NEWNHAM COLLEGE

CAMBRIDGE

Consolidated Financial Statements

for the Year Ended 30 June 2010

Royal Charter Company number RC000384

Registered Charity number 1137512

NEWNHAM COLLEGE

Consolidated Financial Statements

for the Year Ended 30 June 2010

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Financial Statements

for the Year Ended 30 June 2010

Bursar's Report 2009-10

The College's primary purpose is the provision of education, learning and support for research. There were 511 students at the College during the year, in respect of whom fees were received as follows: 322 funded as Home/EU undergraduates; 56 privately funded undergraduates; and 133 as graduates. There were 6 Professorial Fellows, 45 Teaching and Tutorial Fellows (most of whom were actively engaged in research) and 6 Research Fellows

During 2009-10 the College has made good progress in recovering from the direct effects of the recession: income rose and rises expenditure were under control. The College's investments recovered most of the value which had been lost and those investments are essential if we are to be able to support the cost of the high quality education we provide. Global investment markets also support the pension schemes in which the College participates and the ability of those investments to contribute to the rising cost of providing pensions is another important factor for the College. The present uncertainties surrounding the funding of higher education are considerable. The College has considered various scenarios but planning must await clarification of the details and timing of the changes which seem inevitable before deciding how to meet those challenges which will be considerable.

Financial Performance

The College seeks to generate sufficient income to cover all costs including the cost of providing buildings, plant and equipment. In 2009-10 depreciation and the interest payable on the Kitchen/Buttery building loan together totalled £989k and after charging these sums there was a deficit of £70k (down from £213k in 2008-09 and £487K in 2007-08): we are now very close to meeting that aim.

Continued progress was made in the year towards completely eradicating the deficits in the accommodation and catering accounts, with income from accommodation catering and conferences rising by £338k (11.7%). A rise in income from room charges of 18.1% to £1.82m enabled further progress to be made towards closing the deficit in the student accommodation account. This was achieved mainly through higher occupancy rates which came in part from letting spare rooms to the students of other Colleges. From October 2009 it was also agreed that rents for undergraduate students would be set at rates fixed for three years ahead (the duration of most undergraduate courses). This provides much more certainty to the students and the transition to this system also brought the College a one-off boost to income.

The full costs of providing Education rose by 3.3% to £3.98m but total income from fees increased by 7.9%. This was largely because student numbers increased 4.3% to 511, with increases in fees accounting for the rest of the rise. The per capita College fees are largely set by bodies other than the College and the increases received from HEFCE in regard to the majority (322 of the 511) rose by 3.7% while graduate fees (set by a formula agreed with the Research Councils) only rose 3%.

In total income rose by £116k to £8.8m. The year saw a significant shift in the pattern of receipts from Development fundraising: there was a drop in the value of legacies by £739k to £160k (the lowest level for a decade at least) but donations rose £413k to £936k. The College transfers all bequests to build up the Endowment funds and so to provide income over the long term. The sustained generosity of our alumnae has seen the Endowment grow by more than £5m over the last three years and it remains crucial to the future of the College. In 2009-10 the average cost of the educational support for each student amounted to £7,791 of which £4,363 (56%) was funded from our Endowment income, the equivalent of matching from Endowment £1.27 for every £1 of fee income received either from the students directly (in the case of privately funded students) or from public funds (in the case of those students eligible for support).

The College seeks to make best use of its Endowment while securing its value for the long term. The securities portfolio is unitised so that the College is able to see the change in value attributable to the management of the portfolio as distinct from the nominal total value of the investment assets which is impacted both negatively by disposals and by capital expenditures, and also positively by additional capital received in bequests and donations. The College applies a 'spending rule' as part of a Total Return policy and under this, income of 4.25% of the trailing five year averaged value of the portfolio is taken to the Income and Expenditure account. So far this smoothing rule has enabled the College to maintain the cash flow from the portfolio through the recent recession. The average value is calculated from June 2005 to June 2010. In June 2005 the Unit value was just under £11; in June 2009, at its low point, the Unit value was £10.20 but by June 2010 it had risen again to £10.56. At June 2010, after the transfer of the £2.4m to the Income and Expenditure Account, the value of the notional average trailing five-year portfolio was just under £55m while the actual value of the investment securities at June 2010 was £47.7m. Continued growth in the portfolio is essential to avoid our having to reduce that income to protect the long term value.

The College remains committed to setting rents and charges for students at an economic level (i.e. one which covers the full cost of providing such heavily serviced facilities), and achieving an income which will cover the full cost of the

Bursar's Report (continued)

catering operation. In both areas the income from all external business is credited to those cost centres and net profits from those activities therefore benefit the students by reducing the amount to be recovered from them. This policy has had good success over recent years but will become harder to apply if inflation rises sharply. The income available to students from the Government has been improved significantly, albeit, for the most part, in the form of loans. The future and the nature of Government support for students (and of Higher Education in general) is currently very uncertain. The measure of annual increase of student support and loans is based on general inflation indices rather than the normally higher levels of inflation faced by the College (where it is driven in particular by wage-inflation and building inflation including VAT levels and the cost of basic utilities). However, the policy of setting economic rents and charges also make it vitally important to ensure that we have funds to increase our support to those students who need it in the form of bursaries and grants. If Tuition fees rise, as is currently expected, then we shall need to provide higher levels of bursaries to ensure that we continue to admit the most able students.

