferences	4,323	4,306	4,033	4,862	3,505
Room nights: Summer Schools	4,951	8,142	7,045	5,711	6,352
Capacity Utilisation Total Conference Rooms	46%	49%	47%	47%	41%
En-suite Rooms	33.2%	28.7%	31.7%	32.1%	22.3%
Average Price Achieved per Room Used	£51.68	£39.82	£43.64	£40.14	£38.20
5. Development and Fundraising					
Development Campaign Cash Received (including by The Segreants Trust)	£2,721,334	£1,794,462	£7,305,612	£1,721,148	£644,581
Living donors as a % of members in contact	43.9%	44.6%	41.8%	42.0%	44.1%
Participation Rate this Financial Year of Living Members in Contact	18%	19%	15%	16%	12%
Direct Fundraising Costs:					
Donations Raised excluding Legacies and the Howard Gift	1:1.44	1:2.42	1:2	1:5	1:2
Donations Raised including Legacies but ex the Howard Gift	1:6.20	1:3.23	1:2	1:5	1:3
Donations Raised including Legacies but ex the Howard Gift (5 year average)	1:3.94	1:3.55	1:4	1:7	1:8
6. Income and Expenditure					
% Deficit/Turnover	(8.19%)	(16.24%)	(4.32%)	(5.79%)	(0.64%)
% Deficit/Free Reserves	(53.72%)	(53.68%)	(7.93%)	(7.1%)	(0.79%)
Staff costs as a % of Turnover	48.7%	51.3%	48.5%	48.2%	47.1%
£ per sq.metre cost of upkeep of Buildings	£202.85	£204.77	£184.41	£179.35	£162.29

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2010	2009	2008	2007	2006
7. Charitable Funds					
Charitable Funds Invested (including Works of Art, etc.)	£30,408,247	£28,740,332	£33,006,125	£35,543,000	£35,614,000
Endowment Assets less loans per Full-Time Students	£40,844	£37,197	£44,451	£48,525	£59,349
Spending Rule Amount ¹⁷	£1,497,688	£1,830,995	£1,774,218	£1,700,381	£1,563,798
Spending Rule Amount as % Income	18.1%	23.2%	22.8%	22.9%	21.3%
Spending Rule Amount as % Income (Five Year Average)	21.6%	22.1%	—	—	—
Spending Rule Amount as % Investment Portfolio	5.9%	7.6%	6.1%	5.3%	4.9%
Total Actual Endowment Withdrawal ¹⁸	1,637,621	3,732,923	2,722,206	4,212,520	4,311,797
Total Actual Endowment Withdrawal as % of Charitable Funds	5.4%	13.0%	8.3%	11.9%	12.1%
Performance of Core Securities Portfolio (net of fees)	7.2%	(21.71%)	(3.32%)	9.91%	9.77%
Annual Three-year Cumulative	(5.95%)	(4.71%)	5.26%	10.62%	11.08%
Annual Five-year Cumulative	0.39%	1.18%	7.42%	8.91%	2.8%
Capital Value per Unit	£19.37	£19.16	£25.36	£27.16	£26.35
Income Value	£831,589	£900,628	£841,592	£771,393	£709,596
8. Inflation Measurements					
RPI	5.0%	-1.6%	4.6%	3.8%	3.3%
RPIX	5.0%	1.0%	4.8%	2.7%	3.1%
HEPPI	—	4.9%	8.8%	4.5%	2.8%
Tender Price Inflation (October – October) Davis Langdon Tender Price Index	(2.0%)	(10.4%)	(5.0%)	6.6%	6.4%
9. Pensions					
Pension Fund Assets (CCFPS) at Triennial Valuation Assets	—	—	£3,077,300	—	—
Past Service Funding Level Deficit	—	—	(£471,544)	—	—
Funding Level %	—	—	87%	—	—
Past Service MFR Deficit	—	—	—	—	—
MFR Funding %	—	—	—	—	—
10. Staff					
Fellowship	52	52	50	49	47
University Principal Employer	37	39	42	40	37
Professors	12	13	13	11	10
Readers	4	3	3	6	7
Senior Lecturers	6	5	7	5	5
Lecturers	12	13	11	10	7
Other	3	5	8	8	8

¹⁷ The Spending Rule is the amount that has been determined that can be spent and still preserve the purchasing power of the endowment for the long-term, and is the amount of the total return recognised in the income and expenditure account (note 3a).

¹⁸ The Total Actual Endowment Withdrawal is: (a) the amount actually withdrawn from the portfolio, plus (b) the donations and bequests that have been invested in units of the Amalgamated Fund at year-end that are netted against withdrawals for the Spending Rule Amount rather than disturb the portfolio, plus (c) EBITDA less interest and less capital expenditure (exc. Howard Theatre).

