



TRINITY HALL
CAMBRIDGE

ACCOUNTS FOR THE YEAR ENDED

30 June 2007

TRINITY HALL
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For the Year Ended 30 June 2007



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TRINITY HALL
Governing Body and Advisers
For the Year Ended 30 June 2007



Governing Body

Master: Professor Martin Daunton
Bursar: Mr Paul folkes Davis
Senior Tutor: Dr Nick Bampos

Professor Colin Austin	Dr Simon Moore	Dr John F Pollard
Mr David Fleming	Dr Martin Ellwood	Dr Kylie Richardson
Professor Tom Körner	Dr Vasant Kumar	Dr Jerome Jarrett
Dr Peter Hutchinson	Mr Angus Johnston	Dr David Runciman
Dr Christopher Padfield	Dr John Bradley	Dr Tadashi Tokieda
Professor Paul Julian Smith	Dr Clare Jackson	Dr Nigel Chancellor
Professor Alison Liebling	Dr Jan Schramm	Dr Edmund R S Kunji
Professor Michael Kelly	Dr Louise Haywood	Mr Francois-David Todd
Dr Simon Guest	Revd Dr Jeremy Morris	Mr Oliver Williams
Dr Mike Hobson	Mr John H Armour	Dr William O'Reilly
Professor John Clarkson	Dr Cristiano A Ristuccia	Dr Isabelle McNeill
Dr James Montgomery	Dr Ian B Wilkinson	Dr Lucia Prauscello
Dr Florian Hollfelder	Dr Graham Pullan	Mr Heiko Ziebell
Dr Drew Milne	Dr Richard Miles	
Professor Brian Cheffins	Dr Matthew D Conaglen	

Auditors

Chater Allan LLP
Beech House
4a Newmarket Road
Cambridge
CB5 8DT

Bankers

Barclays Bank plc
Bene't Street Business Centre
Cambridge
CB2 3PZ

Solicitors

Taylor Vinters	Mills & Reeve
Merlin Place	Francis House
Milton Road	112 Hills Road
Cambridge	Cambridge
CB4 0DP	CB2 1PH

Principal Investment Managers

AXA Framlington Investment Management Ltd
155 Bishopsgate
London
EC2M 3XJ

Principal Property Advisers

Carter Jonas
6-8 Hills Road
CB2 1NH

TRINITY HALL

Bursar's Report

For the Year Ended 30 June 2007



Introduction

The first thing to report does not relate to this year's accounts, but those for the last financial year, that ended June 2006. In helping prepare this year's number, the auditors uncovered an error in the previous year's calculation of our endowment drawdown income. During that year we had restructured the way we compiled and reported our investment returns, moving away from the old unitised system, so as to give participating funds a simple percentage holding in the whole. In last year's report I trumpeted, with unintended hubris, that I had been able to reduce the usual level of drawdown from the investment portfolio from 4% to 3.75% in order to balance the books. In fact, although the overall level of our investments was correctly stated (£73 million), the calculation of the drawdown at £2,661,892 was an exaggeration. I have asked that this number be re-stated, taking our normal 4%, and this comes to £2,438,390 (a reduction of £223,502), which turns last year's almost perfectly small surplus of £ 52,584 into a deficit of £170,918.

Income and Expenditure Account

Financially, this has been a curate's egg of a year. The bottom line of the Income and Expenditure Account shows a deficit of just under £375,000. Costs have risen rapidly, above all in the quantum paid to staff both academic and operational (the consequence of the national settlement reached for academic staff after the strikes of last summer) and in the absolute number of those operational staff, as the new accommodation at Wychfield finally coming fully on stream has necessitated hiring, especially of more bedders and porters. Wychfield being fully available has also had the effect of increasing our estate and hence the depreciation charge, which is up £241,000 to £1.7 million in the year. This year also saw us contend with the discovery of extensive dry rot in Front Court during the renovation of D and E staircases. Notwithstanding the generosity of several alumni, for which we are, as ever, profoundly grateful, Trinity Hall still had to find the bulk of the money for the repairs (£238,000) from its own resources. Given the foregoing, and even with an increased University Contribution (largely derived from the income off our endowment investments), but leaving out the dry rot costs, the I&E would still have delivered a creditable result, which, at a deficit of £137,000, would have been comfortably below last year's re-stated number.

Although only up 5% Academic Fees held on to the gains made last year, while revenue from Residences, Catering and Conferences was up 10%, largely as a result of increased student use of the kitchens. Down by 7.5% or £114,000 'Other' or Development Income reflects the lack of any sizeable and expendable gifts for building works in the year. Elsewhere, however, Jocelyn Poulton and her team were happily successful in attracting donations for the endowment. On the expenditure side, the Education and Residences, Catering and Conferences Accounts bear almost all the increase in our costs. They are up 8% or £271,000 and 17% or £551,000 respectively. Overall, Trinity Hall's increase in income of 8.3% or £650,000 was more than offset by the rise in expenditure, which measured 11.5% or £863,000. A reduction of over £263,000 in our Restricted Fund Surplus helped narrow the final deficit of £374,832.

Investments and Endowment Income

On the plus side, 2006/7 was a good year for financial markets and our endowment investments grew strongly once again, growing 16.6% or over £11 million. Our endowment investment assets now stand at £84.3 million. This is gratifying given the continued pressure on the College to make these funds work to produce the dividend without which the College could not pursue its education and research mission. Although the Education Memorandum, the document produced annually and supplied to HEFCE to prove that all government funding is expended for academic purposes, has been discontinued in its traditional form (in favour of certification from our auditors), the underlying figures still confirm the same old story. With the increased salary costs mentioned above, the overall deficit on the College's education account almost equals £2 million. This implies that Trinity Hall continues to 'invest' over £3,300 of its own money annually in every student in College – the figure for undergraduates alone would be over £4,500. We continue to look to the endowment to produce income of this £2 million, and more, just to allow us to open the doors.

TRINITY HALL

Bursar's Report

For the Year Ended 30 June 2007



The policy of diversifying asset classes in which we invest has continued with all investments contributing to the successful result, though it is worth pointing out that our traditional UK equity fund managers continue to perform admirably (up 19.5%). Our US portfolio equity returned 26.4% in sterling terms or 36.5% in its native dollars! This is a testament to the skill of our US managers, but also serves to demonstrate what a difference sizeable currency shifts, such as we have seen in the period with the weakening dollar, can make to investment performance – this goes some way to explaining the extraordinary results of the enormous Yale and Harvard endowments, heavily invested, as they are, in non-dollar instruments. In terms, of our total return drawdown, we have left the 4% dividend level unchanged and this has resulted in an 18% or £430,000 improvement on the previous year's re-stated figure.