Expenditure (including interest payable) for the year fell 1% to £7.5m. Staff costs account for 45.5% of expenditure and rose 3.3%. Some of the education posts are supported by restricted endowed funds and the total supported in this way amounted to £482k in 2009-10, an increase of 7.5%. The rising cost of providing pensions to all our staff is of concern. Rising life expectancy together with less successful investment returns have led to rises in the long term liabilities of both the schemes in which the College is involved (USS and CCFPS). During 2009-10 the USS increased employer contributions from 14% to 16% of staff salaries and the College's liability in the CCFPS rose from £428k to £793k. The College will be planning ahead on how to deal with the latter if it is confirmed by the triennial valuation due in March 2011.

Other operating expenses fell 5% in 2009-10. Much of this was due to the programme of maintenance projects being slowed down while the College reviewed with the newly appointed Buildings Manager how to identify, plan and manage the work needed. The immediate emphasis will be on upgrading the heating, mechanical and electrical infrastructure to enable the College to have high quality, fully controlled systems which provide the required high standard of services and will also help us meet our obligations to Carbon Reduction. The cost of energy has been a major concern to the College over the last few years and continues to be so even though gas prices came off their peak (temporarily) in 2009-10. During the year the College's gas consumption fell by 6.4% to 5.58 million kwh and it is hoped that the work on heating systems should result in further reduced gas consumption through better control and more efficient plant. Electricity consumption in 2009-10 also fell 1.6% to 1.79 million kwh.

Spending on building maintenance has been at a lower level than recently over the past two years and in 2009-10 amounted to £659k (including staff costs) partly reflecting changes in the staff of that Department. The guide-figure provided by the Royal Institute of Chartered Surveyors for prudent levels of spending to maintain historic buildings (1.8% of reinstatement costs) would indicate annual spending of £1.6m. Taking into account the College's recent high levels of capital spending on new buildings and refurbishment of property it is believed that the College is meeting that guide level long term and expects to return to major projects in the near future. Therefore some of the recent decrease is better seen as deferred spending than as permanent saving.

Benefactions and Donations

The College continues to be extremely grateful for the generous and loyal support of its alumnae. The traditional system of intensive teaching in small groups, backed by strong pastoral support, is inadequately supported by fee income (over which the College has almost no control) and increasingly requires a strong Endowment to enable it to continue. In 2009-10 bequests received totalled £160k, all of which was transferred out of the Income and Expenditure Account to the Endowment funds. The fifth annual telephone campaign was again well supported by the alumnae. The actual sum received in 2009-10 was £161k of which £112k was for the Annual Fund (unrestricted purposes): this is an extremely useful and increasingly essential form of support.

Risk Management

The College maintains a strong system of financial and management controls. The detailed estimates for the year ahead and a rolling five year forecast are scrutinised by the Finance Committee prior to consideration and approval by the College Council in June each year. Monthly departmental management accounts are produced including comparison of budget with actual for each cost centre. Revised Forecasts of Outturn are produced mid-year to allow for an overall review of the progress of each year's finances. The College, through its senior management and committees reporting to the College Council, is active in identifying, reviewing and documenting its exposure to other major risks with a view to eliminating, reducing and/or controlling them.

Mr I. M. Le M. Du Quesnay (Bursar) 29th October 2010

IMLeMDuQuesnay

NEWNHAM COLLEGE

For the year ended 30 June 2010

Responsibilities of the College Council

In accordance with the College's Statutes, the College Council 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. The Governing Body, which appoints the auditors, receives the audited financial statements from the Council.

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

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

NEWNHAM COLLEGE

Auditors' Report to the Governing Body of Newnham College, Cambridge

We have audited the financial statements of the College and group for the year ended 30 June 2010 on pages 9 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of certain investment assets, and the accounting policies set out on pages 6 to 8.

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

Respective Responsibilities of the College's Council and auditors

As described in the Statement of Responsibilities, the College Council is responsible for the preparation of financial statements in accordance with the applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein, with the provision of the Statutes of the College and with the Statutes of the University of Cambridge.

We also report if, in our opinion, the College and group has not kept proper accounting records, or if we have not received the information and explanations we require for our audit.

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards in Auditing (UK and Ireland) issued by the Auditing Practices Board and Audit Code of Practice issued by the Higher Education Funding Council for England. 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 College Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College and group'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 information in the financial statements.

Opinion

In our opinion 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 provision of Statute G II of the University of Cambridge and in all material respects income received from the University of Cambridge out of grants from the Higher Education Funding Council for England during the year ended 30 June 2010 has been applied to the purposes for which it was received.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College and group's affairs as at 30 June 2010 and of its results for the year then ended; and
- have been properly prepared in accordance with the accounting policies set out therein and the Statutes of the College and of the University of Cambridge.
- The information in the Bursar's report is consistent with the financial statements

Prentis & Co LLP
Chartered Accountants and Statutory Auditors 29th October 2010
115c Milton Road, Cambridge CB4 1XE

Statement of Principal Accounting Policies

(i) Basis of preparation

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

In addition, the financial statements comply with the Statement of Recommended Practice "Accounting for Further and Higher Education Institutions" (the SORP) with the exception of the Balance Sheet which has been presented in the different format set out in the relevant sections of Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the Balance Sheet, whereas RCCA requires that part of this information be disclosed in the notes to the accounts.

(ii) 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.

(iii) Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its three wholly owned subsidiary undertakings for the year ended 30 June 2009. The activities of student societies have not been consolidated.

