

SIDNEY SUSSEX COLLEGE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Registered Charity

Number 1137586

SIDNEY SUSSEX COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

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SIDNEY SUSSEX COLLEGE

HISTORY AND GOVERNANCE

YEAR ENDED 30 JUNE 2012

History

Sidney Sussex College was founded in 1596 under the will of Lady Frances Sidney, Countess of Sussex and is one of the ancient colleges of the University of Cambridge. Its purposes are the admission and education of students matriculated in the University of Cambridge and the promotion of academic research by its Fellows. It is an independent, self-governing, corporate body whose affairs are regulated by statutes approved by the Queen in Council, and was an exempt charity until the 1st June 2010 from which date the Charity Commission became the principal regulator of the College. The College was formally registered with the Charity Commission on the 25th August 2010. The College provides accommodation and catering for its junior members through most of the year, and for academic and other conferences during vacations.

Governance

The College is governed, under its statutes, by three principal bodies:

The Master and Fellows: comprises the Master and all Fellows, including retired Fellows. Honorary Fellows are non members. It meets at least once a year and has the following duties: to make or amend the statutes of the College and to resolve issues concerning their interpretation; to authorise any substantial alterations or additions to the College buildings or grounds; and to hold the Annual Audit Meeting.

The Governing Body: comprises the Master, all unretired Fellows, and four students representing the junior members of the College. Honorary and Visiting Fellows are not members. The Governing Body meets 6 to 8 times a year and deals with matters affecting the election and remuneration of the Master; employment and remuneration of Fellows; the appointment of Officers; amending and interpretation of the ordinances and rules concerning membership of the College; and the appointment of the College Council.

The College Council: comprises the Master, four Fellows ex officio (the Vice-Master, Bursar, Senior Tutor and Steward), twelve Fellows elected for three-year terms by the Annual Meeting of the Governing Body, and four junior members, one of whom is elected ex officio and three directly. The Council usually meets 14 times a year, and deals with all matters of College administration not reserved to the two senior bodies. The College Council are the Charity Trustees.

The Governing Body and the College Council are served by sub-committees of which the principal ones are: Admissions, Building, Development, Education, Finance and Needs, Investments and Remuneration. The Remuneration Committee contains members who are external to the College.

It is the duty of the Finance and Needs Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to maintain and review the Risk Register; to advise the Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Council. Members of the Finance and Needs Committee during the year were Professor Biagini, Professor Glover, Dr Longley, and Dr Pollitt. The Master, Vice-Master, Bursar, Senior Tutor and the College Accountant served as *ex officio* members.

A Register of Interests is maintained for the Trustees and members of the Council, Finance and Needs Committee and senior administrative officers. Declarations of interest are made systematically at meetings.

The members serving on the principal bodies above during the year are given on the following pages.

SIDNEY SUSSEX COLLEGE

MANAGEMENT, AGENTS AND ADVISERS

YEAR ENDED 30 JUNE 2012

Governing Body (serving during the financial year ended 30 June 2012)

Master	Professor AF Wallace-Hadrill
Vice-Master:	Professor CH Page (to 08.07.11) Professor RV Penty (from 08.07.11)
Bursar:	Mr NG Allen
Senior Tutor:	Mr MM Beber

Mr WJL Abraham	Professor A Hughes
Dr A Al-Tabbaa	Dr AP Jackson
Dr IR Baxendale	Professor W Jones
Dr D Beckingham	Professor M Kilduff
Professor E Biagini	Dr RM Kilner
Dr BJ Billups	Professor M Lamb
Dr I Black	Dr JP Longley
Dr C Blaukopf	Dr PG McHugh
Dr R Busch	Professor RD McKitterick
Dr HR Castor	Dr MR Noriega-Sanchez
Dr JEI Craigwood	Dr M Oyen (to 31.12.11)
Professor TM Cox	Dr MG Pollitt
Dr M Cvitas (to 30.09.11)	Dr CE Preston (to 15.09.11)
Professor Dame SJN Dawson	Mr M Ramage
Dr K Dickers	Dr CA Roberts
Dr CJL Doran	Dr J Ross
Dr D Doupé	Dr JK Seymour
Professor Dame AP Dowling	Dr DG Skinner
Dr M Eilstrup-Sangiovanni	Dr N Ssorin-Chaikov
Dr E Eiser	Dr J Stargardt (to 08.07.11)
Dr AJ Flewitt	Dr AS Uhlig (from 01.09.11)
Dr RA Flower (to 31.08.11)	The Revd Dr PM Waddell
Dr PD Flynn	Dr P White
Mrs NV Franklin	Mr C Wilmer
Dr T Friscic (to 30.09.11)	Dr E Wilson-Lee
Dr B Fulda	Dr PJ Wood
Dr E Gilby	
Professor K Glover	
Professor AL Greer	
Dr B Groisman (from 01.11.11)	
Dr FC Hall	
Dr THP Harvey	
Dr LJ Hautier (from 01.09.11)	
Professor CJ Hill	
Professor RR Horgan	

Junior Members

Mr L Agate (to 23.11.11)
Miss E Brookes (from 25.01.12)
Miss E Kayihan
Mr WJ Menz (from 02.05.12)
Mr JG Ross (to 01.03.12)
Miss C Wabe

SIDNEY SUSSEX COLLEGE

MANAGEMENT, AGENTS AND ADVISERS

YEAR ENDED 30 JUNE 2012

Master and Fellows

All members of the Governing Body, excepting junior members, were members of the Master and Fellows. In addition, the following were also members of the Master and Fellows:

Professor C Barr (Visiting Fellow)	Mr DS Green	Professor Sir JE Walker
Professor DED Beales	Professor JD Harries (Visiting Fellow)	Dr R Woods
Professor TC Blanning	Professor Sir G Horn	
Professor Sir TL Blundell	Professor JBL Mayall	
Dr PJ Collier	Professor HB Nisbet	
Professor AA Dashwood	Mr C Parish	
Professor P Dubois (Visiting Fellow)	Dr PF Scott	

Council & Charity Trustees

(serving during the financial year ended 30 June 2012)

Professor AF Wallace-Hadrill, Master

Professor RV Penty, Vice-Master (from 08.07.11); Professor CH Page (to 08.07.11)

Mr NG Allen, Bursar

Mr MM Beber, Senior Tutor

Professor RR Horgan, Steward

Professor E Biagini

Dr R Busch (to 08.07.11)

Dr JEI Craigwood

Dr K Dickers

Dr A Flewitt

Dr RA Flower (to 08.07.11)

Dr B Fulda

Professor CJ Hill

Professor W Jones

Professor RD McKitterick

Dr CA Roberts

Dr DG Skinner

Dr J Stargardt (to 08.07.11)

The Revd Dr PM Waddell

Mr C Wilmer

Junior Members

Mr L Agate (to 23.11.11)

Miss E Brookes (from 25.01.12)

Miss E Kayihan

Mr WJ Menz (from 02.05.12)

Mr JG Ross (to 01.03.12)

Miss C Wabe

SIDNEY SUSSEX COLLEGE

MANAGEMENT, AGENTS AND ADVISERS

YEAR ENDED 30 JUNE 2012

Registered Office

The registered office of Sidney Sussex College is at Sidney Street, Cambridge CB2 3HU.

Auditors

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

Bankers

Barclays Bank plc
Cambridge Business Centre
Cambridge, CB2 3PZ

Buildings Consultants

Pleasance, Hookham & Nix
1 Northampton Street
Cambridge, CB3 0AD

Investment Fund Managers

Barclays Global Investors Limited
Murray House, 1 Royal Mint Court
London, EC3N 4HH

Property Managers

Cheffins
Clifton House, 1-2 Clifton Road
Cambridge, CB1 7EA

Solicitors

Mills & Reeve
Francis House, 112 Hills Road
Cambridge, CB2 1PH

SIDNEY SUSSEX COLLEGE

REPORT OF THE COUNCIL

YEAR ENDED 30 JUNE 2012

Aims and objectives

The College is a place of education, religion, learning and research, and it aims to promote academic excellence and freedom of thought and belief.