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2010	2009	2008	2007	2006
10. Staff continued					
College Teaching Officers	4	4	4	5	6
Research Fellowships	3	3			
Stipendiary	3	2	2	2	2
Non-stipendiary	—	1	1	1	1
Administrative	3	3	1	1	1
Female	16	16	16	15	14
Male	36	36	34	34	33
Resident	8	7	7	9	9
Non-Resident	44	—	—	—	—
Support Staff Headcount	135	137	136	135	129
Female	81	81	82	85	74
Male	54	56	54	50	55
Turnover					
Retirements	2	3	3	3	6
Resignations	18	21	17	19	22
Deceased	—	—	—	1	—
Dismissal/Redundancy	1	—	3	6	—
Days Sickness	1,508	1,264	1,095	917	1,479
Reports under RIDDOR	—	2	3	4	8
Members in the USS Pension Scheme	93	60	59	49	45
Members in the CCFPS Pension Scheme	4	38	42	43	45
At the Triennial Actuarial Valuation 31 March					
Pensioners	—	—	23	—	—
Male	—	—	9	—	—
Female	—	—	14	—	—
Deferred	—	—	29	—	—
Male	—	—	15	—	—
Female	—	—	14	—	—
Active Members	—	—	42	—	—
Average Age	—	—	50.9	—	—
Male	—	—	21	—	—
Average Age	—	—	52.2	—	—
Female	—	—	21	—	—
Average Age	—	—	49.6	—	—
Members of Previous College Staff Scheme	7	7	8	8	9

COLLEGE STATISTICS AND FINANCIAL HIGHLIGHTS CONTINUED

Financial Year End:	2010	2009	2008	2007	2006
11. Environmental Measures					
Colleges Environmental League Table	1	5	4	3	—
Management Rank	2	4			
Management Score	73.6%	61.4%			
Energy Rank	7	10			
Energy Score	60.0kWh/p/day	72.0kWh/p/day			
Water Rank	6	5			
Water Score	275 litres/p/day	297 litres/p/day			
Recycling Rank		1	15		
Recycling Score	97.6%	56.5%			
Water Use	£76,630	£71,989	£68,100	£62,177	£56,077
Gas Use	£128,415	£233,969	£114,138	£152,196	£175,989
Electricity Use (*includes Howard Theatre)	£201,318*	£178,971	£153,802	£136,440	£77,319
Scope 1 Carbon Emissions					
Gas (Tonne/CO2e)	1,006	1,175			
Fuel (Tonne/CO2e)	0	0			
Scope 2 Carbon Emissions					
Electricity (Tonne/CO2e) (adjusted for inclusion of Howard Theatre)	1,002	1,008	1,059		

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 £138,615. 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. Some of these assets have already been received.

3. Taxation

During the year the College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. On 1 June 2010, the College ceased to be an exempt charity and, subsequent to the balance sheet date, became a registered charity, number 1137455, on 12 August 2010.

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

The College receives no similar exemption in respect of Value Added Tax. 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 2009-10, the College received £118,459 in refunds on purchases of £5.9M.

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.⁷ 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.

⁷ 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.



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.

OPINION

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 2010 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 Date: 21 December 2010

Statement of Principal Accounting Policies



BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable Accounting Standards.

In addition, the financial statements comply with the Statement of Recommended Practice 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 2010. 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 2010 when measured against the previous year's market value was 5.5%.

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.

The College also contributes to the personal pension schemes of employees. These funds are held separately from the assets and liabilities of the College. The contributions are charged to the Income and Expenditure Account as incurred and represent the amounts payable by the College to the fund for the year.

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 value 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 2010.

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

During the year the College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. On 1 June 2010, the College ceased to be an exempt charity and, subsequent to the balance sheet date, became a registered charity, number 1137455, on 12 August 2010.

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

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

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 £143,700 (2009: £122,800) which is credited to permanent capital.