(iv) Recognition of income

Donations and bequests accepted on condition that only the income may be spent are credited to the balance sheet as permanent capital funds. Unrestricted funds and bequests received are designated as capital or as income in the year of receipt by the College Council.

From 1st July 2007 a total return policy has been applied in relation to the College's investment in securities. Under this policy 4.25% of the trailing 5 year quarterly average values of the investments has been taken to the Income and Expenditure Account. The remainder of the change in value of the investments is shown in the Statement of Recognised Gains and Losses.

(v) Pension schemes

The College participates in the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). These are both defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The funds are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary.

The assets of the USS are held in a separate trustee-administered fund. 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 assets and liabilities of the CCFPS are held separately. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

Statement of Accounting Policies - continued

(vi) Tangible fixed assets

a. Land and buildings
The buildings on the College's main site have been treated as tangible fixed assets and valued on the basis of their depreciated replacement cost. The valuation on 30 June 2007 was carried out by Gerald Eve, Chartered Surveyors. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 100 years. Freehold land is not depreciated and, in a change of policy, the value of the land comprising the College's main site has been included in the balance sheet.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to 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.

Finance costs which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

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

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to the Balance Sheet date. They are not depreciated until they are brought into use.

b. Maintenance of premises
The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also sets aside sums to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds.

c. Furniture, fittings and equipment
Furniture, fittings and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Books, furniture and fittings	5% and10% per annum
Catering heating and ventilation equipment	5% per annum
Major computer software	10% per annum
Computer equipment	25% per annum

Where equipment is acquired with the aid of specific bequests or donations the income is credited to a deferred capital account and income released to the Income and Expenditure Account over the same period of depreciation as the furniture or equipment to which it relates.

d. Rare books, silver, works of art and other assets not related to education
All these assets are deemed to be inalienable and are not included in the balance sheet.

Statement of Accounting Policies - continued

(vii) Investments
Stock Exchange investments are included in the balance sheet at market value. All College properties off the main site are treated as investment assets and shown as estate properties. They are valued at market value once every five years by a professional valuer (Gerald Eve) and revalued on the balance sheet accordingly. Investments in subsidiaries are held at cost in the College's Balance Sheet. Their value is reviewed annually and provision made for any impairment identified.

(viii) Stocks
Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks

(ix) Provisions
Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, 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.

(x) Foreign currencies
Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year. The main foreign currencies contained within the investment portfolio are hedged to limit the College's exposure to fluctuations, and reviewed on a quarterly basis.

(xi) Taxation
The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

(xii) Contribution under Statute G,II
The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants.

(xiii) Reserves
These accounts distinguish from each other those reserves and funds received which are:

- Permanent Capital (which the College cannot spend but can only use the income generated) rather than Expendable capital;
- Restricted Reserves (which have a requirement by the donor that they be only used for a specific purpose) and Unrestricted Reserves;
- Designated Funds (which the College Council has decided should be used for a particular purpose) and Undesignated Funds.

NEWNHAM COLLEGE

Consolidated Income and Expenditure Account

for the Year Ended 30 June 2010

	Note	2009/10 £	2008/09 £
INCOME			
Academic Fees and Charges	1	1,875,664	1,747,180
Residences, Catering, and Conferences	2	3,222,163	2,883,692
Endowment Income	3a	3,535,377	3,898,211
INTERGROUP			
Other Charges and Income	4	194,977	182,435
Total Income		8,828,181	8,711,518
EXPENDITURE			
Education	5	3,981,442	3,854,893
Residences, Catering and Conferences	6	3,017,414	3,225,455
Other		195,941	164,604
Total Expenditure		7,194,797	7,244,952
Operating Surplus before Loan Interest Payable		1,633,384	1,466,566
Loan Interest		314,108	325,293
Operating Surplus		1,319,276	1,141,273
Release of Capital Grants from Deferred Capital Reserve		49,651	49,529
Contribution to Colleges Fund Under Statute G,II		(23,000)	(25,000)
NET SURPLUS before transfers		**1,345,927**	**1,165,802**
Transfers to Reserves and Funds		(3,556,674)	(3,746,091)
Transfers from Reserves and Funds		2,140,636	2,366,846
NET DEFICIT to General Capital		**(70,111)**	**(213,443)**

NEWNHAM COLLEGE

Consolidated Statement of Total Recognised Gains and Losses

for the Year Ended 30 June 2010

	Restricted Funds	**Unrestricted Funds**			
		Designated Funds	Undesignated Funds	**Total 30 June 10**	**Total 30 June 09**
	£	£	£	**£**	**£**
Balance brought forward 1 July	24,349,662	3,501,229	92,851,542	120,702,433	131,998,266
Appreciation of Investment Assets (Note 3b)	717,410	127,905	1,071,905	1,917,220	(12,081,884)
Actuarial loss on CCFPS pension deficit provision	-	-	(411,452)	(411,452)	(270,050)
Capital donations for Library project put to Deferred Capital Reserve	9,506	-	-	9,506	11,098
Transfers	707,533	477,164	204,803	1,389,500	1,307,975
Retained Income and Expenditure Account deficit for the year	-	-	(70,111)	(70,111)	(213,443)
Release of capital grants from Deferred Capital Reserve to I&E Account	(49,651)	-	-	(49,651)	(49,529)
Total Recognised Gains / (Losses) for the year	**1,384,798**	**605,069**	**795,145**	**2,785,012**	**(11,295,833)**
Balance carried forward at 30 June	**25,734,460**	**4,106,298**	**93,646,687**	**123,487,445**	**120,702,433**