The College provides, in conjunction with the University of Cambridge, an education for some 586 undergraduate and graduate students, which is recognised internationally as being of the highest standard. This education is both academic and personal in the sense that it enhances the students' potential to become leaders and effective communicators, so preparing them to play full and effective roles in society. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In pursuit of these benefits, the College:

- Provides teaching, especially including individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems.
- Provides social, cultural, musical, recreational and sporting facilities enabling all students to realise their academic and personal potential to the full while studying at the College.
- Provides a specialist choral musical experience, involving both training and performance, for its choral and organ scholars, who form the College's internationally renowned choir, led by the Director of Music.
- Maintains an extensive library, so providing a valuable resource for students and Fellows of the College.

Review of Operations

Students

During the year, the College educated 367 (2011: 363) undergraduate and 219 (2011: 213) graduate students. In 2012 the College admitted 106 (2011: 106) undergraduates, made up as follows:

	<u>Arts</u>		<u>Sciences</u>		<u>Overall</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Men	27	24	29	30	56	54
Women	30	33	20	19	50	52
<i>Total</i>	<u>57</u>	<u>57</u>	<u>49</u>	<u>49</u>	<u>106</u>	<u>106</u>
Home Maintained School					55	52
Home & Independent Overseas School					51	54
<i>Total</i>					<u>106</u>	<u>106</u>

In order to assist undergraduates from families with low incomes the College provides bursary support, through a scheme operated in common with the University, other Colleges and the Newton Trust. In addition, the College provides a number of top up bursaries. Undergraduates in the College received £221k (2011: £226k) in bursaries. In addition, the College provided £8.1k (2011: £8.1k) in study awards and hardship grants to students in financial need.

SIDNEY SUSSEX COLLEGE

REPORT OF THE COUNCIL

YEAR ENDED 30 JUNE 2012

The College provided £80k (2011: £66k) in financial support to graduate students in order to assist with their costs. This is in the form of a limited number of full studentships, top ups to external studentships and assistance with research expenses.

To raise educational aspiration and attract outstanding applicants, who might not otherwise be considered applying, the College operates an outreach programme. The programme includes visits to schools, visits by schools, open days and published guidance for perspective applicants. Excluding bursaries the College spent £25k (2011: £28k) on access activity in the year.

Employees

The College had a Master and 73 (2011: 74) Fellows in the year. The College employs Fellows as College Lecturers, Supervisors, Directors of Studies, Tutors, Clergy and senior administrative officers. The Master and some of the Fellows are members of the College's Council, so are charity trustees. The College also employs 90 (2011: 95) other members of staff to provide the professional and services support necessary to run the College.

Financial Performance

The Income and Expenditure account showed an operating surplus of £245k for the year, compared to an operating surplus of £346k in 2011. The reduction in the surplus has arisen from a £32k increase in income and a £134k increase in expenditure. The net assets have increased by £13.9m to £101m, but this included a £16.8m increase due to a revaluation of the buildings on the College's main site.

Income

The College had total income of £8,016k in the year, a 0.4% increase over the £7,984k for 2011. £121k of the increase in income came from fees as a result of an increase in numbers of students and in the level of fees. £59k of the increase came from accommodation and catering income, following an increase in charges to members. Overall there was a 2% reduction in investment income. Included in this was a £117k reduction in rental income from property, as there were a number of voids in the estate and rents were under pressure from the economic conditions. The level of donations has decreased by 26% to £548k.

The College has several sources of income, which are as follows:

	<u>2011-12</u>	<u>2010-11</u>
Student Fees	24%	22%
Accommodation & catering charges to members	29%	27%
Conference & hospitality	9%	12%
Investment income	22%	22%
Trust Fund income	8%	7%
Donations & benefactions	7%	9%
Other	1%	1%

The academic fees cover only 67% of the cost of providing education and the College runs a deficit of £947k on education. The College is dependent of its investment and endowment income as well as donations to fund the education deficit. While dividend income is holding up, the current state of the economy is impacting retailers in Cambridge and this is having a significant negative impact on rental income.

Donations are a source of income with potential to provide a significant increase of funds. The College is extremely grateful for the donations and benefactions it receives as they enable the College to continue to provide high quality personalised teaching and do things it could not otherwise do. In the year, donations enabled the College to increase support for

SIDNEY SUSSEX COLLEGE

REPORT OF THE COUNCIL

YEAR ENDED 30 JUNE 2012

Income - continued

students and appoint a new teaching Fellow. The College believes that there is an opportunity to increase the level of donations significantly, so is investing in improving its development activities.

Expenditure

In 2012 expenditure increased by 1.7% to £7,771k. While there has been high price inflation, the College has benefitted from pay increases below 0.5%. The main increases have been in the provision of education, bad debts and legal fees.

Investment Performance

The College's investments are shown in two parts; part under College investments (Note 11) and part under Endowment Assets (Note 12). Included in Endowment assets are operational buildings valued at £5.70 million (2011: £5.74 million) which were funded out of Corporate Capital. At the year-end, the combined quoted and unquoted securities were valued at £32.5 million (2011: £35.4 million). Of the quoted securities the greater part were held in Tracker Funds. Cash not required for immediate investment or to cover expenditure is placed on short term deposit with a number of banks at various rates of interest.

College Pension Fund

The College pension fund deficit increased during the year from £1,277k to £1,376k as result of low interest rates. Under the amended recovery plan agreed between the College and the Trustees the additional payments paid in the year were £177k.

Reserves

The value of the College's general and revenue reserves at year-end totalled £67.3 m (2011: £52.4 m). The College believes that reserves at that level are commensurate with the scale of assets required to run the College's activities and that they provide the stability needed by an institution operating in perpetuity.

Risk Assessment

The major risks to which the College is exposed are reviewed regularly by the Finance & Needs Committee and the Council. Systems are in place, or in the process of being established, to mitigate the risks identified. The Risk Assessment is published on the College's website.

The College's Health & Safety Policy Statement is reviewed regularly and endorsed by Council.

Equal Opportunities

The College is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer.

Approved at the meeting of the Council on 25th November 2012.

Professor Richard Penty
Acting Master

SIDNEY SUSSEX COLLEGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2012

Objects

The College is a place of education, religion, learning and research, and it aims to promote academic excellence and freedom of thought and belief.

Education

The College provides, in conjunction with the University of Cambridge, an education for some 500 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education is both academic and personal in the sense that it enhances the students' potential to become leaders and effective communicators, so preparing them to play full and effective roles in society. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In pursuit of these benefits, the College:

- Provides extensive teaching facilities, especially including individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems.
- Provides social, cultural, musical, recreational and sporting facilities enabling all students to realise their academic and personal potential to the full while studying at the College.
- Provides a specialist choral musical experience, involving both training and performance, for its choral and organ scholars, who form the College's internationally renowned choir, led by the Director of Music.
- Maintains an extensive library, so providing a valuable resource for students and Fellows of the College.

The College is committed to access:

- The College admits as undergraduate and graduate students those who have the highest potential for benefiting from the education provided by the College and the University.
- The College operates an outreach programme to raise educational aspiration, and to attract outstanding applicants who might not otherwise have considered entering Higher Education at all, so that they may be encouraged to apply to a University, to Cambridge in general and to Sidney Sussex College in particular. This programme involves an extensive round of visits to schools, school visits to the College, open days, taster days devoted to individual academic disciplines and admissions conferences for teachers, as well as extensive guidance and information available on the College website.
- The College's admissions policy ensures that students are selected without regard to their gender, sexuality, social background, geographic location, religious commitment, ethnic origin or financial position. No student is excluded on the grounds, or as a result, of these factors.
- The College charges the following fees:
 - a. A College fee of £3,951 (£3,861 in 2011) is charged to undergraduates entitled to student support and £2,289 (£2,229 in 2011) to graduates. These fees are externally regulated. A College fee of £5,000 (£4,550 in 2011) is charged to undergraduates from overseas and to home students not entitled to student support.
 - b. Accommodation and meal charges at reasonable rates.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2012

Education *(continued)*

- In order to assist undergraduates entitled to Student Support, the College provides, through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust, bursary support for those of limited financial means. For the academic year 2011-12, the number of awards made was 97 (2011: 94), out of a Home/EU undergraduate population of 343 (2011: 334); 36 (2011: 36) of the awards were at the maximum value of £3,400 (2011: £3,400); and the average value of the awards was £2,144 (2011: £2,091). That scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement. It is widely advertised on the University website, on the College website and in the College Admissions Prospectus.
- To support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages.
- The College also supports all students through a grants scheme, to assist with the purchase of books and equipment, attendance at conferences, study and research grants and travel grants.
- In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship.