Balance Sheet and Cash Flow

An increase in the College's Fixed Assets of £4 million is almost entirely represented by the completion of the Wychfield new accommodation and Front Court renovation projects, and there has been a concomitant reduction in our cash at bank of £3 million, which reflects the gradual exhaustion of the Long Term Building Fund, originally set up to pay for the Wychfield works. I should note that the funds remaining, £2.9 million, are all earmarked, and that the College has little or no liquidity left to carry on, in the short term, with the Milestones programme designed to renovate and improve our ancient site at Trinity Lane. Our Creditors have reduced by £1.3 million in the year which is welcome, while Debtors at just over £2 million includes Gift Aid on the Walter Grant Scott gift and the successful sale of Chapmans Farmhouse. The Development Office enjoyed an excellent year, evidenced principally by two substantial donations (from the Wit & Will Foundation and Walter Grant Scott), which have both been added via capital transactions to the endowment. The £2.1 million total for the year compares favourably with £1.25 million last time. One high point relates to the line on our CCFPS pension liability. This has reduced over £175,000 to £497,407 and has been achieved mainly through our higher contribution level and improved investment returns within the Fund. I have said before that a Cambridge college's balance sheet total is a more or less meaningless number as it is dictated by so many variances in the way different colleges treat their ancient estates. Trinity Hall includes the Central Site buildings and has chosen the most draconian depreciation policy which is set against all its estate over fifty years – we have not varied this in the year under discussion. The charge has risen 16.4% to £1,706,632, while our balance sheet total has risen £13 million to £197 million.

Outlook

Since the June year end, we have seen unheralded turbulence in the credit markets, which has, in turn, destabilised the bond and equity markets. This choppiness has had an adverse effect on the College's investment portfolios and, should it continue, will impact on our total return going forward. At the time of writing, mid-November, it seems pretty clear there is more uncertainty to come. There are things that the College can do, even in difficult markets, to guarantee its financial flexibility and we are taking advantage of the extremely inverted long-end of the sterling market to borrow, for the first time, at advantageous rates.

If Trinity Hall could stand still, we could probably harness existing resources and maintain our status quo, but things are constantly changing and progressing. Next summer will involve the construction of the new Aula Bar and the possible relocation of much of the JCR to the Crescent Room. These are enabling works for a much larger project to redesign the lecture theatre, music room and existing JCR area. After the discovery of dry rot in the front façade, and following a resulting survey, we must carry out extensive repairs to the parapets and gutters of Front court's unmodified sides. This will all cost money. Indeed, with the recent appointment of a new Buildings and Services Manager and Junior Bursar, we are finally getting to grips with long-ignored works to the fabric of the Hall and instituting a regime of planned maintenance. While the college's asset base continues to grow satisfactorily, its cash resources do not. Our conference business continues to disappoint and the bulk of our donations are for academic and/or endowment purposes. We need to derive more immediately spendable revenue, or we will not be able to move forward. Improving our conference business is in the College's gift (and we are working on it), encouraging benefactors to engage with our building projects we have less control over.

TRINITY HALL

Independent Auditors' Report to the Governing Body of Trinity Hall For the Year Ended 30 June 2007



We have audited the financial statements which comprise the parent and consolidated income and expenditure account, the parent and consolidated statement of total recognised gains and losses, the parent and consolidated balance sheet, the consolidated cash flow statement and related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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

Respective Responsibilities of the Governing Body and Auditor

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governing Body. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

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

TRINITY HALL

Independent Auditors' Report to the Governing Body of Trinity Hall For the Year Ended 30 June 2007



Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Standards, of the state of the College and the Group's affairs as at 30 June 2007 and of the surplus of the College and the Group for the year then ended and have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

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

In our opinion the information given in the Bursar's report is consistent with the financial statements.

CHATER ALLAN LLP
Registered Auditors

Beech House, 4A Newmarket Road, Cambridge

TRINITY HALL

Responsibilities of the Governing Body



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

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

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

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

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

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

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

TRINITY HALL
Parent Income and Expenditure Account
For the Year Ended 30 June 2007



	Note	Unrestricted Funds		Restricted Funds	Year Ended 30 June 07 Total	Year Ended 30 June 06 Total
		Undesignated Funds	Designated Funds	Funds	£	£
INCOME						
Academic Fees and Charges	1	1,650,061	-	-	1,650,061	1,570,211
Residences, Catering and Conferences	2	2,534,713	-	-	2,534,713	2,286,371
Endowment Income	3	1,154,557	922,629	800,244	2,877,430	2,441,382
Other Income	4	385,149	434,454	572,826	1,392,429	1,506,797
Total Income		5,724,480	1,357,083	1,373,070	8,454,633	7,804,761
EXPENDITURE						
Education	5	2,455,486	740,388	426,853	3,622,727	3,351,114
Residences, Catering and Conferences	6	3,903,910	-	-	3,903,910	3,352,585
Other Expenditure	8c	901,037	-	-	901,037	860,867
Total Expenditure		7,260,433	740,388	426,853	8,427,674	7,564,566
Operating Surplus/(Deficit) before exceptional items		(1,535,953)	616,695	946,217	26,959	240,195
Exceptional repairs		-	238,000	-	238,000	-
Operating Surplus/(Deficit) after exceptional items		(1,535,953)	378,695	946,217	(211,041)	240,195
Contribution Under Statute G,II		21,465	17,373	15,161	53,999	38,070
Net Surplus/(Deficit) before Transfers		(1,557,418)	361,322	931,056	(265,040)	202,125
Transfer between funds		3,942,852	(3,121,588)	(821,264)	-	-
Transfer of Restricted Fund Surplus to Reserves		-	-	(109,792)	(109,792)	(373,043)
Net Surplus/(Deficit) after Transfers		2,385,434	(2,760,266)	-	(374,832)	(170,918)

TRINITY HALL
Consolidated Income and Expenditure Account
For the Year Ended 30 June 2007



	Year Ended 30 June 07 £	Year Ended 30 June 06 £
INCOME		
Academic Fees and Charges	1,650,061	1,570,211
Residences, Catering and Conferences	2,534,713	2,286,371
Endowment Income	2,880,203	2,444,768
Other Income	1,392,429	1,505,822
Total Income	8,457,406	7,807,172
EXPENDITURE		
Education	3,622,727	3,351,114
Residences, Catering and Conferences	3,903,910	3,352,585
Other Expenditure	903,810	863,278
Total Expenditure	8,430,447	7,566,977
Operating Surplus/(Deficit) before exceptional items	26,959	240,195
Exceptional repairs	238,000	-
Operating Surplus/(Deficit) after exceptional items	(211,041)	240,195
Contribution Under Statute G,II	53,999	38,070
Net Surplus/(Deficit) before Transfers	(265,040)	202,125
Transfer of Restricted Fund Surplus to Reserves	(109,792)	(373,043)
Net Surplus/(Deficit) after Transfers	(374,832)	(170,918)