Principal Accounting Statements



CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	2010 £000	2009 £000
Income			
Academic Fees (inc. Research/Teaching Grants)	1	2,120	2,025
Residences, Catering and Conferences	2	4,073	3,481
Endowment Income	3	1,949	2,348
Other Income		145	40
Total Income		8,287	7,894
Expenditure			
Education	4	3,478	3,586
Residences, Catering and Conferences	5	5,302	5,246
Other		120	117
Total Expenditure		8,900	8,949
Profit on disposal of fixed assets		—	6
Operating Deficit		(613)	(1,049)
Taxation	6	4	(4)
		(609)	(1,053)
Transfer to/(from) Accumulated Income within Restricted Expendable Capital – (Unspent income from Restricted Funds and Donations)		(70)	(237)
Deficit for the year		(679)	(1,290)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Restricted Funds		Unrestricted Funds		2010 Total £000	2009 Total £000
	Collegiate Purposes £000	Non-Collegiate Purposes £000	Designated Funds £000	Undesignated Funds £000		
Capital and Reserves Balance Brought Forward at 1 July 2009	24,275	—	83,849	14,624	122,748	127,907
Retained Surplus/(Deficit) for the Year	—	—	93	(772)	(679)	(1,290)
Total Return not recognized in the Income and Expenditure Account (Note 3b)	81	—	18	934	1,033	(5,267)
Colleges Fund Grant	—	—	—	144	144	123
Unspent Trust or Other Restricted Fund Income and Donations Retained by Funds	70	—	—	—	70	237
Benefactions and Donations	1,770	—	—	634	2,404	1,409
Deferred capital fund released in year	(178)	—	—	—	(178)	(94)
Transfers	129	—	1,022	(1,151)	—	—
Actuarial (loss)/gain on pension scheme assets and liabilities	—	—	—	(194)	(194)	(277)
Total Recognised Gains/(Losses) for the Year	1,872	—	1,133	(405)	2,600	(5,159)
Capital and Reserves balance Carried Forward at 30 June 2010	26,147	—	84,982	14,219	125,348	122,748

CONSOLIDATED BALANCE SHEET

	Note	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	2010 £000	2009 £000
Fixed assets					
Tangible Assets	9			100,134	98,448
Investment Assets	10			8,407	8,222
				108,541	106,670
Endowment Assets	11			22,008	20,526
Current Assets					
Stock				181	191
Debtors	12			2,094	1,472
Cash	13			2,616	4,181
				4,891	5,844
Creditors: amounts falling due within one year	14			(3,434)	(3,833)
Net Current Assets				1,457	2,011
Total Assets less current liabilities				132,006	129,207
Creditors amounts falling due after more than one year	15			(5,500)	(5,500)
Net Assets excluding Pension Liability				126,506	123,707
Pension Liability	21			(1,158)	(959)
Net Assets including Pension Liability				125,348	122,748
Capital and Reserves					
Restricted	16	18,294	7,853	26,147	24,275
Unrestricted – Designated	16	83,335	1,647	84,982	83,849
Unrestricted – Undesignated excluding Pension Liability	16	2,869	12,508	15,377	15,583
Pension Reserve		(1,158)	—	(1,158)	(959)
Unrestricted – Undesignated including Pension Liability		1,711	12,508	14,219	14,624
		103,340	22,008	125,348	122,748

These accounts were approved by the Governing Body on 26 November 2010 and are signed on its behalf by:

Prof. Barry Everitt, Master



CONSOLIDATED CASH FLOW STATEMENT

	2010 £000	2009 £000
Operating Deficit Before Tax	(679)	(1,290)
Depreciation	1,750	1,631
Profit on disposal of fixed assets	—	(6)
Investment Income	(1,505)	(2,043)
Donation Income Expended in Year	(178)	(94)
Interest Payable	268	269
Movement in Pension Deficit	5	37
Decrease/(Increase) in Stocks	10	(34)
(Increase)/Decrease in Debtors	(522)	419
(Decrease)/Increase in Creditors	(81)	289
Net Cash Outflow from Operating Activities	(932)	(822)
Returns on Investments and Servicing of Finance		
Income from Endowments	798	1,211
Retained Endowment Income	70	237
Other Interest Received	8	212
Interest payable	(269)	(269)
Net Cash Inflow from Returns on Investments and Servicing of Finance	607	1,391
Net Cash (Outflow)/Inflow from Operating Activities, Returns on Investments and Servicing of Finance	(325)	569
Capital Expenditure and Financial Investment		
<i>Donations:</i>		
Capital Benefactions Received	1,200	1,409
Capital Grants Received	144	123
	1,344	1,532
<i>Endowment Asset Investments:</i>		
Payments to Acquire	(25)	(33)
Receipts from Sales	—	—
	(25)	(33)