Religion

In pursuing its objective as a place of religion, the College carries forward the tradition, continuous since its foundation, of reflection upon the benefits, and moral and ethical commitments, entailed by religious belief, and upon the implications of that belief for the individual and society. It is, further, a central aim of the College to promote freedom of thought and belief among all its members, of any faith and none.

As part of this, the College:

- Maintains, in accordance with its Statutes and the law of the land, its historic connection with the work of the Church of England, particularly through its Anglican services in College, and through its involvement as Patron of three livings.
- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services on weekdays and at weekends during term, which are open to the general public and to visitors.
- Supports the emotional and mental wellbeing of all members of the College community through its chaplaincy, and through the stimulus, to reflect upon the ethical dimension of human existence and the accompanying social responsibilities, that the chapel can provide to all, regardless of whether they have, or do not have, a particular faith commitment.
- Enriches its services in Chapel through its outstanding choral tradition carried forward by the College's world-renowned Choir.

Access to religion:

- The College's religious services (in all senses of the word 'services') are available to every member of the College, and benefit the wider public through the openness of all rites (twice-weekly Evensong, Sunday Eucharist and Wednesday Choral Vespers) to all members of the public, through charitable collections undertaken by members of the College, and through the promotion and dissemination into society at large of values and practices that foster moral and ethical well-being.
- Members of the public may book the use of the Chapel for concerts.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2012

Learning and Research

Learning and research are capable of increasing knowledge and adding to the store of human well-being. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In carrying out its objective of advancing research, the College:

- Provides six Research Fellowships tenable for a period of 3 to 5 years.
- Provides about six College Teaching Fellowships tenable for a period of 5 years, the duties of which require that a substantial proportion (over 50%) of time be devoted to developing the Fellow's research.
- Supports research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials.
- Encourages visits from other academics, from home and abroad, through its Visiting Fellowships and other similar programmes.
- Maintains a library and College Archive, including important special collections of great value for which the College has a duty of perpetual and inalienable care, so providing a valuable resource of learning and scholarship.

Access to Learning & Research

- The academic staff of the College are recruited for their potential to contribute to the College's aim of promoting academic excellence, regardless of their gender, sexuality, social background, religious commitment, ethnic origin or financial position.
- The College supports and encourages the dissemination of research undertaken by members of the College to the public at large through the publication of papers in academic journals or other suitable means, including the mass-media of radio, television and journalism.
- Research Fellowships, like College Teaching Fellowships, are awarded to outstanding academics at the early stages of their careers. Research Fellowships enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post. Teaching Fellowships combine a proportion of teaching and administrative duties with a similar opportunity to develop and focus on research.

SIDNEY SUSSEX COLLEGE

RESPONSIBILITIES OF THE COUNCIL

YEAR ENDED 30 JUNE 2012

The Council has responsibility for the administration and management of the College's affairs (save for the few areas of College business reserved for the Master and Fellows).

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

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

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

The Council 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.

SIDNEY SUSSEX COLLEGE

STATEMENT OF INTERNAL CONTROL

YEAR ENDED 30 JUNE 2012

The Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the College's Statutes.

The system of internal control is risk based, so is designed to manage and mitigate rather than eliminate the risk of failure to achieve policies, aims and objectives.

The systems of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The Finance & Needs Committee have responsibility for overseeing this risk assessment. The last risk assessment was completed in May 2011. This process was in place for the year ended 30 June 2012 and up to the date of approval of the financial statements.

The Council's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Fellows on Finance & Needs Committee, who are not officers of the College, act as an Audit Committee and the senior member is the Chair. They meet without officers being present and carry out independent investigations of complaints and are a point of independent contact for the Auditors.

SIDNEY SUSSEX COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL

YEAR ENDED 30 JUNE 2012

We have audited the financial statements of Sidney Sussex College for the year ended 30 June 2012 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council, 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 Council 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and Auditors

As explained more fully in the Council's Responsibilities Statement set out on page 12, the College Council, as trustees of the charity, is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

Scope of the Audit of Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report of the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge; and
- 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.

SIDNEY SUSSEX COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL

YEAR ENDED 30 JUNE 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Council's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Peters, Elworthy & Moore

Chartered Accountants & Statutory Auditors

Salisbury House,

Station Road,

Cambridge,

CB1 2LA

20th December 2012

Peters Elworthy & Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2012

Basis of Accounting

The financial statements have been prepared in accordance with the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards. In addition the accounts accord with the Statement of Recommended Practice for Accounting in Further and Higher Education (the SORP) with the exception that certain operational properties are included within endowment assets contrary to paragraph 146 of the SORP. However, this departure is considered necessary in order to present a true and fair view.

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

Basis of accounting

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

The activities of student societies have not been consolidated.

Recognition of Income

Income is recognised on a receivable basis and is reported gross with the following exceptions:

- i. donations are recognised when received and if made under Gift Aid they are recorded inclusive of the tax recoverable.
- ii. legacies are recognised on the earlier of the receipt of proceeds or upon notification of imminent despatch.
- iii. all donations and legacies are credited to the income and expenditure account. Subsequent accounting treatment of the donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.
- iv. grants and donations received for the purposes of funding the acquisition and construction of tangible fixed assets are in the case of depreciable assets credited to deferred capital grants. When the related capital expenditure is incurred the donation is released to income over the estimated useful life of the asset in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2012

- v. all investment income is credited to the income and expenditure account in the period in which it is earned. It is then transferred to an Accumulated Income Account, from which the Council declares an annual dividend. This dividend forms the income for the Trust Funds for the year. The scheme is designed to smooth out fluctuations in Trust Fund income.

Tangible Fixed Assets

i. Land and Buildings

Following confirmation of the College's ownership of the site occupied by the principal buildings, a valuation was commissioned and carried out by Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation as at 30 June 2012 was prepared in accordance with the requirements of the RICS Valuation Standards, Eighth Edition, March 2012 amendment and Financial Reporting Standard (FRS) 15 (UK GAAP). The valuation of non-specialised properties was undertaken on an Existing Use Value (EUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis.

The College's operational properties are stated at valuation except for certain buildings on the main College site, which are considered to be fully impaired owing to their age, obsolescence and other economic factors. The value of land on the main College site has not been valued.

Where buildings are used for mixed operational and investment purposes and where such a building is separable into distinct parts for the different uses then each part is valued and accounted for separately according to its use.

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.

The cost of additions to operational property shown in the balance sheet includes the cost of land, where applicable.

Freehold buildings and those on the main College site are depreciated at 1% per annum to reflect the economic cost of the College of using them.

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

ii. Maintenance of Premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred, unless it exceeds £200,000 when the cost is considered for capitalisation and depreciation over the expected useful economic life.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2012

Tangible Fixed Assets (*continued*)

iii. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £1,000 per individual item is written off in the year of acquisition unless the aggregate value of related items exceeds £50,000.

iv. Heritage assets

The College owns, maintains and occasionally improves a collection of rare books, silver, pictures and other fine art assets. As the greater part of the collection was acquired historically and is not related to education, it is not included in the balance sheet. However, purchases or gifts since 1st July 2000 are shown in the balance sheet at cost or valuation. Owing to the volume of items and valuation issues, e.g. age, origin and accuracy, it has been decided that it is neither practical nor beneficial to identify and value heritage assets acquired before 1 July 2000.