TRINITY HALL
Parent Balance Sheet
As at 30 June 2007



	Note	30 June 07 £	30 June 06 £
FIXED ASSETS			
Tangible Assets	9	109,726,762	105,688,719
Investments	9	84,312,513	73,079,087
		<u>194,039,275</u>	<u>178,767,806</u>
CURRENT ASSETS			
Stock		95,378	98,381
Debtors	10	2,086,260	1,848,368
Investments		82,260	-
Cash	11	2,897,367	5,952,688
		<u>5,161,265</u>	<u>7,899,437</u>
Creditors: Amounts Falling Due Within One Year	12	(1,559,943)	(1,802,347)
Net Current Assets/(Liabilities) before Pension Liability		<u>3,601,322</u>	<u>6,097,090</u>
Pension Liability	18	(479,407)	(654,875)
Net Current Assets/(Liabilities) after Pension Liability		<u>3,121,915</u>	<u>5,442,215</u>
Total Assets less Current Liabilities		197,161,190	184,210,021
Creditors: Amounts Falling Due After More Than One Year	13	-	-
NET ASSETS		<u><u>197,161,190</u></u>	<u><u>184,210,021</u></u>

		Income/ Expendable Capital Funds £	Permanent Capital Funds £	Total 30 June 07 £	Total 30 June 06 £
Capital and Reserves					
Restricted Funds Held For Collegiate Purposes	14	1,551,445	26,427,197	27,978,642	22,443,522
Restricted Funds Held For Non-collegiate Purposes	14	71,293	-	71,293	61,163
Unrestricted Funds	14	83,069,935	86,041,320	169,111,255	161,705,336
TOTAL		<u><u>84,692,673</u></u>	<u><u>112,468,517</u></u>	<u><u>197,161,190</u></u>	<u><u>184,210,021</u></u>

Approved by the Governing Body on 27th November 2007 and signed on their behalf by:

.....
P folkes Davis
Bursar

TRINITY HALL
Consolidated Balance Sheet
As at 30 June 2007



	Note	30 June 07 £	30 June 06 £
FIXED ASSETS			
Tangible Assets	9	109,726,762	105,688,719
Investments	9	84,302,085	73,068,659
		<u>194,028,847</u>	<u>178,757,378</u>
CURRENT ASSETS			
Stock		95,379	98,382
Debtors	10	2,071,945	2,875,315
Investments		82,260	-
Cash	11	2,921,195	5,974,035
		<u>5,170,779</u>	<u>8,947,732</u>
Creditors: Amounts Falling Due Within One Year	12	(1,559,029)	(2,840,214)
Net Current Assets/(Liabilities) before Pension Liability		<u>3,611,750</u>	<u>6,107,518</u>
Pension Liability	18	(479,407)	(654,875)
Net Current Assets/(Liabilities) after Pension Liability		<u>3,132,343</u>	<u>5,452,643</u>
Total Assets less Current Liabilities		197,161,190	184,210,021
Creditors: Amounts Falling Due After More Than One Year	13	-	-
NET ASSETS		<u><u>197,161,190</u></u>	<u><u>184,210,021</u></u>

		Income/ Expendable Capital Funds £	Permanent Capital Funds £	Total 30 June 07 £	Total 30 June 06 £
Capital and Reserves					
Restricted Funds Held For Collegiate Purposes	14	1,551,445	26,427,197	27,978,642	22,443,522
Restricted Funds Held For Non-collegiate Purposes	14	71,293	-	71,293	61,163
Unrestricted Funds	14	83,069,935	86,041,320	169,111,255	161,705,336
TOTAL		<u><u>84,692,673</u></u>	<u><u>112,468,517</u></u>	<u><u>197,161,190</u></u>	<u><u>184,210,021</u></u>

Approved by the Governing Body on 27th November 2007 and signed on their behalf by:

.....
P folkes Davis
Bursar

TRINITY HALL
**Consolidated & Parent Statement of Total Recognised Gains and Losses
For the Year Ended 30 June 2007**


	<u>Restricted Funds</u>		<u>Unrestricted Funds</u>		Total 30 June 07 £
	Collegiate Purposes £	Non- Collegiate Purposes £	Designated Funds £	Undesignated Funds £	
Balance as at 1 July 2006	21,606,039	61,163	26,297,260	136,245,559	184,210,021
Prior year adjustment (Note 20)	837,483	-	(740,282)	(97,201)	-
Balance as at 1 July 2006 as restated	<u>22,443,522</u>	<u>61,163</u>	<u>25,556,978</u>	<u>136,148,358</u>	<u>184,210,021</u>
Appreciation of Investment Assets	3,425,190	9,483	3,160,111	4,825,354	11,420,138
Capital growth treated as income	(128,598)	(357)	(118,896)	(177,096)	(424,947)
Retained Surplus/(Deficit) for the Year	821,264	-	361,322	(1,557,418)	(374,832)
Benefactions and Donations	2,129,740	-	-	2,490	2,132,230
Transfer of restricted fund surplus to reserves	108,788	1,004	-	-	109,792
Remove designation on funds deemed to have fulfilled their designated purpose	-	-	(192,648)	192,648	-
Transfer from the Jerwood Fund	(177,010)	-	-	177,010	-
Transfer from the Long Term Building Funds	(239,277)	-	(2,904,357)	3,143,634	-
Transfer from the Regeneration of Historic Buildings Fund	-	-	(123,961)	123,961	-
Transfer from the Organ Fund	(342,616)	-	-	342,616	-
Other Transfers	(62,361)	-	99,378	(37,017)	-
Actual return less expected return on pension scheme assets	-	-	-	129,045	129,045
Experience gains and losses arising on the scheme liabilities	-	-	-	(197,047)	(197,047)
Changes in assumptions underlying the present value of the scheme liabilities	-	-	-	156,790	156,790
Total Recognised Gains/(Losses) for the Year	<u>5,535,120</u>	<u>10,130</u>	<u>280,949</u>	<u>7,124,970</u>	<u>12,951,169</u>
Balance as at 30 June 2007	<u><u>27,978,642</u></u>	<u><u>71,293</u></u>	<u><u>25,837,927</u></u>	<u><u>143,273,328</u></u>	<u><u>197,161,190</u></u>

TRINITY HALL
Consolidated Cash Flow Statement
For the Year Ended 30 June 2007



		Year Ended 30 June 07		Year Ended 30 June 06	
		£	£	£	£
A. Operating activities	Note				
Operating Surplus Before Tax			(211,041)		240,195
Depreciation	9		1,706,632		1,465,354
Profit on sale of investments	4		-		-
Less Endowment Income			(2,880,203)		(2,444,768)
Movement in pension deficit			(86,680)		42,686
(Increase)/Decrease in Stocks			3,003		(14,540)
(Increase)/Decrease in Debtors			803,370		(1,536,192)
Increase/(Decrease) in Creditors			(1,281,185)		647,882
Net Cash (Outflow)/Inflow from Operating Activities				(1,946,104)	(1,599,383)
B. Returns on investments and servicing of finance					
Investment Income			2,455,256		2,070,689
Net Cash Inflow from Returns on Investments and Servicing of Finance				2,455,256	2,070,689
C. Contribution to colleges fund	7			(53,999)	(38,070)
D. Capital transactions					
Drawdown of cash held for reinvestment	9	1,730,985			(2,101,915)
Donations and Benefactions		2,132,230			1,215,800
Sales of Tangible Fixed Assets		-			-
Total Capital Receipts			3,863,215		(886,115)
Purchase of Tangible Fixed Assets	9	(5,626,325)			(7,274,101)
Sale/(Purchase) of Investment Assets	9	(1,744,883)			2,175,912
Total Capital Payments			(7,371,208)		(5,098,189)
Net Cash Outflow from Capital Transactions				(3,507,993)	(5,984,304)
Net cash (outflow)/inflow before financing				(3,052,840)	(5,551,068)
E. (Decrease)/Increase in cash				(3,052,840)	(5,551,068)
Reconciliation of net cash flow to movement in net liquid assets					
Decrease in cash in the period	E			(3,052,840)	(5,551,068)
Net funds brought forward 1 July 2006				5,974,035	11,525,103
Net funds carried forward 30 June 2007				<u>2,921,195</u>	<u>5,974,035</u>