CONSOLIDATED CASH FLOW STATEMENT CONTINUED

		2010 £000	2009 £000
<i>Other Investment Assets:</i>			
Payments to Acquire	—		(8)
Receipt from Sales	1		—
		1	(8)
<i>Operational Tangible Fixed Assets:</i>			
Payments to Acquire	(2,560)		(6,501)
Receipts from Sales	—		6
		(2,560)	(6,495)
Net Cash Outflow from Investing Activities		(1,240)	(5,004)
Net Cash Outflow before Financing		(1,565)	(4,435)
Financing			
Bank Loan Received		—	—
Net Cash Inflow from Financing		—	—
Decrease in Cash in Year		(1,565)	(4,435)
Reconciliation of Net Cash Flow to movement in Net Liquid Assets			
Decrease in Cash in the Year		(1,565)	(4,435)
Cash Inflow from New Loans		—	—
Movement in Net Funds in the Year		(1,565)	(4,435)
Net Funds Brought Forward at 1 July 2009		(1,320)	3,115
Net Funds Carried Forward at 30 June 2010		(2,885)	(1,320)

Notes to the Accounts





NOTES TO THE ACCOUNTS

1. Academic Fees and Charges

	2010 £000	2009 £000
College Fees:		
Fee Income paid on behalf of Undergraduates eligible for Student Support (per capita fee £3,774)	1,456	1,403
Other Undergraduate Fee Income (per capita fee £4,791/£4,539)	192	157
Graduate Fee Income (per capita fee £2,184)	351	376
	1,999	1,936
Research/Teaching Grants	110	78
Other Charges	11	11
	2,120	2,025

2. Residences, Catering and Conferences Income

	2010 £000	2009 £000
Residential Accommodation		
College Members	1,834	1,693
Conferences (inc. Meeting Rooms)	822	706
Catering		
College Members	622	574
Conferences	795	508
	4,073	3,481

3. Endowment Income

3a. Analysis of Endowment Income

	2010 Income from Restricted Funds		2010 Income from Unrestricted Funds	Total 2010 £000	Total 2009 £000
	Collegiate Purposes £000	Non-Collegiate Purposes £000	£000		
Income from:					
Total return recognised in Income and Expenditure Account (3b)	406	—	1,092	1,498	1,830
Cash	—	—	(54)	(54)	166
Donations & Benefactions	38	—	467	505	352
	444	—	1,505	1,949	2,348

NOTES TO THE ACCOUNTS CONTINUED

3b. Summary of Total Return

	2010 Income from Restricted Funds		2010 Income from Unrestricted Funds	Total 2010	Total 2009
	Collegiate Purposes £000	Non-Collegiate Purposes £000	£000	£000	£000
Income from:					
Land and Buildings	—	—	768	768	843
Quoted and other securities and cash	45	—	45	90	287
Gains/(losses) on Endowment Assets:					
Land and Buildings	—	—	801	801	(685)
Quoted and other securities and cash	459	—	462	921	(3,814)
Investment management costs	(16)	—	(33)	(49)	(68)
Total Return for year	488	—	2,043	2,531	(3,437)
Total Return recognised in Income and Expenditure account (see note 3a)	(406)	—	(1,092)	(1,498)	(1,830)
Total Return recognised in Statement of Total Recognised Gains and Losses	82	—	951	1,033	(5,267)

3c. Investment Management Costs

	2010 £000	2009 £000
Land and Buildings	18	18
Quoted and other securities and cash	31	50
	49	68

NOTES TO THE ACCOUNTS CONTINUED

4. Education Expenditure

	2010 £000	2009 £000
Teaching	2,057	2,048
Tutorial	483	485
Admissions	387	404
Research	120	172
Scholarships and Awards	169	212
Other Educational Facilities	262	265
Total (Note 8)	3,478	3,586

5. Residences, Catering and Conferences Expenditure

	2010 £000	2009 £000
Accommodation		
College Members	2,264	2,285
Conferences (inc. Marketing costs)	1,426	1,430
Catering		
College Members	758	861
Conferences	854	670
Total (Note 8)	5,302	5,246

6. Taxation

	2010 £000	2009 £000
University Contribution	(4)	4

NOTES TO THE ACCOUNTS CONTINUED

7. Staff

	College Fellows 2010 £000	Academics 2010 £000	Non-Academics 2010 £000	Total 2010 £000	Total 2009 £000
Emoluments (inc. non-staff)	927	—	2,577	3,504	3,458
Social Security Costs	52	—	156	208	222
Other Pension Costs	87	—	234	321	370
	1,066	—	2,967	4,033	4,050
Emoluments of the Head of House				32	32
Average Staff Numbers (Full-Time Equivalents)					
Academics	49	—	—	49	49
Non-Academic	3	—	107	110	115
	52	—	107	159	164

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

£80,000 - £90,000	1	1
-------------------	---	---

Of the 52 Fellows disclosed above, 47 are stipendiary.