Heritage Assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The insured value of the collection is shown in note 10a.

Where a heritage asset is acquired by the College with the aid of a specific bequest or donation, the gift is credited to the Income and Expenditure Account.

v. Lease Assets

Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown under creditors as 'obligations under finance leases'. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Income and Expenditure Account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the leases term or the useful economic life of equivalent owned assets. Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under hire purchase contracts are treated in a similar manner.

vi. Depreciation

Depreciation is provided as follows

Land	Not depreciated
Freehold and Long Leasehold Buildings	1% reducing balance
Short Leasehold Buildings	Life of lease to a maximum of 50 years
Motor vehicles	33.3% reducing balance
Plant and equipment	15 – 25% reducing balance
Books	3.33% straight line
Furniture and fittings	2 – 25% reducing balance/straight line

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2012

Investments

Investment properties are shown at market value. A formal valuation of the investment properties as at 30 June 2009 was carried out by Cheffins, Property Consultants, on the 22 July 2009.

For mixed-use properties (i.e. where the property is used partly for operations purposed and partly for investment purposes) the investment element is valued by reference to the capitalized rental income using a rate of 8%. (2011: 8%)

Investments listed on a recognised stock exchange are stated at market value. Unlisted investments are stated at market value where possible, otherwise at cost less any provision for permanent diminution of value.

Stocks

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

Pensions

Retirement benefits for employees, who started after the 2nd January 2004, and for the majority of Fellows are provided by the Universities Superannuation Scheme. Benefits for participating employees who started before the 1st January 2004 are provided by the College's own scheme, but this is now closed to new entrants. Both are defined benefit schemes which are externally funded and contracted out of the State Second Pension Scheme. The funds are 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 assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the schemes, and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' and Fellows' services.

The College also participates in the Church of England Funded Pensions Scheme in respect of its Chaplain.

The Church of England Funded Pensions Scheme is a defined benefit scheme, but the College is unable to identify its share of the underlying assets and liabilities; each employer in the scheme pays a common contribution rate. Under paragraph 9(b) of the accounting standard on Retirement Benefits, Financial Reporting Standard 17, the College is required to account for pension costs for schemes such as the Church of England Funded Pensions Scheme, on the basis of contributions actually payable to the Scheme in the year.

Provisions

Provisions are recognised when the College has a 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 when a reliable estimate can be made of the amount of the obligation.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Balance sheet items are recorded at the rate ruling at the balance sheet date. Gains or losses on exchange are shown as part of administrative costs.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2012

Taxation

The College is a charity within the meaning of Section 506 (1) of the Taxes Act 1988 and is therefore 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.

VAT

Irrecoverable VAT is treated as part of the expenditure to which it relates.

Contribution under University Statutes G, II

The College is liable to be assessed for a financial contribution under the provisions of Statute G, II of the University of Cambridge. The contribution is used to fund grants to colleges from the Colleges Fund.

SIDNEY SUSSEX COLLEGE**INCOME AND EXPENDITURE ACCOUNT****YEAR ENDED 30 JUNE 2012**

	<i>Note</i>	<i>2012</i>	<i>2011</i>
		£	£
INCOME			
Academic fees and charges	1	1,883,127	1,762,332
Residences, catering, and conferences	2	3,103,208	3,044,268
Investment income	3a	1,739,817	1,773,225
Endowment	3b	645,443	577,233
Donations and benefactions	3c	547,544	738,049
Other income	4	96,479	88,735
Total income		<u>8,015,618</u>	<u>7,983,842</u>
EXPENDITURE			
Education	5	(3,812,939)	(3,601,266)
Residences, catering, and conferences	6	(3,280,438)	(3,360,883)
Other expenditure	7	(677,328)	(675,241)
Total expenditure		<u>(7,770,705)</u>	<u>(7,637,390)</u>
OPERATING (DEFICIT)/SURPLUS		244,913	346,452
Contribution to Colleges' Fund		(41,000)	(37,000)
Transfer unspent endowment income and restricted donations to Accumulated Endowment Income		203,913	309,452
		(921,930)	(1,041,900)
NET (DEFICIT)/SURPLUS carried forward		<u>(718,017)</u>	<u>(732,448)</u>

SIDNEY SUSSEX COLLEGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 JUNE 2012

	<i>Restricted Funds</i>		<i>Unrestricted Funds</i>	<i>2012</i>	<i>2011</i>	
	<i>Note</i>	<i>Permanent</i>	<i>Expendable</i>	<i>Total</i>	<i>Total</i>	
		£	£	£	£	
Net deficit for the year		-	-	(718,017)	(718,017)	(732,448)
Unspent donations and endowment income		13,647	908,283	-	921,930	1,041,900
Realised gains		5,351	5,130	67,917	78,398	398,984
Change in market value of investments		(590,911)	(571,027)	(1,727,841)	(2,889,779)	3,171,070
Actuarial gain/(loss) on Pension Scheme		-	-	(291,400)	(291,400)	451,200
Charge from capital		-	-	3,497	3,497	-
Transfers from/(to) Deferred Grants		-	-	29,035	29,035	29,098
Revaluation of Freehold Buildings		-	-	16,830,889	16,830,889	-
Transfers between funds		74,328	(732,532)	658,204	-	-
Total recognised gains for the year		(497,585)	(390,146)	14,852,284	13,964,553	4,359,804
Balance at 1st July 2011		9,698,972	11,846,133	63,021,629	84,566,734	80,206,930
Balance at 30th June 2012		9,201,387	11,455,987	77,873,913	98,531,287	84,566,734

SIDNEY SUSSEX COLLEGE

BALANCE SHEET

YEAR ENDED 30 JUNE 2012

	<i>Note</i>	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible	10	39,898,986		22,973,332	
Investments	11	<u>32,239,501</u>		<u>33,927,947</u>	
			72,138,487		56,901,279
ENDOWMENT ASSETS	12		31,223,919		32,145,178
CURRENT ASSETS					
Stock	13	162,888		157,063	
Debtors due within one year	14	496,255		551,336	
Cash	15	<u>1,815,526</u>		<u>2,285,466</u>	
		<u>2,474,669</u>		<u>2,993,865</u>	
CURRENT LIABILITIES					
Creditors: amounts due within one year	16	<u>(2,280,502)</u>		<u>(2,228,125)</u>	
NET CURRENT ASSETS			<u>194,167</u>		<u>765,740</u>
			103,556,573		89,812,197
CREDITORS: amounts due after one year	17		<u>(870,426)</u>		<u>(1,160,568)</u>
NET CURRENT ASSETS EXCLUDING PENSION LIABILITIES			102,686,147		88,651,629
PENSION LIABILITIES	18		<u>(1,376,000)</u>		<u>(1,277,000)</u>
NET ASSETS INCLUDING PENSION LIABILITIES			<u>101,310,147</u>		<u>87,374,629</u>

Continued on the next page

SIDNEY SUSSEX COLLEGE

BALANCE SHEET

YEAR ENDED 30 JUNE 2012

				2012	2011
	Note	£	£	£	£
		<i>Restricted Funds</i>	<i>Unrestricted Funds</i>	<i>Total</i>	
Represented by:					
DEFERRED CAPITAL GRANTS	19	<u>2,778,860</u>	<u>-</u>	<u>2,778,860</u>	<u>2,807,895</u>
ENDOWMENTS					
Permanent		9,201,387	10,566,545	19,767,932	20,299,045
Expendable		<u>11,455,987</u>	<u>-</u>	<u>11,455,987</u>	<u>11,846,133</u>
	20	<u>20,657,374</u>	<u>10,566,545</u>	<u>31,223,919</u>	<u>32,145,178</u>
RESERVES					
General		-	29,694,985	29,694,985	29,434,795
Pension		-	(1,376,000)	(1,376,000)	(1,277,000)
Other		-	2,113,097	2,113,097	2,490,233
Revaluation					
Operational Property		-	31,402,222	31,402,222	14,571,333
Fixed Asset and Investment		-	<u>5,473,064</u>	<u>5,473,064</u>	<u>7,202,195</u>
	21	<u>-</u>	<u>67,307,368</u>	<u>67,307,368</u>	<u>52,421,556</u>
TOTAL CAPITAL AND RESERVES		<u>23,436,234</u>	<u>77,893,913</u>	<u>101,310,147</u>	<u>87,374,629</u>