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 accounts accord with the Statement of Recommended Practice for accounting in Further and Higher Education (the SORP) with the exception of the balance sheet which has been presented in the different format set out in the relevant section of the 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.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30th June 2007. The results of the subsidiary undertakings acquired or disposed of during the period are included in the Consolidated Income and Expenditure Account from the date of the acquisition or up to the date of disposal. The activities of student societies have not been consolidated.

Recognition of income

All income from short-term deposits and endowments and unrestricted donations and benefactions of an income nature are credited to the Income and Expenditure Account in the period which they are earned. Donations and benefactions accepted on condition that only the income may be spent or are of a non income nature are credited to the balance sheet as permanent capital funds, except restricted donations and benefactions. The income from a permanent capital fund that is not expended in the year in which it is receivable and restricted donations and benefactions are at the year-end, transferred from the Income and Expenditure Account to a restricted or unrestricted expendable capital fund, as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the Income and Expenditure Account from the restricted expendable capital fund to match the expenditure.

Income taken to the income and expenditure account under the recognition of income on a total return basis is 4% (2006: 4%) of the brought forward fund balances.

Pension Schemes

The College participates in the Universities Superannuation Scheme, and Cambridge Colleges Federated Pension Scheme both of which are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. The 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.

Tangible fixed assets

a. Land and buildings

Land and buildings are stated at replacement cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 50 years. Freehold land is not depreciated. The Central Site land has not been included.

Subsequent additions and improvements to the College's buildings are accounted for at cost.

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 normally 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 not capitalised as part 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 30th June. They are not depreciated until they are brought into use.



Tangible fixed assets (Continued)

b. Maintenance of premises

The College has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure Account as it is incurred or capitalised and depreciated over the useful economic life of the asset concerned. The College also sets aside sums on a regular basis to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds.

c. Furniture, fittings, equipment and motor vehicles

Furniture, fittings and equipment (excluding motor vehicles) costing less than £10,000 is written off in the year of acquisition. The organ which is included within plant and equipment is depreciated at 2% per annum, this is the expected useful life. All other assets are capitalised and depreciated on a straight line basis over their expected useful life as follows:

Furniture and fittings	10% per annum
Motor vehicles	20% per annum
Plant and equipment	10%-20% per annum
Computer equipment	33% per annum

Where equipment is acquired with the aid of specific bequests or donations it is 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.

d. Books

Library books are valued at insured value. All additions are written off in the year of acquisition.

e. Silver, works of art and other assets not related to education

Silver, works of art and other assets not related to education are valued at insured value.

Where silver, works of art and other assets not related to education are acquired with the aid of specific bequests or donations they are capitalised as above. The related benefactors are credited to expendable capital or permanent capital depending on the nature of the bequest or donation.

f. Leased assets

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excesses of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal amounts over the period of the leases.

Investments

Investments are included in the balance sheet at market value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Stocks

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

Provisions

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

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.



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 1998 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.

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.

Policy on Reserves

a. Restricted Funds

These result from donations or benefactions subject to a legally binding restriction, such as a trust deed or will, on their use.

b. Unrestricted Funds

These result from donations or benefactions not subject to legally binding restrictions and from the accumulation of surplus income.

The Governing Body may decide to use part of the Unrestricted Funds for a particular purpose, in which case these are classified as 'Designated'.

Restricted and Unrestricted Funds are further analysed according to whether they comprise Permanent Capital or Income/Expendable Capital according to the following definitions:

Permanent Capital Funds are those that the Governing Body has no power to convert to income and apply as such.

Income/Expendable Capital Funds are those that the Governing Body has the power to convert to income and apply as such.

TRINITY HALL
NOTES TO THE ACCOUNTS



1. ACADEMIC FEES AND CHARGES

	30 Jun 07	30 Jun 06
	£	£
COLLEGE FEES		
Fee Income paid on behalf of Undergraduates eligible for Student Support	1,157,616	1,123,174
Other Undergraduate Fee Income (per Capita Fee £3,801)	126,380	74,152
Graduate Fee Income (per Capita Fee £2,031)	343,200	347,097
	<u>1,627,196</u>	<u>1,544,423</u>
Research/Teaching Grants	9,007	12,924
Other Fees (incl. Degree Fees)	13,858	12,864
Total	<u><u>1,650,061</u></u>	<u><u>1,570,211</u></u>

2. RESIDENCES, CATERING AND CONFERENCES INCOME

		30 Jun 07	30 Jun 06
		£	£
Accommodation	College Members	1,388,215	1,221,198
	Conferences	174,652	135,452
Catering	College Members	779,144	734,471
	Conferences	192,702	195,250
Total		<u><u>2,534,713</u></u>	<u><u>2,286,371</u></u>

3. ENDOWMENT INCOME

	Income from Restricted Funds		Income From Unrestricted Funds	Total	Total
	For Collegiate Purposes	For Non-Collegiate Purposes	£	30 Jun 07	30 Jun 06
	£	£	£	£	£
Income from:					
Non-investment fund income	-	-	9,159	9,159	2,992
Investment fund dividend	797,950	2,294	2,068,027	2,868,271	2,438,390
	<u>797,950</u>	<u>2,294</u>	<u>2,077,186</u>	<u>2,877,430</u>	<u>2,441,382</u>

* As defined by University Statute G,II.

Capital growth treated as income

The College accounts for its income from investments on a total return basis.