NEWNHAM COLLEGE

Consolidated Balance Sheets

At 30 June 2010

	Note		2009/10 £		2008/09 £
FIXED ASSETS	9				
Tangible Assets			76,472,964		77,126,935
Investments			53,243,716		49,254,540
			129,716,680		126,381,475
CURRENT ASSETS					
Stock	10	178,168		169,404	
Debtors	11	298,179		260,384	
Cash		398,849		828,426	
		875,196		1,258,214	
CURRENT LIABILITIES					
Creditors: Amounts Falling Due Within One Year	12	(837,615)		(894,646)	
Net Current Assets			37,581		363,568
Total Assets less Current Liabilities			129,754,261		126,745,043
Creditors: Amounts Falling Due In More Than One Year	13		(5,473,610)		(5,613,873)
Pension Liability	19		(793,206)		(428,737)
NET ASSETS			**123,487,445**		**120,702,433**

CAPITAL AND RESERVES	18	Expendable Capital Funds £	Permanent Capital Funds £	Total 2009/10 £	Total 2008/09 £
Restricted Funds held for:					
Collegiate Purposes		8,920,210	14,694,622	23,614,832	22,230,034
Non-Collegiate Purposes		30,596	2,089,032	2,119,628	2,119,628
		8,950,806	16,783,654	25,734,460	24,349,662
Unrestricted Funds:					
Designated		3,915,147	191,151	4,106,298	3,501,228
Undesignated		77,201,237	16,445,450	93,646,687	92,851,543
		81,116,384	16,636,601	97,752,985	96,352,771
TOTAL		90,067,190	33,420,255	**123,487,445**	**120,702,433**

These financial statements were approved by Newnham College Council on 29th October 2010

and signed on its behalf by:

Dame Patricia Hodgson (Principal) Patricia Hodgson

Mr Ian M. Le M. Du Quesnay (Bursar) IMLeMDuQuesnay

NEWNHAM COLLEGE

College Balance Sheet

At 30 June 2010

	Note		2009/10 £		2008/09 £
FIXED ASSETS	9				
Tangible Assets			76,217,911		76,865,866
Investments			53,623,722		49,634,546
			129,841,633		126,500,412
CURRENT ASSETS					
Stock	10	165,919		162,261	
Debtors	11	300,970		265,233	
Cash		396,429		823,895	
		863,318		1,251,389	
CURRENT LIABILITIES					
Creditors: Amounts Falling Due Within One Year	12	(987,570)		(1,047,277)	
Net Current Assets			(124,252)		204,112
Total Assets less Current Liabilities			129,717,381		126,704,524
Creditors: Amounts Falling Due In More Than One Year	13		(5,473,610)		(5,613,873)
Pension Liability	19		(793,206)		(428,737)
NET ASSETS			**123,450,565**		**120,661,914**

CAPITAL AND RESERVES	18	**Expendable Capital Funds £**	**Permanent Capital Funds £**	**Total 2009/10 £**	**Total 2008/09 £**
Restricted Funds held for:					
Collegiate Purposes		8,920,210	14,694,622	23,614,832	22,230,034
Non-Collegiate Purposes		30,596	2,089,032	2,119,628	2,119,628
		8,950,806	16,783,654	25,734,460	24,349,662
Unrestricted Funds:					
Designated		3,915,147	191,151	4,106,298	3,501,228
Undesignated		77,164,357	16,445,450	93,609,807	92,811,024
		81,079,504	16,636,601	97,716,105	96,312,252
TOTAL		90,030,310	33,420,255	**123,450,565**	**120,661,914**

These financial statements were approved by Newnham College Council on 29th October 2010 and signed on its behalf by:

Dame Patricia Hodgson (Principal) Patricia Hodgson

Mr Ian M. Le M. Du Quesnay (Bursar) I M Le M Du Quesnay

NEWNHAM COLLEGE

Consolidated Cash Flow Statement

for the Year Ended 30 June 2010

		2009/10		2008/09
Reconciliation of operating deficit to net cash inflow from operating activities		**£**		**£**
Operating Deficit		(70,111)		(213,443)
Add: Depreciation		675,390		674,319
Capital Grants released in year		(49,651)		(49,529)
Contribution to Colleges Fund Under Statute G,II		23,000		25,000
Transfers		1,389,499		1,307,976
Actuarial loss on pension provision		(411,452)		(270,050)
Investment income and interest received		(2,125,548)		(2,150,502)
(Increase) / Decrease in Stocks		(8,764)		10,593
(Increase) / Decrease in Debtors		(37,795)		349,213
Increase / (Decrease) in Creditors		(57,031)		(109,784)
Increase / (Decrease) in Pension Liability		364,469		242,752
Net Cash Outflow from Operating Activities		(307,994)		(183,455)

CASH FLOW STATEMENT				
Net Cash Outflow from Operating Activities		(307,994)		(183,455)
Returns on Investments and Servicing of Finance				
Investment Income	2,433,233		2,361,342	
Interest Received	6,423		114,453	
Interest Paid	(314,108)		(325,293)	
Net cash inflow from returns on investment		2,125,548		2,150,502
Contribution to Colleges Fund Under Statute G,II		(23,000)		(25,000)
Capital Expenditure and Financial Investment				
Receipts from sale of investment properties	38,000		89,650	
Receipts from capital donations to Library project	9,506		11,098	
	47,506		100,748	
Expenditure on tangible fixed assets	(21,419)		(98,148)	
Expenditure on investment assets	(2,109,956)		(2,694,729)	
Capital paid off loan	(140,262)		(113,652)	
	(2,271,637)		(2,906,529)	
Net Cash Outflow from Investing Activities		(2,224,131)		(2,805,781)
Decrease in Cash in the year		(429,577)		(863,734)