8. Analysis of Expenditure

a) Analysis of 2010 Expenditure by Activity

	Staff Costs (Note 7) £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education (Note 4)	1,729	1,373	376	3,478
Residences, Catering and Conferences (Note 5)	2,237	1,695	1,370	5,302
Other	67	50	3	120
	4,033	3,118	1,749	8,900

The above expenditure includes £325,835 (2009: £313,769) as direct fundraising costs. This expenditure includes the costs of alumni relations.

NOTES TO THE ACCOUNTS CONTINUED

b) 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

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

	2009 £000	2009 £000
Auditors' remuneration:		
– as auditors	14	14
– for other services	3	3
Depreciation of owned fixed assets	1,749	1,631
Operating lease costs:		
– Land and buildings	82	72

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 2009	99,766	3,553	633	595	203	104,750
Additions	2,288	148	35	79	9	2,559
Disposals at Cost/Valuation	—	—	—	—	—	—
Transfer from Endowment Assets	876	—	—	—	—	876
As at 30 June 2010	102,930	3,701	668	674	212	108,185
<i>Accumulated Depreciation</i>						
As at 1 July 2009	3,435	2,031	133	506	197	6,302
Provided for the Year	1,274	370	22	80	3	1,749
Eliminated on Disposal	—	—	—	—	—	—
Revaluation during the Year	—	—	—	—	—	—
As at 30 June 2010	4,709	2,401	155	586	200	8,051
<i>Net Book value</i>						
As at 30 June 2010	98,221	1,300	513	88	12	100,134
As at 30 June 2009	96,331	1,522	500	89	6	98,448

The insured value of Freehold Land and Buildings at 30 June 2010 was £ 114,817,001 (30 June 2009 - £114,817,001).

NOTES TO THE ACCOUNTS CONTINUED

10. Investment Assets

	2010 £000	2009 £000
Works of Art/Silver	3,329	3,329
College Expendable Investments (Note 11)	4,821	4,635
Loan to Joint Colleges' Nursery Scheme	7	8
Land	250	250
	8,407	8,222

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

	2010 £000	2009 £000
As at 1 July 2009	20,526	23,451
Additions	19,034	17,383
Disposals	(18,303)	(20,690)
Movement in amount due from/(to) Expendable Capital	662	533
Movement in amount included in Investment Assets	(186)	1,500
Change in Market Value	700	(423)
Change in Cash Balances held by Fund Managers	(425)	(1,228)
As at 30 June 2010	22,008	20,526

Represented by:

	2010 £000	2009 £000
Due from Expendable Capital	1,618	956
Property	10,804	10,854
Securities – Fixed Interest	11,682	2,694
Securities – Equities and Hedge Funds	2,305	9,812
Cash with Agents	420	845
	26,829	25,161
College Expendable Investments (Note 10)	(4,821)	(4,635)
	22,008	20,526

NOTES TO THE ACCOUNTS CONTINUED

12. Debtors

	2010 £000	2009 £000
Members of the College	79	97
Rents	330	265
Conferences	192	50
Fees	40	41
Other	1,453	335
Due from Permanent Capital	—	684
	2,094	1,472

13. Cash

	2010 £000	2009 £000
Short-term Money Market Investments	1,600	3,000
Bank Deposits	558	507
Current Accounts	457	672
Cash in Hand	1	2
	2,616	4,181

14. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Due to Tradesmen and Others	787	1,076
Members of the Colleges	162	166
University Fees	27	27
Contribution to Colleges fund	—	4
Other Creditors	2,037	2,560
Due from Permanent Capital	421	—
	3,434	3,833

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

	2010 £000	2009 £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 2010 £000	Total 2009 £000
<i>Restricted Funds:</i>					
Trust Funds		672	7,679	8,351	7,251
Donations & Benefactions		701	174	875	688
Deferred Capital Funds		16,921	—	16,921	16,336
		18,294	7,853	26,147	24,275
<i>Unrestricted Funds:</i>					
<i>Designated Funds:</i>					
Special Funds	17	83,335	1,647	84,982	83,849
		83,335	1,647	84,982	83,849
<i>Undesignated Funds:</i>					
Corporate Capital		—	12,065	12,065	11,000
Special Funds		—	—	—	—
Donations & Benefactions		4,327	443	4,770	4,649
Revenue Reserves		—	—	—	—
Other General Capital		(1,458)	—	(1,458)	(66)
Pension Reserve		(1,158)	—	(1,158)	(959)
		1,711	12,508	14,219	14,624
		103,340	22,008	125,348	122,748