	30 Jun 07	30 Jun 06
	£	£
Income taken to the income and expenditure account	2,868,271	2,438,390
Income receivable from endowment investment assets	<u>(2,443,324)</u>	<u>(2,064,311)</u>
Capital growth treated as income during the year	424,947	374,079
Brought forward cumulative capital growth treated as income	957,027	582,948
Carried forward cumulative capital growth treated as income	<u><u>1,381,974</u></u>	<u><u>957,027</u></u>

Liability to Contribution under Statute G,II:

	Note	30 Jun 07	30 Jun 06
		£	£
Investment fund dividend		2,868,271	2,438,390
Less Capital growth treated as income during the year		(424,947)	(374,079)
Other allowable deductions		(542,566)	(506,773)
Endowment income liable to Contribution	7	<u><u>1,900,758</u></u>	<u><u>1,557,538</u></u>

Investment Management Costs

	30 Jun 07	30 Jun 06
	£	£
Investment managers costs	<u>347,787</u>	<u>376,911</u>

4. OTHER INCOME

	30 Jun 07	30 Jun 06
	£	£
Profit on sale of property	-	-
Donations received	1,270,832	1,416,452
Other income	121,597	90,345
	<u><u>1,392,429</u></u>	<u><u>1,506,797</u></u>

**TRINITY HALL
NOTES TO THE ACCOUNTS**



5. EDUCATION EXPENDITURE	30 Jun 07	30 Jun 06
	£	£
Teaching	1,720,320	1,539,651
Tutorial	506,984	456,842
Admissions	243,231	218,783
Research	274,771	267,666
Scholarships and Awards	266,689	258,174
Other Educational Facilities	610,732	609,998
Total	<u>3,622,727</u>	<u>3,351,114</u>

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE	30 Jun 07	30 Jun 06
	£	£
Accommodation		
College Members	2,138,099	1,790,685
Conferences (incl. marketing costs)	268,995	198,618
Catering		
College Members	1,200,021	1,076,980
Conferences	296,795	286,302
Total	<u>3,903,910</u>	<u>3,352,585</u>

7. CONTRIBUTION UNDER STATUTE G,II	Note	30 Jun 07	30 Jun 06
		£	£
Endowment Income as per Income and Expenditure Account	3	1,900,758	1,557,538
Less: Deductible Items	19b	(1,050,763)	(946,325)
Net Assessable Income		<u>849,995</u>	<u>611,213</u>
Assessment:			
£300,000 @ 2%	2007	6,000	5,000
£300,000 @ 6%	2006	18,000	17,500
£249,995 @ 12%		29,999	15,570
Contribution Payable		<u>53,999</u>	<u>38,070</u>

8a. ANALYSIS OF 2006/07 EXPENDITURE BY ACTIVITY	Note	Staff Costs	Depreciation	Other Operating Expenses	Total
		(Note 17)	(Note 9)	£	£
		£	£	£	£
Education	5	1,706,349	420,571	1,495,807	3,622,727
Residences, Catering and Conferences	6	1,678,974	1,286,061	938,875	3,903,910
Other	8c	278,066	-	622,971	901,037
		<u>3,663,389</u>	<u>1,706,632</u>	<u>3,057,653</u>	<u>8,427,674</u>

8b. ANALYSIS OF 2005/06 EXPENDITURE BY ACTIVITY	Note	Staff Costs	Depreciation	Other Operating Expenses	Total
		(Note 17)	(Note 9)	£	£
		£	£	£	£
Education	5	1,583,795	357,578	1,409,741	3,351,114
Residences, Catering and Conferences	6	1,502,206	1,107,776	742,603	3,352,585
Other	8c	241,675	-	619,192	860,867
		<u>3,327,676</u>	<u>1,465,354</u>	<u>2,771,536</u>	<u>7,564,566</u>

8c. OTHER EXPENDITURE	30 Jun 07	30 Jun 06
	£	£
Investment and property management		
Third party costs	347,787	376,911
Internal costs	82,181	70,200
	<u>429,968</u>	<u>447,111</u>
Fundraising	373,425	323,284
Alumni	45,252	43,502
Endowment	52,392	46,973
	<u>901,037</u>	<u>860,867</u>



9. FIXED ASSETS (Parent & Consolidated)

Tangible Assets	Land & Buildings £	Furniture Fixtures & Fittings £	Works of Art Antique Furniture & College Silver £	Library £	IT & Computers £	Plant & Machinery £	Motor Vehicles £	Total £
COST/VALUATION								
At 1 July 2006	100,500,423	-	3,719,150	6,687,094	-	489,059	28,633	111,424,359
Additions	5,111,622	395,863	10,000	-	46,905	61,935	-	5,626,325
Disposals at Cost/Valuation	-	-	-	-	-	-	-	-
Revaluation During the Year	-	-	118,350	-	-	-	-	118,350
Cost/Valuation as at 30 June 2007	<u>105,612,045</u>	<u>395,863</u>	<u>3,847,500</u>	<u>6,687,094</u>	<u>46,905</u>	<u>550,994</u>	<u>28,633</u>	<u>117,169,034</u>
DEPRECIATION								
At 1 July 2006	5,647,783	-	-	-	-	65,151	22,706	5,735,640
Provided for the year	1,626,528	39,586	-	-	11,178	27,365	1,975	1,706,632
Eliminated on Disposal	-	-	-	-	-	-	-	-
Depreciation at 30 June 2007	<u>7,274,311</u>	<u>39,586</u>	<u>-</u>	<u>-</u>	<u>11,178</u>	<u>92,516</u>	<u>24,681</u>	<u>7,442,272</u>
Net Book value								
At 30 June 2007	<u>98,337,734</u>	<u>356,277</u>	<u>3,847,500</u>	<u>6,687,094</u>	<u>35,727</u>	<u>458,478</u>	<u>3,952</u>	<u>109,726,762</u>
At 30 June 2006	<u>94,852,640</u>	<u>-</u>	<u>3,719,150</u>	<u>6,687,094</u>	<u>-</u>	<u>423,908</u>	<u>5,927</u>	<u>105,688,719</u>

The Insured Value of Freehold Land and Buildings as at 30 June 2007 was £147,312,726 (2006: £134,802,712).



9. FIXED ASSETS (continued)

Investment Assets	30 Jun 07	30 Jun 07	30 Jun 06	30 Jun 06
	Parent £	Consolidated £	Parent £	Consolidated £
Balance at 1 July 2006	73,079,088	73,068,660	62,240,960	62,230,532
Additions	10,914,511	10,914,511	3,751,530	3,751,530
Disposals	(9,169,628)	(9,169,628)	(5,927,442)	(6,048,803)
Transfer to Current Assets	(82,260)	(82,260)	-	-
Appreciation/(Depreciation) on Disposals/Revaluation	11,301,788	11,301,788	10,912,124	11,033,485
Increase/(Decrease) in Cash Balances	(1,730,986)	(1,730,986)	2,101,915	2,101,915
Balance as at 30 June 2007	84,312,513	84,302,085	73,079,087	73,068,659
Represented by:				
Freehold Land and Buildings	9,342,788	9,342,788	8,822,349	8,822,349
Quoted Securities - Equities	58,749,986	58,749,986	53,074,547	53,074,547
Quoted Securities - Indirect Property	2,471,303	2,471,303	1,812,092	1,812,092
Alternative Investments	10,331,637	10,331,637	4,248,362	4,248,362
Unquoted Securities - Equities	147,626	147,626	121,579	121,579
Investment in Subsidiary Undertakings	10,428	-	10,428	-
Cash Held For Reinvestment	3,258,745	3,258,745	4,989,731	4,989,731
	84,312,513	84,302,085	73,079,088	73,068,660

The College's investment in subsidiary undertakings represents 100% of the share capital of Aula Limited and Trinity Hall Residences (1) Limited both of which are incorporated in England.