Reconciliation of net cash flow to movement in net liquid assets		
Decrease in Cash in the year	(429,577)	(863,734)
Net liquid funds brought forward at 1 July	828,426	1,692,160
Net liquid funds carried forward at 30 June	398,849	828,426

NEWNHAM COLLEGE

Notes to the Accounts

At 30 June 2010

1. ACADEMIC FEES AND CHARGES	2009/10 £	2008/09 £
COLLEGE FEES		
Fee Income paid on behalf of Undergraduates eligible for Student Support (per Capita Fee £3,744 ; 2008/09 £3,612)	1,206,192	1,184,736
Other Undergraduate Fee Income (per Capita Fee £4,518; 2008/9 £4,164)	253,594	191,149
Graduate Fee Income (per Capita Fee £2,190; 2008/9 £2,127)	291,200	246,874
	1,750,986	1,622,759
Teaching Grants	47,211	47,139
Recoveries from other Colleges	74,262	74,569
Other Fees and Charges	3,205	2,713
Total	**1,875,664**	**1,747,180**

2. RESIDENCES, CATERING, AND CONFERENCES INCOME		2009/10 £	2008/09 £
Accommodation	College Members	1,823,221	1,543,583
	Conferences	274,627	292,066
Catering	College Members	695,086	619,640
	Conferences	252,979	257,203
Rents from College Subsidiaries		176,250	171,200
Total		**3,222,163**	**2,883,692**

3. ENDOWMENT INCOME

3a Analysis of Endowment Income	Restricted Funds £	Unrestricted Funds £	2009/10 Total £	2008/09 Total £
Total return recognised in Income & Expenditure Account (note 3b)	965,385	1,474,271	2,439,656	2,475,795
Donations and Bequests	604,309	491,412	1,095,721	1,422,416
	1,569,694	**1,965,683**	**3,535,377**	**3,898,211**

3b Summary of Total Return	Restricted Funds £	Unrestricted Funds £	2009/10 Total £	2008/09 Total £
Income from:				
Freehold Land and Buildings	-	155,779	155,779	114,851
Quoted Securities and cash	87,357	133,407	220,764	486,087
	87,357	289,186	376,543	600,938
(Losses)/Gains on Investment Assets				
Freehold Land and Buildings	-	224,769	224,769	(97,850)
Quoted and Other Securities and Cash	1,595,438	2,160,126	3,755,564	(10,109,177)
	1,595,438	2,384,895	3,980,333	(10,207,027)
Total Return for the year	1,682,795	2,674,081	4,356,876	(9,606,089)
Transfer to Income and Expenditure Account (Note 3a)	(965,385)	(1,474,271)	(2,439,656)	(2,475,795)
Deficiency on Total Return retained in Statement of Total Recognised Gains and Losses	**717,410**	**1,199,810**	**1,917,220**	**(12,081,884)**

NEWNHAM COLLEGE

Notes to the Accounts - continued

4. OTHER INCOME	2009/10	2008/09
	£	£
College Events	55,531	50,643
Non-Collegiate income	25,403	23,411
Sundry charges and other income	114,043	108,381
	194,977	**182,435**

5. EDUCATION EXPENDITURE	2009/10	2008/09
	£	£
Teaching	2,220,218	2,145,507
Tutorial	638,396	615,458
Admissions	302,493	301,116
Research	373,541	364,694
Scholarships and Awards	291,704	272,368
Other Educational Facilities	155,090	155,750
Total	**3,981,442**	**3,854,893**

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE		2009/10	2008/09
		£	£
Accommodation	College Members	1,883,988	2,247,894
	Conferences	66,085	69,406
Catering	College Members	818,001	629,498
	Conferences	249,340	278,657
Total		**3,017,414**	**3,225,455**

7. ANALYSIS OF EXPENDITURE BY ACTIVITY	Staff Costs (Note 8)	Other Operating Expenses	Deprec-iation	2009/10 Total	2008/09 Total
	£	£	£	£	£
Education (Note 5)	2,008,055	1,676,876	296,511	3,981,442	3,854,893
Residences, Catering & Conferences (Note 6)	1,383,202	1,255,333	378,879	3,017,414	3,225,455
Other	21,627	174,314	-	195,941	164,604
	3,412,884	**3,106,523**	**675,390**	**7,194,797**	**7,244,952**
Including: Auditors Fees - as auditors				10,970	10,545
- for other work				-	-
Cost of Fundraising				280,901	245,974

8. STAFF AND FELLOWS	College Fellows 2009/10	Academics 2009/10	Non - Academics 2009/10	Total 2009/10	Total 2008/09
Staff Costs	£	£	£	£	£
Emoluments	785,115	84,968	1,965,295	2,835,378	2,738,483
Social Security Costs	52,846	4,210	142,464	199,520	204,934
Other Pension Costs	103,495	5,010	269,481	377,986	358,863
	941,456	**94,188**	**2,377,240**	**3,412,884**	**3,302,280**