The financial statements on pages 16 to 43 were approved by the Acting Master and Fellows on 25th November 2012 and are signed on their behalf by

Professor R Penty
Acting Master

SIDNEY SUSSEX COLLEGE

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2012

	Note	£	2012 £	£	2011 £
OPERATING ACTIVITIES					
Operating surplus/(deficit) before transfers			244,913		346,452
<i>Add items not involving the movement of funds</i>					
Depreciation		315,748		301,538	
Project cost charged to income and expenditure account		71,997		-	
Movement in Pension Scheme Liability		(192,400)	195,345	(126,000)	175,538
<i>Less items accountable under other headings</i>					
Rental income		(782)		(782)	
Investment income		(1,739,817)		(1,773,225)	
Interest payable		33,841		41,127	
Donations and Legacies		(547,544)		(738,049)	
Endowment income		(645,443)	(2,899,745)	(577,232)	(3,048,161)
<i>Add movement in working capital</i>					
(Increase)/decrease in stock		(5,825)		64,012	
(Increase)/decrease in debtors & prepayments		55,081		26,358	
Increase/(decrease) in creditors & accruals		(96,862)	(47,606)	68,305	158,675
Net cash (outflow) from operating activities			(2,507,093)		(2,367,496)
Returns on Investments and Servicing of Finance					
Rental income		782		782	
Investment income		1,739,817		1,773,225	
Endowment income		645,443		577,232	
Interest paid		(33,841)		(41,127)	
Net cash inflow from returns on investments and servicing of finance			2,352,201		2,310,112
Contribution to Colleges Fund					
Payments to University's College Fund			(36,000)		(36,000)
Capital Expenditure and Financial Investment					
<i>Receipts</i>					
Sale of Tangible Fixed Assets		3,497		-	
Sale of Investments		473,844		2,824,423	
Donations & Legacies		547,544		738,049	
Total capital receipts		1,024,885		3,562,472	

Continued on next page

SIDNEY SUSSEX COLLEGE

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2012

	Note	£	2012 £	£	2011 £
Capital Expenditures and Financial Investment					
<i>-continued</i>					
<i>Expenditure</i>					
Payments to acquire tangible fixed assets		(451,904)	(830,293)		
Payments to acquire investment assets		(421,561)	(3,104,765)		
		<u>(873,465)</u>	<u>(3,935,058)</u>		
Net Cash Inflow/(Outflow) from Investing Activities			151,420		(372,586)
Net Cash Inflow/(Outflow) before Financing			<u>(39,472)</u>		<u>(465,970)</u>
Financing					
Bank loan repayment			(150,000)		(150,000)
Increase/(Decrease) in Cash			<u>(189,472)</u>		<u>(615,970)</u>
Reconciliation of Net Cash Flow to Movement in Net Liquid Assets					
Increase/(Decrease) in cash in the period			(189,472)		(615,970)
Change in net debt resulting from cash flows			150,000		150,000
			<u>(39,472)</u>		<u>(465,970)</u>
Net funds brought forward at 1 July 2011			5,122,444		5,588,414
Net funds carried forward at 30 June 2012			<u>5,082,972</u>		<u>5,122,444</u>
Analysis of Changes in Net Debt					
			At		At
			1 July	Cash Flows	30 June
			2011		2012
Cash at bank and in hand			6,519,052	(195,233)	6,323,819
Bank overdraft			(666,090)	(144,239)	(810,329)
Cash held at fund managers			19,482	150,000	169,482
			<u>5,872,444</u>	<u>(189,472)</u>	<u>5,682,972</u>
Debt due within one year			(150,000)	-	(150,000)
Debt due after one year			(600,000)	150,000	(450,000)
			<u>5,122,444</u>	<u>(39,472)</u>	<u>5,082,972</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

1	Academic Fees and Charges	<i>2012</i>	<i>2011</i>
	Fee income received on behalf of undergraduates eligible for student support - per capita fee £3,951 (2011: £3,861)	1,323,240	1,257,054
	Other undergraduate fee income - per capita fee £5,000 (2011: £4,550)	182,370	166,993
	Graduate fee income - per capita fee £2,289 (2011: £2,229)	315,554	276,623
	Other	61,963	61,662
		<u>1,883,127</u>	<u>1,762,332</u>
2	Residences, Catering and Conference Income	<i>2012</i>	<i>2011</i>
	Accommodation		
	College members	1,591,298	1,432,307
	Conferences	464,714	560,548
	Catering		
	College members	739,530	690,929
	Conferences	307,666	360,484
		<u>3,103,208</u>	<u>3,044,268</u>
3	Investment and Endowment Income	<i>2012</i>	<i>2011</i>
a	Investments		
	Land and buildings	1,193,609	1,311,583
	Quoted securities		
	Equities	499,310	461,498
	Fixed interest	-	-
	Cash balances	46,898	144
		<u>1,739,817</u>	<u>1,773,225</u>
b	Trust Funds		
	Quoted securities		
	Equities	597,377	540,897
	Fixed interest	1,004	4
	Cash balances	47,062	36,332
		<u>645,443</u>	<u>577,233</u>
c	Donations and Benefactions		
	Unrestricted	242,458	223,643
	Restricted	305,086	514,406
		<u>547,544</u>	<u>738,049</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

4 Other Income	<i>Note</i>	<i>2012</i>	<i>2011</i>
Rents		782	782
Sundry Interest		90	1,184
Royalties		19,827	14,355
Miscellaneous		75,780	72,414
		<u>96,479</u>	<u>88,735</u>
5 Education Expenditure		<i>2012</i>	<i>2011</i>
Teaching		1,749,589	1,641,985
Tutorial		575,612	558,984
Admissions		413,377	371,365
Research		353,196	402,221
Scholarships and Awards		197,290	146,502
Other educational facilities		523,875	480,209
		<u>3,812,939</u>	<u>3,601,266</u>
6 Residences, Catering and Conference Expenditure		<i>2012</i>	<i>2011</i>
Accommodation			
College members		1,362,414	1,314,312
Conferences		384,271	438,104
Catering			
College members		1,047,411	1,029,138
Conferences		289,504	359,948
Other			
Conferences		196,838	219,381
		<u>3,280,438</u>	<u>3,360,883</u>
7 Other Expenditure		<i>2012</i>	<i>2011</i>
Investments	7a	192,004	222,623
Administration		102,903	92,813
Fund Raising and Alumni Relations		325,048	294,541
Other		24,817	17,985
Trust & Appeal Fund charges and payments		32,556	47,279
		<u>677,328</u>	<u>675,241</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

7a Investment Management Costs	<i>Note</i>	2012	2011
Land and buildings		191,852	222,566
Quoted securities		-	-
Equities		-	-
Fixed interest		-	-
Other		152	57
Cash balances		-	-
	7	<u>192,004</u>	<u>222,623</u>

8 Staff	<i>Note</i>	College Fellows	Other Academics	Non Academics	2012	2011
Staff Costs						
Emoluments		1,080,351	3,432	2,118,810	3,202,593	3,132,597
Social Security costs		77,779	225	133,450	211,454	212,332
Other Pension costs		148,039	-	285,318	433,357	438,272
	9	<u>1,306,169</u>	<u>3,657</u>	<u>2,537,578</u>	<u>3,847,404</u>	<u>3,783,201</u>
Average Staff Numbers (Full time equivalents)						
Academic		56	1	-	57	58
Non - Academic		6	-	89	95	93
		<u>62</u>	<u>1</u>	<u>89</u>	<u>152</u>	<u>151</u>

The number of officers and employees of the College, including the Head of House, who received emoluments in the following ranges was

£110,000 to 119,999	1	1
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There were 59 (2011: 62) Fellows in the Governing Body as at the 30th June 2012, of which 52 (2011: 56) declared above are stipendiary.