The College's subsidiary company in Hong Kong, Trinity Hall (Hong Kong) Limited, a company limited by guarantee has not been consolidated. The company is used as a vehicle for donations from Hong Kong residents. There are severe restrictions upon the way in which donations can be spent and therefore donations are only accounted for upon remittance to the UK

10. DEBTORS

	30 Jun 07	30 Jun 07	30 Jun 06	30 Jun 06
	Parent £	Consolidated £	Parent £	Consolidated £
Students' Payable	75,178	75,178	90,607	90,607
Fellows' Payable	5,311	5,311	5,269	5,269
JCR	2,547	2,547	5,453	5,453
Loans	85,033	85,033	41,904	41,904
Rents Payable	42,104	42,104	33,784	33,784
Amounts due from Subsidiary Undertaking	14,815	-	182,081	-
Tax Payable	-	-	35,973	35,973
Other Debtors	1,861,272	1,861,772	1,453,297	2,662,325
	2,086,260	2,071,945	1,848,368	2,875,315

11. CASH

	30 Jun 07	30 Jun 07	30 Jun 06	30 Jun 06
	Parent £	Consolidated £	Parent £	Consolidated £
Bank Deposits	2,893,717	2,893,717	5,916,522	5,916,522
Current Accounts	-	23,828	30,658	52,005
Cash in Hand	3,650	3,650	5,508	5,508
	2,897,367	2,921,195	5,952,688	5,974,035

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 Jun 07	30 Jun 07	30 Jun 06	30 Jun 06
	Parent £	Consolidated £	Parent £	Consolidated £
Overdraft	141,289	145,069	161,783	162,628
Students' Prepayments	125,936	125,936	192,646	192,646
Suppliers	210,746	687,974	162,361	1,117,839
Other	1,027,973	546,051	1,247,487	1,329,031
University Contribution	53,999	53,999	38,070	38,070
	1,559,943	1,559,029	1,802,347	2,840,214

**TRINITY HALL
NOTES TO THE ACCOUNTS**



	30 Jun 07 Parent £	30 Jun 07 Consolidated £	30 Jun 06 Parent £	30 Jun 06 Consolidated £
13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	-	-	-	-
14. CAPITAL AND RESERVES				
	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Total 30 Jun 07 £	Total 30 Jun 06 £
Restricted Funds:				
<u>Funds for collegiate purposes *</u>	1,551,445	26,427,197	27,978,642	22,443,522
<u>Funds for non-collegiate purposes</u>	71,293	-	71,293	61,163
Unrestricted Funds:				
<u>Designated Funds:</u>	4,725,197	21,112,727	25,837,924	25,556,977
<u>Undesignated Funds:</u>				
Undesignated Permanent Funds	-	64,928,593	64,928,593	66,047,976
Undesignated Expendable Funds	78,344,738	-	78,344,738	70,100,383
	<u>78,344,738</u>	<u>64,928,593</u>	<u>143,273,331</u>	<u>136,148,359</u>
	<u>84,692,673</u>	<u>112,468,517</u>	<u>197,161,190</u>	<u>184,210,021</u>

* As defined by University Statute G,II

Analysis of Restricted and Designated Funds	Restricted Funds £	Unrestricted Designated Funds £	Unrestricted Undesignated Funds £	Total 30 Jun 07 £	Total 30 Jun 06 £
Fellowship Funds	9,322,116	9,604,931	-	18,927,047	15,380,255
Scholarship Funds	4,517,909	4,905,808	-	9,423,717	7,974,233
Prizes Funds	2,154,776	-	-	2,154,776	1,793,471
Hardship Funds	3,971,478	488,907	-	4,460,385	3,629,423
Travel Grant Funds	1,426,617	-	-	1,426,617	1,223,735
Other Funds	6,657,039	10,838,278	143,273,331	160,768,648	154,208,904
	<u>28,049,935</u>	<u>25,837,924</u>	<u>143,273,331</u>	<u>197,161,190</u>	<u>184,210,021</u>

Analysis of the Long-Term Building Fund included in Other Funds

Long-Term Building Fund	-	968,205	-	968,205	3,741,948
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The decrease in the fund relates to the expenditure on property which can be seen in the additions in Note 9.

Unapplied Total Return Investment Income

Since applying the current investment income total return policy, there has been no unapplied total return.

**TRINITY HALL
NOTES TO THE ACCOUNTS**



Reconciliation of Movement in Capital and Reserves:

	<u>Restricted Funds</u>			<u>Unrestricted Funds</u>			Total 30 June 07 £
	<i>Funds for collegiate purposes</i>		<i>Funds for non-collegiate purposes</i>	<i>Designated Funds</i>		<i>Undesignated Funds</i>	
	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Income/ Expendable Capital Funds £	Permanent Capital Funds £	
Balance as at 1 July 2006	740,718	20,865,321	61,163	-	18,872,079	66,047,976	184,210,021
Prior year adjustment (Note 20)	734,242	103,241	-	-	(732,966)	(97,201)	-
Balance as at 1 July 2006 as restated	1,474,960	20,968,562	61,163	-	18,139,113	66,047,976	184,210,021
Surplus/(deficit)	548,811	381,241	1,004	-	227,469	(438,035)	(265,040)
Appreciation of investment assets	183,317	3,241,873	9,483	-	2,830,767	4,825,354	11,420,138
Capital growth treated as income	(6,897)	(121,701)	(357)	-	(106,505)	(177,096)	(424,947)
Benefactions and donations	-	2,129,740	-	-	-	2,490	2,132,230
Transfer between funds	(648,746)	(172,518)	-	-	21,887	3,942,852	-
Actuarial loss recognised on pensions	-	-	-	-	-	88,788	88,788
Balance as at 30 June 2007	1,551,445	26,427,197	71,293	-	21,112,731	64,928,593	197,161,190

Capital is invested in the following categories of assets

	<u>Restricted Funds</u>			<u>Unrestricted Funds</u>			Total 30 June 07 £
	<i>Funds for collegiate purposes</i>		<i>Funds for non-collegiate purposes</i>	<i>Designated Funds</i>		<i>Undesignated Funds</i>	
	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Income/ Expendable Capital Funds £	Permanent Capital Funds £	
Tangible Fixed Assets	-	-	-	-	-	55,997,581	109,726,762
Investment Assets	1,352,434	23,871,205	69,956	-	20,884,202	34,726,321	84,302,085
Net Current Assets	199,011	2,555,992	1,337	-	228,525	(11,899,757)	3,611,750
Pension Liability	-	-	-	-	-	(479,407)	(479,407)
Balance as at 30 June 2007	1,551,445	26,427,197	71,293	-	21,112,727	64,928,593	197,161,190

TRINITY HALL
NOTES TO THE ACCOUNTS



15. REVALUATION RESERVE

Unrestricted undesignated funds include revaluation reserves in respect of tangible fixed assets and investments.