16. a) Reconciliation of Movement in Capital Reserves

	Restricted Funds		Unrestricted Funds					Total 2010 £000
			Designated Funds		Undesignated Funds			
	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000		
Balance as at 1 July 2009	16,916	7,359	82,220	1,629	3,084	11,540	122,748	
Increases During Year	2,343	629	1,115	18	1,524	1,070	6,699	
Decreases During Year	(965)	(135)	—	—	(2,897)	(102)	(4,099)	
Balance as at 30 June 2010	18,294	7,853	83,335	1,647	1,711	12,508	125,348	

NOTES TO THE ACCOUNTS CONTINUED

16. b) Analysis of Funds

	Restricted Funds 2010 £000	Unrestricted Funds 2010 £000	Total 2010 £000	Total 2009 £000
Fellowship Funds	1,876	—	1,876	1,830
Scholarship Funds	2,195	481	2,676	2,630
Prizes Funds	443	16	459	446
Hardship Funds	259	—	259	263
Travel Grant Funds	30	—	30	29
Other Funds	21,344	98,704	120,048	117,550
	26,147	99,201	125,348	122,748

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

	Restricted Funds		Unrestricted Funds					
			Designated Funds		Undesignated Funds			
	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Income/Expendable Capital Funds £000	Permanent Capital Funds £000	Total 2010 £000	Total 2009 £000
Tangible Fixed Assets	16,916	—	83,218	—	—	—	100,134	98,448
Investment Assets	161	—	—	—	8,246	—	8,407	8,222
Endowment Assets	—	7,853	—	1,647	—	12,508	22,008	20,526
Net Current Assets	1,217	—	117	—	123	—	1,457	2,011
Creditors: more than one year	—	—	—	—	(5,500)	—	(5,500)	(5,500)
Pension Liability	—	—	—	—	(1,158)	—	(1,158)	(959)
	18,294	7,853	83,335	1,647	1,711	12,508	125,348	122,748

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:

	2010 £000	2009 £000
At start of year	2,510	7,777
During year	1,033	(5,267)
At end of year	3,543	2,510

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	8	—	—	—	8
Alwyn W Heong Fund	181	—	—	25	206
Bartram Fund	100	—	—	1	101
Bathey Fund	7	—	—	—	7
Benian Lu Fund	—	—	—	2	2
Bill Willetts Fund	17	—	—	1	18
Blankenship Book Fund	10	—	—	—	10
Blankenship Law Fund	—	—	—	17	17
Bradbrook Fund	9	—	—	1	10
Buchanan Fund	197	—	—	2	199
Charles Campbell Book Fund	3	—	—	—	3
Cockerell Fund	18	—	—	1	19
Colin Hill Fund	1	—	—	—	1
Collins Fund	154	—	—	2	156
Colonel Anderson Trust Fund	81	—	—	1	82
Darley Fund	239	—	—	6	245
Downing Association Fund	31	—	—	1	32
Edward Collins Fund	91	—	—	2	93
Ernest William Denham Fund	22	—	—	—	22
Everitt Fund	1	—	—	—	1
Fahrenwaldt Fund	10	—	—	—	10
Fritsch Fund	306	—	—	20	326
Fu Fund	2	—	—	—	2
Gamlingay Fund	62	—	—	1	63
Graystone Fund	140	—	—	1	141
Gulbenkian Fund	1	—	—	—	1
Carried forward	1,691	—	—	84	1,775

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	1,691	—	—	84	1,775
Hall Fund	8	—	—	1	9
Harris Fund	354	—	—	4	358
Harrison Fund	6	—	—	—	6
Harrison Prize Fund	2	—	—	—	2
Hopkins Parry Fund	842	—	—	11	853
Hugh Brammer fund	8	—	4	5	17
Ivor Evans Fund	16	—	—	1	17
Jean Ruhman Fund	8	—	—	—	8
John Hawkins May Wild Fund	—	—	—	6	6
Johnston Fund	1	—	—	—	1
Lander Fund	166	—	—	8	174
Lord Butterfield	123	—	—	2	125
Mays Wild Fund	337	—	—	26	363
Moullin Fund	2	—	—	—	2
Oon Khye Beng Ch'hia Tsio Memorial Fund	236	—	—	9	245
Oon Khye Beng Ch'hia Tsio Memorial Prize Fund	79	—	—	5	84
Osler Fund	79	—	—	1	80
Owen Fund	300	—	—	3	303
Pask Prize	1	—	—	—	1
Perry Fund	2	—	—	—	2
Pilley Fund	283	—	—	4	287
Platt Fund	23	—	—	—	23
Purcell Fund	2	—	—	—	2
Richards Fund	41	—	—	1	42
Richens Fund	150	—	—	278	428
Robertson Research Fellowship Fund	485	—	—	3	488
Carried forward	5,245	—	4	452	5,701