The Trustees receive no emoluments in their role of trustees of the charity. However, during the year the trustees received a total of £405,658 (2011: 387,839) in remuneration for their normal college duties.

9 Expenditure by Activity - 2012

	Note	Staff costs	Other operating expenses	Depreciation	Total
Education		1,932,974	1,714,975	164,990	3,812,939
Residences, Catering and Conferences		1,675,176	1,459,618	145,644	3,280,438
Other		239,254	432,960	5,114	677,328
	8	<u>3,847,404</u>	<u>3,607,553</u>	<u>315,748</u>	<u>7,770,705</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

9 (continued)

Expenditure by Activity - 2011

	Staff costs	Other operating expenses	Depreciation	Total
Education	1,913,371	1,536,770	151,125	3,601,266
Residences, Catering and Conferences	1,672,519	1,541,394	146,970	3,360,883
Other	197,311	474,487	3,443	675,241
	<u>3,783,201</u>	<u>3,552,651</u>	<u>301,538</u>	<u>7,637,390</u>

9a Auditors' Remuneration

	2012	2011
Audit fees payable to the College's external auditors	21,495	20,517
Other fees payable to the College's external auditors	6,686	9,662
	<u>28,181</u>	<u>30,179</u>

10 Tangible Assets

	Land and Buildings		Vehicle, Equipment & Furniture	Books & Journals	Assets under construction	2012
	Freehold	Leasehold				Total
Cost or valuation						
As at 1st July 2011	21,192,936	875,562	679,945	1,802,823	547,099	25,098,365
Additions	-	-	-	22,368	429,536	451,904
Disposals	-	-	-	(4,811)	-	(4,811)
Transfers	677,030	-	-	-	(677,030)	-
Transfer to Income & Expenditure	-	-	-	-	(71,997)	(71,997)
Revaluation of land & buildings	15,657,764	-	-	-	-	15,657,764
As at 30th June 2012	<u>37,527,730</u>	<u>875,562</u>	<u>679,945</u>	<u>1,820,380</u>	<u>227,608</u>	<u>41,131,225</u>
Accumulated Depreciation						
As at 1st July 2011	(1,079,646)	(214,649)	(215,087)	(615,651)	-	(2,125,033)
Charge for the year	(155,346)	(17,832)	(48,896)	(60,146)	-	(282,220)
On Disposals	-	-	-	1,889	-	1,889
On Transfers	-	-	-	-	-	-
On Revaluation	1,173,125	-	-	-	-	1,173,125
As at 30th June 2012	<u>(61,867)</u>	<u>(232,481)</u>	<u>(263,983)</u>	<u>(673,908)</u>	<u>-</u>	<u>(1,232,239)</u>
Net Book Value						
As at 30th June 2012	<u>37,465,863</u>	<u>643,081</u>	<u>415,962</u>	<u>1,146,472</u>	<u>227,608</u>	<u>39,898,986</u>
As at 30th June 2011	<u>20,113,290</u>	<u>660,913</u>	<u>464,858</u>	<u>1,187,172</u>	<u>547,099</u>	<u>22,973,332</u>

The cost of rebuilding as at 30th June 2012 was insured for £108m (2011: £105m).

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

10a Heritage Assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2000 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for those on a cost-benefit basis, they have not been capitalised. As a result, the total cost included in the balance sheet is partial.

Amounts for the current and previous four years were as follows:

	2008	2009	2010	2011	2012
Acquisitions purchased with specific donations	-	-	-	117,500	5,195
Acquisitions purchased with College funds	-	-	2,002	-	-
Total cost of acquisitions purchased	-	-	2,002	117,500	5,195
Value of acquisitions by donation	-	-	500	-	-
Total acquisitions capitalised	-	-	2,502	117,500	5,195

Works of art, pictures and silver were insured for £3.38m (2011: £3.18m).

11 Investments

		2012	2011
	Note	Total	Total
Valuation/cost at 1st July 2011		33,927,947	33,441,163
Additions		189,439	1,390,405
Disposals		(240,828)	(2,641,607)
Transfer to Tangible Assets		-	(640,000)
Transfers between investments		-	-
Increase/(decrease) in market value for the year		(1,698,859)	2,376,268
Increase/(decrease) in cash balances awaiting investment		61,802	1,718
Valuation as at 30th June 2012		<u>32,239,501</u>	<u>33,927,947</u>
Represented by			
Long Leasehold Building		16,612,749	16,612,749
Quoted Securities		92,500	92,500
Equities		11,477,114	12,268,190
Fixed Interest		674,494	763,707
Unquoted Securities			
Equities		3,019,485	3,901,015
Cash held by Investment Managers		64,988	3,186
Wines		156,724	150,348
Heritage Assets		141,447	136,252
		<u>32,239,501</u>	<u>33,927,947</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

12	Endowment Assets	<i>Note</i>	<i>2012</i>	<i>2011</i>
			<i>Total</i>	<i>Total</i>
	Valuation/cost at 1st July 2011		32,145,178	29,037,740
	Additions at cost		232,122	1,714,360
	Disposals at cost		(231,196)	(2,418,831)
	Transfer from Fixed Assets		-	-
	Depreciation		(33,528)	(33,860)
	Repayments		-	-
	Increase/(decrease) in market value for the year		(1,111,420)	3,434,833
	Increase/(decrease) in cash balances		222,763	410,936
	Valuation as at 30th June 2012		<u>31,223,919</u>	<u>32,145,178</u>
	Represented by			
	Freehold Land and Buildings		8,704,109	8,737,637
	Quoted Securities			
	Equities		16,357,695	17,356,149
	Fixed Interest		988,760	1,100,800
	Corporate Capital Loan 2017		560,568	700,710
	Cash held by Investment Managers		104,494	16,296
	Cash on Short Term Deposit		3,204,006	2,927,900
	Cash at Bank		1,304,287	1,305,686
			<u>31,223,919</u>	<u>32,145,178</u>
13	Stock		<i>2012</i>	<i>2011</i>
	Goods for Resale		143,321	141,580
	Other Stocks		19,567	15,483
			<u>162,888</u>	<u>157,063</u>
14	Debtors		<i>2012</i>	<i>2011</i>
	Due within one year			
	Members of the college		161,215	133,114
	Other debtors & prepayments		476,188	511,105
	Provision for bad debts etc		(141,148)	(92,883)
			<u>496,255</u>	<u>551,336</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

15	Cash	<i>2012</i>	<i>2011</i>
	Short -term money market investments	1,042,402	1,218,752
	Bank deposits	772,916	1,066,280
	Current accounts	-	-
	Cash in hand	208	434
		<u>1,815,526</u>	<u>2,285,466</u>
16	Creditors: amounts falling due within one year	<i>2012</i>	<i>2011</i>
	Bank Overdraft	810,329	666,090
	Payments on account	181,931	134,438
	Trade Creditors	201,281	428,591
	Taxation & Social Security	85,235	93,676
	University Fees	18,239	12,671
	Contribution to Colleges Fund	41,000	36,000
	Loan instalments	290,142	290,142
	Other Creditors	652,345	566,517
		<u>2,280,502</u>	<u>2,228,125</u>
17	Creditors: amounts falling due after more than one year	<i>2012</i>	<i>2011</i>
	Corporate Capital Indexed Loan 2017	420,426	560,568
	Bank Loan 2015	450,000	600,000
		<u>870,426</u>	<u>1,160,568</u>
18	Pension Liabilities	<i>2012</i>	<i>2011</i>
	Deficit in scheme at 01.07.2011	1,277,000	1,854,200
	<i>Movement in year:</i>		
	Current service cost including Life Assurance	105,600	160,100
	Contributions paid by the College	(336,900)	(372,600)
	Finance cost	38,900	86,500
	Actuarial (gain)/loss recognised in the STRGL	291,400	(451,200)
	Deficit in scheme at 30.06.2012 (see note 21b)	<u>1,376,000</u>	<u>1,277,000</u>