	Note	30 Jun 07 £	30 Jun 07 £	30 Jun 06 £
Balance at 1 July 2006			25,995,583	15,486,416
Revaluations during the year on:				
Tangible Fixed Assets	2	118,350		
Fixed Asset Investments	9	<u>11,301,788</u>		
Transfer of accumulated revaluation on disposals			11,420,138 (142,000)	10,912,124 (402,957)
Balance at 30 June 2007			<u>37,273,721</u>	<u>25,995,583</u>

16. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases on Land and Buildings	
	30 Jun 07 £	30 Jun 06 £
Expiring:		
Within one year	-	25,094
Between one and five years	6,180	16,425
	<u>6,180</u>	<u>41,519</u>

17. STAFF

	Supervision Payments 30 Jun 07 £	College Fellows 30 Jun 07 £	Academics 30 Jun 07 £	Other Non - Academics 30 Jun 07 £	Total 30 Jun 07 £	Total 30 Jun 06 £
Staff Costs						
Emoluments	203,577	789,333	213,521	1,924,638	3,131,069	2,824,367
Social Security Costs	-	63,172	13,551	124,480	201,203	174,006
Other Pension Costs	-	86,118	39,034	205,965	331,117	329,303
	<u>203,577</u>	<u>938,623</u>	<u>266,106</u>	<u>2,255,083</u>	<u>3,663,389</u>	<u>3,327,676</u>

Average Staff Numbers

	Academic	Non-Academics
Academic	42	8
Non-Academics	8	-
	<u>50</u>	<u>8</u>

18. PENSION SCHEMES

The College participates in two defined benefit pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). The total pension cost for the period was £379,144 (2006: £329,304)

University Superannuation Scheme

The institution participates in the University Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried 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. In relation to the past service



18. PENSION SCHEMES (Continued)

liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

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

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

Males	19.8 years
Females	22.8 years

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

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

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

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109% and on a buy-out basis was approximately 84%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

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

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

The trustee believes that over the long-term equity investment 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. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the



18. PENSION SCHEMES (Continued)

trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of net entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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

The total pension cost for the institution was £86,119 (2006: £67,479). This includes £12,018 outstanding contributions (2006: £10,247 prepaid contributions) at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme

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

The College has elected to change benefits for service from 1 April 2004 for all members by:

- capping service at 40 years (previously uncapped); and
- paying unreduced pensions from age 65 (previously 60).

The date of the most recent full actuarial valuation, on which the financial statements are based, was as at 31 March 2005. These FRS17 valuation results use the valuation data updated by an Actuary who is not an employee or officer of the College and/ or its subsidiaries.

The contribution made by the College in respect of the 12 month period ended 30 June 2007 was £293,025, excluding PHI contributions.

The major economic assumptions made by the actuary were:

	June 2007	June 2006	March 2005
Discount rate	5.80%	5.25%	5.40%
Price inflation assumption	3.50%	3.10%	3.00%
Rate of increase in salaries	4.25%	3.85%	3.75%
Rate of increase in pensions in deferment			
- GMP	4.25%	3.85%	3.75%
- Excess pension	3.50%	3.10%	3.00%
Rate of increase in pensions in payment			
- GMP accrued up to 5 April 1988	0.00%	0.00%	0.00%
- GMP accrued after 5 April 1988	2.80%	2.30%	2.25%
- Excess Pension over GMP and pension accrued after 5 April 1997	3.50%	3.10%	3.00%

In addition, standard actuarial mortality tables as used in the actuarial valuation for the Trustees were used, these were:

- Pre-retirement: AM92 for males and AF92 for females, rated down 2 years;
- Post retirement: PMA92C20 for males and PFA92C20 for females

Interest rates and inflation assumptions are higher than in 2006 resulting in lower Scheme liabilities. This is due to higher gross redemption yields on Corporate AA rated bonds only being partially offset by the increased inflationary expectations.

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

	Long-term rate of return expected at 30 June 2007	Value at 30 June 2007 £	Long-term rate of return expected at 30 June 2006	Value at 30 June 2006 £	Long-term rate of return expected at 31 March 2005	Value at 31 March 2005 £
Equities and Hedge Funds	7.5% p.a.	2,492,070	7.5% p.a.	3,039,519	7.5% p.a.	2,201,478
Bonds (including cash)	5.2% p.a.	1,591,880	4.7% p.a.	940,621	4.7% p.a.	1,169,822
Property	6.5% p.a.	594,641	6.5% p.a.	128,885	6.5% p.a.	93,349
Total market value of assets		4,678,591		4,109,025		3,464,649

The 2007 assets are based upon the draft accounts provided by the Scheme administrators. The 2006 asset split was based on the 2005 accounts as 2006 draft accounts were not available.



18. PENSION SCHEMES (Continued)

Cambridge Colleges Federated Pension Scheme (Continued)

The following results were measured in accordance with the requirements of FRS17:

	2007	2006	2005
	£	£	£
Total market value of the assets	4,678,591	4,109,025	3,464,649
Present value of Scheme liabilities	<u>(5,157,998)</u>	<u>(4,763,900)</u>	<u>(4,249,893)</u>
Surplus (deficit) in Scheme	(479,407)	(654,875)	(785,244)
Related deferred tax liability *	*	*	*
Net Pension Liability	<u>(479,407)</u>	<u>(654,875)</u>	<u>(785,244)</u>

* This item was not provided to the actuary.

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

- Changes to the FRS17 assumptions over the period (the discount rate has increased from 5.25% to 5.8%, although this has partially been offset by an increase in inflationary expectations) which place a lower value on the liabilities;
- Contributions paid exceeding the cost of 1 years' pension accrual; and
- Better than expected investment returns;

These have been partly offset by:

- Scheme experience being worse than assumed. This is mainly due to two factors:
 - a change to using Final Pensionable Salary (FPS) calculated by the Pensions Administration team rather than being estimated from current earnings/Contribution Pay. This change can potentially bring in previous earnings indexed in line with inflation to today from up to 13 years ago which may be larger than current earnings. This change has increased the overall liability of some long serving members closer to retirement, who have had earlier periods of higher earnings; and
 - the understatement of the Scheme liabilities in 2006 as a result of a large retirement lump sum payment not having been paid out of the assets but was excluded from the member data given to us, in that the member's pension provided was that amount after the lump sum had been assumed to be paid. This lump sum subsequently left the College's assets in July 2006.