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	5,245	—	4	452	5,701
Saint Fund	34	—	—	—	34
Saunders Fund	34	—	—	—	34
Savile Fund	105	—	—	1	106
Schreiner Fund	51	—	—	—	51
Seton Fund	59	—	—	1	60
Shallard Fund	2	—	—	—	2
Sir Arthur Watts Choral	10	—	—	—	10
Stevens Fund	3	—	—	—	3
TG Jones Fund	582	—	—	6	588
Thomas Fund	15	—	—	—	15
Thrower Fund	—	—	—	2	2
Treherne Fund	63	—	—	3	66
Treherne Prize Fund	6	—	—	—	6
Unwin Fund	46	—	—	1	47
Verjee Fund	215	—	—	2	217
Verney Fund	1	—	—	—	1
Warner-Lambert Fund	142	—	—	9	151
Whitby Memorial Fund	302	—	—	3	305
White Fund	6	—	—	—	6
Whitelegg Fund	45	—	—	—	45
Wicks Travel Fund	11	—	—	—	11
Wyatt Fund	1	—	—	—	1
Fundraising – Buildings	32	—	-	3	35
Fundraising – Sport	32	—	-	2	34
Fundraising – Student Support	263	—	(7)	(7)	249
Fundraising – Teaching	129	—	-	7	136
Carried forward	7,434	—	(3)	485	7,916

NOTES TO THE ACCOUNTS CONTINUED

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

	Opening Balance £000	Net Income & Expenditure £000	Transfers £000	Other Gains/(Losses) £000	Closing Balance £000
<i>Restricted Funds continued</i>					
Brought forward	7,434	—	(3)	485	7,916
Catalysis – Teaching & Learning	—	—	—	9	9
Catalysis – Research & Discovery	—	—	129	7	136
Catalysis – Heritage & Environment	—	—	—	—	—
Catalysis – Support & Services	—	—	—	12	12
Catalysis – Culture & Community	—	—	—	1	1
	7,434	—	126	514	8,074
Other	505	—	3	643	1,151
Deferred Capital Funds	16,336	—	—	586	16,922
Total Restricted Funds	24,275	—	129	1,743	26,147
<i>Designated Permanent Funds</i>					
Clark Fund	2	—	—	—	2
French Fund	26	1	(1)	—	26
Goodey Fund	131	5	(5)	1	132
Jarvis Fund	32	1	(1)	—	32
Library Endowment Fund	882	48	(48)	10	892
Richmond Fund	165	9	(9)	2	167
Stenning Fund	44	2	(2)	1	45
Stevenson Fund	1	—	—	—	1
Whalley-Tooker Fund	13	1	(1)	—	13
Yates Fund	7	—	—	—	7
Young Fund	148	6	(6)	2	150
Singer Fund (Pension Trust)	178	10	(10)	2	180
	1,629	83	(83)	18	1,647
Other (Note 17)	82,220	10	1,105	—	83,335
Total Designated Funds	83,849	93	1,022	18	84,982

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>Undesignated Funds</i>					
Singer Fund (Will Trust)	4,013	161	—	32	4,206
Smyth Bequest	489	22	—	3	514
Fleet Bequest	47	2	—	1	50
Battcock Fund	100	—	(101)	1	—
Corporate Capital Fund	11,000	45	—	1,020	12,065
General Capital and Other	(1,025)	(1,002)	(1,050)	461	(2,616)
Total Undesignated Funds	14,624	(772)	(1,151)	1,518	14,219
Total	122,748	(679)	—	3,279	125,348

17. Unrestricted Designated Special Funds

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

	2010 £000	2009 £000
Fixed Asset Capital	96,759	95,003
Deferred Capital Funds	(16,916)	(16,332)
Revaluation Reserve	3,375	3,445
Special Funds	-	—
Organ Fund	98	94
Estate Repairs Fund	-	—
Student Bar Reserve	19	10
	83,335	82,220
<i>Revaluation Reserve</i>		
Balance as at 1 July 2009	3,445	3,514
Revaluations during year		-
Other Items Charged/Credited to Revaluation Reserve During Year	(69)	(69)
Balance as at 30 June 2010	3,375	3,445

NOTES TO THE ACCOUNTS CONTINUED

18. Financial Commitments

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

	2010 £000	2009 £000
Land & Buildings		
Expiring between two and five years time	68	63
Expiring in over five years	7	7
	75	70
Other		
Expiring in less than one year	-	9
Expiring between two and five years time	7	4
	7	13

19. Capital Commitments

	2010 £000	2009 £000
Commitments contracted for at 30 June	376	1,924

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes

The total pension cost for the College was £320,958 (2009: £370,125).