The unsecured bank loan is repayable by a further 3 annual instalments of £150,000. Interest is payable at the fixed rate of 5.15% p.a. Following the revision of Statute G, II, 4(iv) on Sinking Fund Payments, repayments of the Corporate Capital Loan are no longer indexed.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

19 Deferred Capital Grants

	<u>Donations</u>	<i>2012</i> <i>Total</i>	<i>2011</i>
Balance at 01.07.2011			
Buildings	2,793,210		2,821,294
Furniture	14,685	2,807,895	15,701
Grants and Donations received			
Buildings	-	-	-
Furniture	-	-	-
Released to Income and Expenditure account			
Buildings	(28,084)		(28,084)
Furniture	(951)	(29,035)	(1,016)
Balance at 30.06.2012	<u>2,778,860</u>	<u>2,778,860</u>	<u>2,807,895</u>

20 Endowments

	<u>Permanent</u>			<u>Expendable</u>	<i>2012</i> <i>Total</i>	<i>2011</i> <i>Total</i>
	Restricted	Unrestricted	<i>Total</i>	Restricted		
Balances as at 1st July 2011						
Capital	9,573,652	9,438,347	19,011,999	9,174,699	28,186,698	25,640,562
Cash	125,320	1,161,726	1,287,046	2,671,434	3,958,480	3,397,178
	<u>9,698,972</u>	<u>10,600,073</u>	<u>20,299,045</u>	<u>11,846,133</u>	<u>32,145,178</u>	<u>29,037,740</u>
Endowments received	-	-	-	296,011	296,011	504,031
Income from endowment investments	13,647	-	13,647	640,872	654,519	587,607
Expenditure	-	-	-	(32,100)	(32,100)	(49,738)
Gains/(Losses) realised	5,351	-	5,351	5,130	10,481	130,985
Transfers to/from Income and Expenditure account	-	(33,528)	(33,528)	(654,704)	(688,232)	(576,359)
Transfers between funds	74,328	-	74,328	(74,328)	-	-
Movement in market value of investments	(590,911)	-	(590,911)	(571,027)	(1,161,938)	2,510,912
Balances as at 30th June 2012	<u>9,201,387</u>	<u>10,566,545</u>	<u>19,767,932</u>	<u>11,455,987</u>	<u>31,223,919</u>	<u>32,145,178</u>
Comprising of:						
Capital	9,062,420	9,264,677	18,327,097	8,686,139	27,013,236	28,186,698
Cash	138,967	1,301,868	1,440,835	2,769,848	4,210,683	3,958,480
	<u>9,201,387</u>	<u>10,566,545</u>	<u>19,767,932</u>	<u>11,455,987</u>	<u>31,223,919</u>	<u>32,145,178</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

20 Endowments <i>(continued)</i>				2012		2011	
	Restricted	Permanent Unrestricted	Total	Expendable Restricted	Total	Total	Total
Represented by							
Fellowship Funds	4,418,603	-	4,418,603	4,996,681	9,415,284	9,917,172	
Scholarship Funds	1,756,922	-	1,756,922	1,637,741	3,394,663	3,590,845	
Prizes Funds	17,210	-	17,210	164,221	181,431	188,416	
Bursary Funds	720,271	-	720,271	902,844	1,623,115	1,520,410	
Hardship Funds	13,374	-	13,374	1,228,336	1,241,710	1,209,116	
Travel Funds	103,918	-	103,918	397,834	501,752	524,031	
Other Funds	2,171,089	-	2,171,089	2,128,330	4,299,419	4,595,115	
General Endowments		10,566,545	10,566,545		10,566,545	10,600,073	
	<u>9,201,387</u>	<u>10,566,545</u>	<u>19,767,932</u>	<u>11,455,987</u>	<u>31,223,919</u>	<u>32,145,178</u>	

21 Reserves	Note	General	Property	Shares & Fixed Assets	Building	Fellows Amenities	2011	
							Total	Total
			Revaluation					
Balances as at 1st July 2011		28,157,795	14,571,333	7,202,195	2,148,956	341,277	52,421,556	51,169,190
Surplus retained/Deficit absorbed for the year		(718,017)	-	-	-	-	(718,017)	(732,448)
Transfers from Deferred Grants		29,035	-	-	-	-	29,035	29,098
Charge from Capital		3,497	-	-	-	-	3,497	-
Other realised gains/(losses)		67,917	-	-	-	-	67,917	267,999
Change in market value of investments		(1,727,841)	-	-	-	-	(1,727,841)	1,541,515
Transfers to/from Reserves		2,797,999	-	(1,648,341)	(389,424)	12,288	772,522	(82,487)
Transfers in respect of depreciation		-	-	(1,290)	-	-	(1,290)	(1,311)
Transfers in respect of disposals/acquisitions		-	-	(79,500)	-	-	(79,500)	(221,200)
Actuarial gain/(loss)		(291,400)	-	-	-	-	(291,400)	451,200
Revaluation of operational land & buildings		-	16,830,889	-	-	-	16,830,889	-
Balances as at 30th June 2012		<u>28,318,985</u>	<u>31,402,222</u>	<u>5,473,064</u>	<u>1,759,532</u>	<u>353,565</u>	<u>67,307,368</u>	<u>52,421,556</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

22 Capital Commitments	<i>2012</i>	<i>2011</i>
Expenditure authorised and committed at the 30th June 2012	<u>£1.024m</u>	<u>£0.405m</u>
Expenditure authorised but not committed at the 30th June 2012	<u>£0.628m</u>	<u>-</u>

23 Financial Commitments

At the 30th June 2012 the College had annual commitments under non-cancellable operating leases as follows:

Land and buildings

Expiring between 2 and 5 years	-	-
Expiring in over 5 years	<u>£80,075</u>	<u>£80,075</u>

24 Pension Schemes

The College operates a defined contribution pension scheme for those non-academic employees who started before the 31st December 2003. It also participates in the Universities Superannuation and the Church of England Funded Pension Schemes; the former was originally for academic employees, but from the 1st January 2004 has been opened to all new employees, and the latter is for the Chaplain.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. 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; and a minimum of two and a maximum of four are co-opted directors appointed by the board. 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 scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective and to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Schemes *(continued)*

Universities Superannuation Scheme - continued

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 6.1% per annum, salary increases would be 4.4% per annum (with short term general pay growth at 3.65% per annum and 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 3.4% per annum for the 3 years following the valuation and thereafter by 2.6%.

Standard mortality tables were used as follows:

Male members' mortality	SINA ("Light") YoB tables – No age rating
Female members' mortality	SINA ("Light") YoB tables – rated down 1 year

Use of the mortality tables reasonably reflects the actual USS experience, but also provides an element of conservatism; to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% p.a. long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males/Females currently aged 65	23.7/25.6 years
Males/Females currently aged 45	25.5/27.6 years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increase in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the Scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts), the funding level was approximately 68%: under the Pension Protection Fund regulations introduced by the Pensions Act 2004, it was 93% funded: on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the benefits with an insurance company: and using the FRS 17 formula on a single employer basis with an AA bond discount rate of 5.5% per annum, the scheme was approximately 82% funded.

As part of this valuation, the Trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31st March 2021. The next formal triennial actuarial valuation is at 31st March 2014. If experience up to that date is in line with the assumptions made for this current valuation and contributions are paid at the determined rates or amounts, the shortfall at 31st March 2014 is estimated to be £2.2 billion or 95% of the required funding level. The contribution will be reviewed as part of each valuation and may be reviewed more frequently.

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 but the allowance for promotional salary increases was not as high. 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

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Schemes (*continued*)

Universities Superannuation Scheme – continued

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.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of pensionable salaries.

There have been a number of changes to the benefits provided by the Scheme, which came into effect on 1st October 2011. These include

- **Adoption of the Consumer Price Index (CPI)**

Following UK government legislation, all future statutory pension increases or revaluations will be based on the CPI measure of inflation rather than the RPI (Retail Price Index).