Analysis of the amount charged to operating profit

	12 month period to 30 June 2007	15 month period to 30 June 2006
	£	£
Current service cost	215,491	245,082
Life assurance premium	21,778	26,551
Past service cost	-	-
Total operating charge	<u>237,269</u>	<u>271,633</u>

Analysis of the amount credited to other finance income

Expected return on pension scheme assets	282,645	289,325
Interest on pension scheme liabilities	<u>(251,721)</u>	<u>(289,485)</u>
Net return	<u>30,924</u>	<u>(160)</u>

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	129,045	239,111
Experience gains and losses arising on the scheme liabilities	(197,047)	55,310
Changes in assumptions underlying the present value of the scheme liabilities	<u>156,790</u>	<u>(121,366)</u>
Actuarial gain recognised in STRGL	<u>88,788</u>	<u>173,055</u>

Movement in surplus during the year

Surplus in the scheme at the beginning of the year	(654,875)	(785,244)
Movement in year:		
Current service cost plus Life Assurance premium	(237,269)	(271,633)
Contributions	293,025	229,107
Past service costs	-	-
Other finance income	30,924	(160)
Actuarial gain	88,788	173,055
Surplus in the scheme at the end of the year	<u>(479,407)</u>	<u>(654,875)</u>



Cambridge Colleges Federated Pension Scheme (Continued)

History of experience gains and losses		12 month period to 30 June 2007	15 month period to 30 June 2006
Difference between expected and actual return on scheme assets:			
Amount		129,045	239,111
Percentage of scheme assets		3%	6%
Experience gains and losses on scheme liabilities:			
Amount		(197,047)	55,310
Percentage of scheme liabilities		-4%	1%
Total amount recognised in statement of total recognised gains and losses:			
Amount		88,788	173,055
Percentage of scheme liabilities		2%	4%

19. CONTRIBUTION ASSESSMENT

19a. Assessable Income	30 Jun 07 £	30 Jun 07 £	30 Jun 07 £	30 Jun 06 £
<u>i. External Revenue</u>				
Investment Distribution from General Funds	1,260,662			952,259
Interest on Long Term Funds	142,290			361,604
Rent on Long Term Investment Properties	-			-
Other income	-			-
Less: Non-assessable Capital Growth	(424,947)			(374,079)
Add: Capital Growth on funds not subject to contribution	<u>5,739</u>			<u>19,045</u>
		983,744		958,829
Less:				
Miscellaneous Rents	-			-
Agency, Management charges	463,383			438,914
Repair Allowance transferred to College Estate Repairs and Improvement Fund Account	<u>73,978</u>			<u>76,123</u>
		<u>537,361</u>		<u>515,037</u>
			446,383	443,792
<u>ii. Trust & Other Funds Subject to Contribution</u>				
Scholarship Fund Account		179,556		138,010
Various Scholarship and Prize Funds		215,632		163,653
Various Trust Funds Account		-		-
Various Special Funds Account		223,422		166,098
Various Designated funds		382,142		304,668
Tutors' Benevolent Fund Account		15,720		11,948
Research Students' Fund Account		4,330		3,347
Graduate Students' Fund Account		1,897		1,466
Fellows Research Fund Account		44,800		34,155
College Silver Fund Account		4,782		3,587
Michael Nightingale Bequest		27,897		21,121
Pension Fund Reserve		27,251		21,168
John B. Thole Fund Account		18,688		14,445
Gott Bequest Account		21,376		16,522
Frankl Memorial		2,588		1,956
Prof Mann Bequest		34,576		25,933
Walter Grant Scott Research Fellowship		42,973		32,769
Campaign Fund		42,449		25,034
Evan Schulman Research Fellowship Fund		10,510		10,155
Stephen Hawking Fellowship		44,502		34,331
Crawley Fund		2,939		2,232
Overseas Student Bursaries Fund		19,048		14,512
John Collier Scholarship Fund		34,814		26,075
Runcie Fellowship Fund		52,289		40,416
Vasconcellos Bursary		194		145
Summary of Trust and Other Funds			1,454,375	1,113,746
Assessable Income			<u>1,900,758</u>	<u>1,557,538</u>

TRINITY HALL
NOTES TO THE ACCOUNTS



19. CONTRIBUTION ASSESSMENT (Continued)	Note	30 Jun 07	30 Jun 07	30 Jun 06
		£	£	£
iii. Trust & Other Funds Not Subject to Contribution				
Dr Clark's Theological Fund			1,004	835
Cowlinge Trust			1,291	1,107
Launcelot Fleming Fund			5,710	4,745
Gutteridge Bequest			114	98
Fletcher Bequest			373	319
H & I Dean fund			415	348
E T Clarke Milestones fund			5,132	4,319
Various Trust Funds Account			6,061	2,003
Summary of Trust and Other Funds			<u>20,100</u>	<u>13,774</u>
19b. Deductible Items				
Half sums paid to Scholars, Exhibitioners, & Research Students			117,473	111,272
Half cost maintenance of Services in Chapel			32,338	15,682
Prizes Awarded			6,055	9,260
College Building Fund (Under Statute GII, 4vii)	19c		199,800	165,500
Sinking Fund payments (Under Statute GII, 4iv)			62,222	95,879
Insurance (Under Statute GII, 4viii)			55,644	48,315
Library expenses (Under Statute GII, 4xvii)			184,726	154,458
Research Fellows (Under Statute GII, 4xviii)			68,387	85,239
NUTO's (Under Statute GII, 4xix)			274,834	214,972
Pension Fund (Under Statute GII, 4ix)	19e		27,251	23,459
Fellows Loans (Under Statute GII, 4xv)			-	-
Donations for University Purposes:				
Careers service			-	
Childcare for Students			1,087	
University Counselling Service			11,478	
Sports Injury Clinic			-	
Friends of Fitzwilliam Museum			200	
			<u>12,765</u>	22,289
Prior year adjustment			9,268	-
			<u>1,050,763</u>	<u>946,325</u>
19c. Building Fund Under Statute GII, 4vii				
Balance as at 1 July 2006			-	-
Transfer for 2006/07 approved under GII, 4vii			199,800	
Interest			-	
			<u>199,800</u>	165,500
Less:				
Improvements to Buildings			(199,800)	(165,500)
Balance as at 31 December 2006			<u>-</u>	<u>-</u>
19d. Estates Repairs and Improvements				
Balance as at 1 July 2006			895,396	819,273
Transfer for 2006/07 approved under GII, 4v				
25% of: College Estate let at Rack Rent		295,912		
Assumed rent of unoccupied property		-		
		<u>295,912</u>	@ 25%	
			73,978	76,123
Less:				
Repairs and improvements on Estates			(85,214)	-
Balance as at 31 December 2006			<u>884,160</u>	<u>895,396</u>
19e. Pension Fund				
Balance as at 1 July 2006			132,773	135,649
Income			27,251	23,459
Less:				
Expenditure			(69,957)	(26,335)
Balance as at 31 December 2006			<u>90,067</u>	<u>132,773</u>

The Pension fund also has investments to the value of £830,706 (2006: £687,784).



20. PRIOR YEAR ADJUSTMENT

The comparative figure for income taken to the income and expenditure account has been amended to bring it in line with the current total return policy. The designation of certain brought forward fund balances has also been changed. See note 14.

21. RELATED PARTY TRANSACTIONS

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