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 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. 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 5.6% based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triannual valuation 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

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

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.

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 2010, USS had over 135,000 active members and the college had 103 active members participating in the scheme.

The total pension cost for the College was £279,544 (2009: £177,724). The contribution rate payable by the College was 16% 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).

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

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

	30 June 2010	30 June 2009
Discount rate	5.3%	6.2%
Expected long-term rate of return on Scheme assets	6.3%	6.1%
Salary inflation assumption	4.4% ¹	4.5%
Inflation assumption	3.4%	3.5%
Pension increases (inflation linked)	3.4%	3.5%

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).

Employee Benefit Obligations

The amounts recognized in the balance sheet as at 30 June 2010 to the nearest £'000 (with comparative figures as at 30 June 2009) are as follows:

	2010 £000	2009 £000
Present value of Scheme liabilities	(4,360)	(3,782)
Market value of Scheme assets	3,202	2,823
Surplus/(deficit) in the Scheme	(1,158)	(959)

¹ 1.5% in 2010 and then 4.4% thereafter

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

The amounts to be recognized in the profit and loss for the year to 30 June 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Current service cost	31	162
Interest on Scheme liabilities	230	245
Expected return on Scheme assets	(168)	(199)
Past service cost	-	—
Curtailment gain	-	—
Total	93	208
Actual return on Scheme assets	375	(242)

Changes in the present value of the Scheme liabilities for the year ending 30 June 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Present value of Scheme liabilities at beginning of period	3,781	3,675
Service cost including Employee contributions	49	222
Interest cost	230	245
Actuarial losses/(gains)	401	(163)
Benefits paid	(101)	(198)
Present value of Scheme liabilities at end of period	4,360	3,781

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

Changes in the fair value of the Scheme assets for the year ending 30 June 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Market value of Scheme assets at beginning of period	2,823	3,032
Expected return	168	199
Actuarial gains/(losses)	206	(441)
Contributions paid by the College	89	171
Employee contributions	17	60
Benefits paid	(101)	(198)
Market value of Scheme assets at end of period	3,202	2,823

The agreed contributions to be paid by the College for the forthcoming year are 12.83% of Contribution Pay plus £50,000 pa from 1 July 2010, subject to review at future actuarial valuations. This rate excludes PHL.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Equities and Hedge Funds	60%	48%
Bonds and Cash	31%	43%
Property	9%	9%
Total	100%	100%

The expected long term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.1% (2009: 7.1%), property 6.1% (2009: 6.1%) and an expected rate of return on bonds and cash of 4.7% (2009: 5%).

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 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Actual return less expected return on Scheme assets	206	(441)
Experience gains and losses arising on Scheme liabilities	191	(18)
Changes in assumptions underlying the present value of Scheme	(591)	181
Actuarial gain/(loss) recognized in STRGL	(194)	(278)

Cumulative amount of actuarial gains and losses recognized in STRGL for the year ending 30 June 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Cumulative actuarial gain/(loss) at beginning of period	(977)	(698)
Recognised during the period	(194)	(278)
Cumulative actuarial gain/(loss) at end of period	(1,171)	(976)

Movement in surplus/(deficit) during the year ending 30 June 2010 (with comparative figures for the year ending 30 June 2009) are as follows:

	2010 £000	2009 £000
Surplus/(deficit) in Scheme at beginning of year	(958)	(643)
Service Cost (Employer Only)	(31)	(162)
Contributions paid by the College	89	171
Finance Cost	(64)	(46)
Actuarial gain/(loss)	(194)	(278)
Surplus/(deficit) in Scheme at the end of the year	(1,158)	(958)

NOTES TO THE ACCOUNTS CONTINUED

20. Pension Schemes continued

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

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of Scheme liabilities	(4,361)	(3,782)	(3,675)	(3,353)	(3,122)
Market value of Scheme assets	3,203	2,823	3,032	3,103	2,726
Surplus/(deficit) in the Scheme	(1,158)	(959)	(643)	(250)	(396)
Actual return less expected return on Scheme assets	206	(441)	(369)	60	53
Experience gain/(loss) arising on Scheme liabilities	191	(18)	1	(88)	22
Change in assumptions underlying present value of Scheme liabilities	(591)	181	(67)	138	(168)

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 2009	4,013	178
Income	161	10
Purchase of Investments	-	(10)
Change in Market Value of Investments	32	2
Closing Balance at 30 June 2010	4,206	180