- **New Entrants**

Other than in specific, limited circumstances, new entrants' benefits are now provided for on a Career Revalued Benefits (**CRB**) basis rather than a Final Salary (**FS**) basis.

- **Normal Pension Age**

The normal pension age was increased for future service and new entrants to 65.

- **Flexible Retirement**

Flexible retirement options were introduced.

- **Member Contribution Rates**

Contribution rates were increased to 7.5% for FS members and 6.5% for CRB members.

- **Cost Sharing**

If the total contribution level exceeds 23.5% of salaries, then the employers will pay 65% of the excess and the members 35% as additional contributions.

- **Pension Cap Increase**

For service derived after 30th September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at the 31st March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at the 31st March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding position which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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 contributions, whereas a surplus might be used to reduce contributions. 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 set out below:

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Schemes (*continued*)

Universities Superannuation Scheme - continued

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Investment Return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI & CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

The trustees believe 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 major exposure to equities through portfolios that are diversified both geographically and by sector. The trustees recognise that it would be theoretically 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 trustees need 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 what degree of investment risk to take relative to the liabilities, the trustees receive advice from its internal investment team, its investment consultant and the scheme actuary, and consider the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustees believe 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 trustees are mindful of the desirability of keeping the funding level on the Scheme's technical provisions close to or above 100%, thereby minimizing 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 actuarial valuation is due as at 31 March 2014 when the above rates will be reviewed.

At the 30 June 2012 the College had 93 (2011:92) active members participating in the scheme, which has an approximate active membership of 145,000. The cost of the contributions paid by the College to the Scheme was £287,143 (2011: £275,546).

The contribution rate currently payable by the College is 16% of pensionable salaries.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Schemes (*continued*)

Church of England Funded Pensions Scheme

The Church of England Funded Pensions Scheme (the Scheme) is a defined benefit scheme, but the College is unable to identify its share of the underlying assets and liabilities - each employer in the scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31st December 2009. This revealed a shortfall of £262 millions, that the assets totalled £605 millions, and that the scheme had a funding target of £867 millions. The assumptions used were:-

An investment return of 4.4% p.a. on Gilts and 5.9% p.a. on Equities.

An increase in pensionable stipends of 3.8% p.a.

Pensions would increase by 3.8% p.a. in line with the Retail Price Index.

Post-retirement mortality would be in accordance with 80% of the SINA tables with allowance made for improvements in mortality rates from 2003 according to the 'medium cohort' projections, and subject to a minimum annual improvement of 1.5% for males and 1.0% for females.

An investment strategy whereby

for pensions in payment, there would be an allocation to Gilts increasing linearly from nil at 31st December 2009 to 2/3rds by 31st December 2029 with the balance in return-seeking assets;

for liabilities prior to retirement, there would be a 100% allocation to return-seeking assets.

Following the 2009 valuation, changes were made to the benefits being built up in the Scheme and, with effect from 1st January 2011, the College's contribution rate was reduced from 45% to 38.2% of pensionable stipends.

The next valuation of the Scheme is due no later than 31st December 2012.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Sidney Sussex College 1975 Pension Scheme

The College operates a defined benefits scheme in the UK, the Sidney Sussex College 1975 Pension Scheme. An actuarial valuation of the liabilities was carried out at 30 June 2012 by a qualified independent actuary.

At the 30 June 2012 the College had 19 (2011:20) active members participating in the scheme

The assets valued below are in the form of an insurance policy invested in the with-profits fund and five unit-linked funds with the Equitable Life Assurance Society. The value of the assets held in the with-profits fund has been taken as the value that would have been available had all members retired on 30 June 2012. The value of assets held in the unit-linked funds has been taken as the value of units at bid price on 30 June 2012. The value shown is not necessarily the value that would be available if the policy was to be surrendered, or that which would be available to provide contractual benefits.

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised below:

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Schemes (continued)

Sidney Sussex College 1975 Pension Scheme (continued)

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2012 £	2011 £	2012 £	2011 £	2012 £	2011 £
Opening defined benefit obligation	(2,814,200)	(3,049,200)	1,537,200	1,195,000	(1,277,000)	(1,854,200)
Service cost	(105,555)	(133,821)	-	-	(105,555)	(133,821)
Employer contributions	-	-	336,855	346,321	336,855	346,321
Expected return on scheme assets	-	-	120,000	77,500	120,000	77,500
Contributions by members	(23,545)	(26,279)	23,545	26,279	-	-
Interest cost	(158,900)	(164,000)	-	-	(158,900)	(164,000)
Actuarial gains/(losses)	(118,300)	310,600	(173,100)	140,600	(291,400)	451,200
Benefits and expenses paid	7,900	248,500	(7,900)	(248,500)	-	-
Past Service Costs	-	-	-	-	-	-
Closing defined benefit obligation	(3,212,600)	(2,814,200)	1,836,600	1,537,200	(1,376,000)	(1,277,000)

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

	2012 £	2011 £
In staff costs: current services cost (net of employee contribution)	105,555	133,821
In endowment and investment income:		
Interest on obligation	158,900	164,000
Expected return on plan assets	(120,000)	(77,500)
	<u>144,455</u>	<u>220,321</u>
Actual return on plan assets	<u>(53,100)</u>	<u>(218,321)</u>

The employer expects to contribute 28.1% of the basic pay of members active in the scheme each pay day plus an annual amount of £209,804 (2011: £203,693) to the scheme in the next year.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Schemes (*continued*)

Sidney Sussex College 1975 Pension Scheme (*continued*)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2012	2011
Gilts	0%	0%
Corporate Bonds	0%	0%
Property	7%	0%
Equities	93%	100%
Cash	0%	0%

The expected rate of return on plan assets is determined as follows:

Gilts	the yield on the FT-SE Actuaries 15 year gilt index
Corporate Bonds	the yield on the iBoxx £ Corporate AA 15+ index
Cash	the Bank of England base rate
Equity and property	the above gilt yield plus 3.5% p.a.
Deduction for expenses:	0.5% p.a.

The overall expected rate of return for the year beginning 1st July 2012 is 5.3% (2011: 7.0%).

Principal actuarial assumptions at the balance sheet date:

	2012	2011	2010	2009
	p.a.	p.a.	p.a.	p.a.
Discount rate	4.3%	5.5%	5.3%	6.2%
Rate of increase in salaries	3.4%	4.5%	4.2%	5.2%
Rate of increase in pensions in payment for service from 6 April 1997	2.4%	3.2%	3.0%	3.0%
Inflation assumption	2.4%	3.5%	3.2%	3.2%
Rate of increases to deferred pensions in excess of GMP	1.7%	2.8%	3.2%	3.2%

Death after retirement: in accordance with the standard mortality tables PNMA00 and PNFA00, appropriate to each individual member's year of birth, with the long cohort improvements and subject to a minimum rate of improvement of 1% p.a.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2012

24 Pension Scheme *(continued)*

Sidney Sussex College 1975 Pension Scheme *(continued)*

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

	2012	2011	2010	2009	2008
Defined benefit obligation	(3,212,600)	(2,814,200)	(3,049,200)	(2,660,300)	(2,742,000)
Plan assets	1,836,600	1,537,200	1,195,000	1,044,200	1,272,400
Surplus/(deficit)	(1,376,000)	(1,277,000)	(1,854,200)	(1,616,100)	(1,469,600)
Experience gains/(losses) on liabilities	94,800	(24,300)	20,100	(169,700)	(2,400)
Experience gains/(losses) on plan assets	(173,100)	140,600	90,900	(217,900)	(113,500)

25 Related Party Transactions

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may 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

26 Contribution Assessment

The basis of computing the College's contribution to the University's College Fund is based on the net worth of the net worth of the College, excluding operational assets and pension fund liabilities. The charge in the accounts is the provisional figure computed by the University of Cambridge in accordance with Statute G, II.

27 Post Balance Sheet Events

None.