The number of officers or employees of the College, including the Head of House, who received emoluments (including employer pension contributions) in the following ranges were:

	2009/10	2008/9
£70,000 to £79,999	1	1
£80,000 to £89,999	1	1

Average Staff Numbers					
Academic	46	4	-	50	58
Non-Academics	-	-	89	89	87
	46	**4**	**89**	**139**	**145**
Fellows - full time stipendary	19		full time		
Fellows - part time stipendary	27		equivalents		
Fellows - non-stipendary	10				

NEWNHAM COLLEGE

Notes to the Accounts - continued

9. FIXED ASSETS

Tangible Assets	College Land £	College Buildings £	Furniture & Equipment £	Library Books and Equipment	2009/10 Total £	2008/09 Total £
COST/VALUATION						
At 30 June 2009	21,300,000	55,700,000	1,155,398	456,982	78,612,380	78,525,743
Additions	-	-	-	21,419	21,419	98,147
Disposals	-	-	-	-	-	(11,510)
At 30 June 2010	21,300,000	55,700,000	1,155,398	478,401	78,633,799	78,612,380
DEPRECIATION						
At 30 June 2009	-	1,114,000	175,532	195,913	1,485,445	822,636
Provided for the year	-	557,000	90,955	27,435	675,390	674,319
Disposals	-	-	-	-	-	(11,510)
At 30 June 2010	-	1,671,000	266,487	223,348	2,160,835	1,485,445
Net Book value						
At 30 June 2010	21,300,000	54,029,000	888,911	255,053	**76,472,964**	**77,126,935**
At 30 June 2009	21,300,000	54,586,000	979,866	261,069	**77,126,935**	**77,703,107**

The valuation of College buildings was carried out by Gerald Eve, Chartered Surveyors at 30th June 2007 on the basis of market value for existing use, plus current gross replacement costs of improvements, less allowance for physical deterioration and obsolesence. The amount of finance cost capitalised during 2009/10 was nil (2008/9 nil). The freehold College buildings at 30 June 2010 were insured at reinstatement costs of £90.4m

Investment Assets	Securities and Cash	Property	2009/10 £	2008/09 £
At 30 June 2009	44,831,860	4,422,680	49,254,540	58,731,345
Additions	1,149,530	960,426	2,109,956	2,694,729
Disposals	-	(25,000)	(25,000)	(75,000)
Appreciation on Disposals or Revaluation	1,692,451	211,769	1,904,220	(12,096,534)
At 30 June 2010	**47,673,841**	**5,569,875**	**53,243,716**	**49,254,540**

Represented by:

	2009/10	2008/09
Estate Properties	5,569,875	4,422,680
Quoted Securities - Equities	31,819,749	23,135,314
Quoted Securities - Fixed Interest	6,830,532	6,959,193
Unquoted	6,555,945	8,810,932
Cash Held For Reinvestment	2,467,615	5,926,421
	53,243,716	**49,254,540**

The valuation of the investment properties was carried out by Carter Jonas, Chartered Surveyors at 30 June 2010 at market value. The stock exchange investments were valued at mid-market price at the Balance Sheet dates

NEWNHAM COLLEGE

Notes to the Accounts - continued

10. STOCK

	2009/10		2008/09	
	College	Consolidated	College	Consolidated
	£	£	£	£
Food and Drink	13,056	13,056	11,852	11,852
Wine	143,203	143,203	143,286	143,286
Memorabilia	-	12,249	-	7,143
Linen, Cleaning Materials and Other	9,660	9,660	7,123	7,123
	165,919	**178,168**	**162,261**	**169,404**

11. DEBTORS

	2009/10		2008/09	
	College	Consolidated	College	Consolidated
	£	£	£	£
Taxes due from Government Departments	32,913	42,401	52,417	61,617
Due from Subsidiary Companies	12,799	-	14,049	-
Trade Debtors	149,463	149,463	97,102	97,102
Sundry Debtors and Prepayments	105,795	106,315	101,665	101,665
	300,970	**298,179**	**265,233**	**260,384**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009/10		2008/09	
	College	Consolidated	College	Consolidated
	£	£	£	£
Trade Creditors	270,336	270,336	191,942	191,942
Loan Repayments of Capital	140,281	140,281	133,165	133,165
Contribution due to Colleges Fund	23,000	23,000	25,000	25,000
Due to Subsidiary Companies	163,803	-	267,993	-
Taxes and social security costs	81,945	81,945	81,933	81,933
Student deposits and accounts	142,549	142,549	162,304	162,304
Accruals and Sundry Creditors	165,656	179,504	184,940	300,301
	987,570	**837,615**	**1,047,277**	**894,645**

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009/10	2008/09
	£	£
Bank Loan	**5,473,610**	**5,613,873**

The bank loan is secured on certain College freehold properties and is subject to interest capped under a swap agreement at 5.24% for 25 years from 2007. Repayments commenced in 2007 and will be made over the 25 years to June 2032.

14. RELATED PARTY TRANSACTIONS

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

15. CAPITAL COMMITMENTS

At 30 June 2010 the College had the following capital commitments not provided for in these accounts:

- contracted for	**£35,000**	**£820,000**
- not yet contracted for	**£334,000**	**£35,000**

16. FINANCIAL COMMITMENTS

At 30 June 2010 and 30 June 2009 the College had no annual commitments under non-cancellable operating leases. The College has committed to investing in various private equity funds over approximately the next five years to June 2011. A total of £4.03m (2009: £3.13m) may be called up for investment at any point in that period. These commitments will be met from the sale of other investments currently held as proxies for private equity funds.

17. REVALUATION RESERVE

The Undesignated Reserves in note 19 include revaluation reserve in respect of tangible fixed assets as follows:

	2009/10	2008/09
Value of College land and buildings in excess of book cost	£	£
Balance brought forward 1 July	64,137,450	64,137,450
Balance carried forward 30 June	**64,137,450**	**64,137,450**

Notes to the Accounts - continued

18. CAPITAL AND RESERVES

	Expendable Capital Fund £	Permanent Capital Fund £	Total 2009/10 £	Total 2008/09 £
Restricted Funds:				
Funds for Collegiate Purposes	4,326,813	14,694,622	19,021,435	17,596,491
Funds for Non-Collegiate Purposes	30,596	2,089,032	2,119,628	2,119,628
Deferred Capital Funds	4,593,397	-	4,593,397	4,633,543
	8,950,806	**16,783,654**	**25,734,460**	**24,349,662**
Unrestricted Funds:				
Designated Funds:				
Funds for Collegiate Purposes	3,050,910	191,150	3,242,060	3,127,091
Funds for Non-Collegiate Purposes	97,293	-	97,293	97,293
Amalgamated Building & Maintenance Funds	766,944	-	766,944	276,844
	3,915,147	**191,150**	**4,106,297**	**3,501,228**
Undesignated Funds:				
Corporate Capital	-	15,234,570	15,234,570	14,715,755
Building Sinking Fund	-	1,210,880	1,210,880	1,045,827
Revaluation Reserve (note 18)	64,137,450	-	64,137,450	64,137,450
Donations & Benefactions	10,487,551	-	10,487,551	10,062,572
Revenue Reserve	389,307	-	389,307	358,726
General Capital	2,186,930	-	2,186,930	2,531,213
	77,201,238	**16,445,450**	**93,646,688**	**92,851,543**
	90,067,191	**33,420,254**	**123,487,445**	**120,702,433**

Reconciliation of Movement in Capital and Reserves:

	Restricted Reserves		Unrestricted Reserves					
			Designated Reserves		Undesignated Reserves			
	Expendable Capital Fund £	Permanent Capital Fund £	Expendable Capital Fund £	Permanent Capital Fund £	Expendable Capital Fund £	Permanent Capital Fund £	Total 2009/10 £	Total 2008/09 £
At 30 June 2009	8,406,514	15,943,148	3,325,092	176,136	77,089,961	15,761,582	120,702,433	131,998,266
Increase in Year	544,292	840,506	590,055	15,014	111,277	683,868	2,785,012	(11,295,833)
At 30 June 2010	**8,950,806**	**16,783,654**	**3,915,147**	**191,150**	**77,201,238**	**16,445,450**	**123,487,445**	**120,702,433**
Capital is invested in the following categories of assets								
Tangible Fixed Assets	4,593,398	-	-	-	69,866,038	2,013,528	76,472,964	77,126,935
Investment Assets	3,936,142	16,522,173	3,464,929	182,537	14,098,938	15,038,997	53,243,716	49,254,540
Net Current Assets	421,266	261,481	450,218	8,613	(496,921)	(607,075)	37,582	363,568
Long term liabilities	-	-	-	-	(5,473,610)	-	(5,473,610)	(5,613,873)
Pension Liability	-	-	-	-	(793,206)	-	(793,206)	(428,737)
Total at 30 June 2010	**8,950,806**	**16,783,654**	**3,915,147**	**191,150**	**77,201,238**	**16,445,450**	**123,487,445**	**120,702,433**

19. PENSION SCHEMES

(a) Universities Superannuation Scheme

The College participates in the University 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. USS has over 135,000 members and at 30 June 2010 Newnham College had 77 active members participating in the scheme.

Because of the mutual nature of the scheme its assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with the employees of other institutions and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17: ‘Retirement Benefits’ accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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

The 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 Consumer Price Inflation which corresponds broadly to 2.75% for Retail Price Inflation per year.

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

Standard mortality tables were used, PA92 (medium cohort, rated down one year for men) for pre-retirement mortality and for post-retirement mortality. Use of these tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are for men currently aged 65: 22.8 years and for women 24.8. For men currently aged 45 assumed life expectancy at age 65 is 24.0 and for women 25.9.

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% (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. Using the FRS17 formula as if USS was a single employer scheme, 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 year (compared with 2% per year for the technical provisions) giving a discount rate of 6.1% per year. 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.

19. PENSION SCHEMES

(a) Universities Superannuation Scheme (continued)

The scheme wide employers' contribution rate required for future service benefits alone at the date of the valuation was 14% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institutions' employer contribution rate to 16% of pensionable salaries from 1st October 2009.

Since 31 March 2008 global investment markets have fallen further 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 £3,065m. Compared to the previous 12 months, the funding level has improved from 74% (at 31st 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 category AA bond discount rate of 5.6% per year 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 College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/Increase by £2.2billion
Rate of pension increases	Increase/decrease by 0.5%	Decrease/Increase by £1.5billion
Rate of salary growth	Increase/decrease by 0.5%	Decrease/Increase by £0.7billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

USS is a 'last person 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 can not otherwise be recovered) in respect of that employer will be spread across the remaining 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 recognises 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. 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 string 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 although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100%, thereby minimising the risk of the introduction of deficit contributions. 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 31st March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The total pension cost for the College in 2009/10 was £242,008 (2008/9 £192,006). This includes outstanding contributions of £NIL at the balance sheet dates. During that period the contribution rate payable by the College was 14% of pensionable salaries until 1st October 2009 when it rose to 16%.

19 (b) Cambridge Colleges Federated Pension Scheme

The College participates in a multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The Scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the Scheme are contracted-out of the State Second Pension (S2P) and at 30 June 2010 Newnham College had 20 active members participating in the Scheme.

At the balance sheet date the principal actuarial assumptions (expressed as weighted averages) were:

	2010	**2009**
	% p.a.	**% p.a.**
Discount rate	5.6	6.4
Expected long-term rate of return on Scheme assets	6.6	6.1
Salary inflation assumption	4.7	3.9
Inflation assumption	3.7	2.9
Pension increases (inflation linked)	3.7	2.9

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

Employee Benefit Obligations

The amounts recognised in the Balance Sheet at 31 Match 2010 were:	**2010**	**2009**
	£	**£**
Present value of Scheme liabilities	(3,587,289)	(2,668,477)
Market value of Scheme assets	2,794,083	2,239,740
Deficit in the Scheme	**(793,206)**	**(428,737)**
The amounts to be recognised in Income and Expenditure for the year to 31 March 2010 were:		
Current service cost	86,232	114,266
Interest on Scheme liabilities	171,176	176,180
Expected return on Scheme assets	(137,902)	(158,216)
Past service cost	-	-
Curtailment gain	-	-
Total	**119,506**	**132,230**
Actual return on Scheme assets	443,710	(328,607)
Changes in the present value of the Scheme liabilities for the year to 31 March 2010 were:		
Present value of Scheme liabilities at the beginning of the year	2,668,477	2,652,146
Service cost including employee contributions	126,124	157,482
Interest cost	171,176	176,180
Actuarial gains	717,260	(216,773)
benefits paid	(95,748)	(100,558)
Present value of Scheme liabilities at the end of the year	**3,587,289**	**2,668,477**
Changes in the fair value of the Scheme assets for the year to 31 Mach 2010 were:		
Market value of Scheme assets at the beginning of the year	2,239,740	2,466,161
Expected return	137,902	158,216
Actuarial losses	305,808	(486,823)
Contributions paid by the College	166,489	159,528
Employee contributions	39,892	43,216
Benefits paid	(95,748)	(100,558)
Market value of Scheme assets at the end of the year	**2,794,083**	**2,239,740**

The agreed contributions (excluding Permanent Health Insurance preumiums) to be paid by the College for the forthcoming year are 21.79% of Contribution Pay, subject to a review of future actuarial valuations, plus £54,441 in March each year.

NEWNHAM COLLEGE

Notes to the Accounts - continued

19 (b) Cambridge Colleges Federated Pension Scheme (continued)

The major categories of Scheme assets as a percentage of total Scheme assets for the year to 31 March 2010 were:

	2010	2009
Equities and hedge funds	60%	48%
Property	32%	43%
Bonds and cash	8%	9%
	100%	100%

The expected long-term rate of return on the Scheme assets has been calculated based on the major asset categories shown in the table above, and an expected rate of return on equities and hedge funds of 7. 5% (2009: 7.3%); property 6.5% (2009: 6.3%); bonds and cash 5.0% (2009: 4.8%).

The analysis of the actuarial gain/(loss) recognisable in the Statement of Recognised Gains and Losses (STRGL) for the year ending 31 March 2010 is:

	2010	2009
	£	£
Actual return less expected return on Scheme assets	305,808	(486,823)
Experienced gains and losses arising on Scheme liabilities	(15,436)	(52,450)
Changes in assumptions underlying the present value of Scheme liabilities	(701,824)	269,223
Actuarial (loss)/gain recognised in the STRGL	**(411,452)**	**(270,050)**
The cumulative amount of actuarial gains and losses recognised in the STRGL for the year to 31 March 2010 were:		
Cumulative actuarial loss at the beginning of the year	(354,916)	(84,866)
Recognised during the year	(411,452)	(270,050)
Cumulative actuarial loss at the end of the year	**(766,368)**	**(354,916)**
The movement in the deficit during the year to 31 March 2010 was:		
Deficit in Scheme at beginning of year	(428,737)	(185,985)
Service cost (employer only)	(86,232)	(114,266)
Contributions paid by the College	166,489	159,528
Finance cost	(33,274)	(17,964)
Actuarial (loss)/gain	(411,452)	(270,050)
Deficit in Scheme at end of year	**(793,206)**	**(428,737)**

	2010	2009	2008	2007	2006
	£	£	£	£	£
Present value of Scheme liabilities	(3,587,289)	(2,668,477)	(2,652,146)	(2,601,110)	(2,451,359)
Market value of Scheme assets	2,794,083	2,239,740	(2,466,161	2,302,001	2,029,045
Deficit in the Scheme	(793,206)	(428,737)	(185,985)	(299,109)	(422,314)
Actual return less expected return on Scheme assets	(305,808)	(486,823)	(175,458)	(1,543)	155,459
Experienced (losses)/gains arising on Scheme liabilities	(15,436)	(52,450)	(68,945)	(39,262)	12,857
Change in assumptions underlying present value of Scheme liabilities	(701,824)	269,223	279,735	106,586	(194,147)