CAMBRIDGE
COLLEGES FEDERATED PENSION SCHEME

TRUSTEE'S REVIEW

The Trustee presents its report and accounts for the year ended 31 March 2009.

Trustee

The Trustee is Cambridge Colleges Superannuation Trustees Ltd a limited company (No.1388310).

The Directors of the Company and the Committee of Management throughout the year were:

Mrs J M Womack (Chairman)
P J Brindle
R S G Grigson
N R M Wright
N J A Downer
Dr R Hinkley (until 20/3/09)
D King*
J Taylor*
R Rickcord*

*Member Nominated Director

Employer Nominated Directors are appointed by the Management Committee and at each Annual General Meeting one third of the Employer Nominated Directors will resign by rotation, but can be re-appointed. Member Nominated Directors (MNDs) are appointed by the MND Selection Committee following the relevant nomination process and at each Annual General Meeting one third of the MNDs will resign by rotation, but can be re-appointed.

Full details of the provisions for the appointment and retirement of directors can be found in the Memorandum of Association of the Cambridge Colleges Superannuation Trustees Ltd.

The Company Secretary and Scheme Administrator throughout the year was:

Mrs S E Curryer
University Offices, Personnel Division
Pensions Administration Section
10 Peas Hill
Cambridge CB2 3PN

If you have any enquiries about the Scheme you should contact the Scheme Administrator in the first instance.

Statement of Trustee's Responsibilities

It is the responsibility of the Trustee to prepare financial statements for each financial year which give a true and fair view of the financial transactions of the Fund and of the disposition of the assets and liabilities of the Fund and contain the information specified in Schedule 3 of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996. In preparing those financial statements the Trustee is required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with the Statement of Recommended Practice, Financial Reports on Pension Schemes, published by the Accounting Standards Committee and with the Occupational Pension Schemes (Disclosure of Information) Regulations 1996, subject to any material departures disclosed and explained in the financial statements ;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in existence.

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund. It is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee Knowledge & Understanding

The provisions of the Pensions Act 2004 require trustees of occupational pension schemes to have knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding of occupational schemes and the investment of scheme assets. Trustees are also required to be conversant with their own scheme's policy documents. The Pensions Regulator has taken the phrase 'conversant with' to mean having a working knowledge of those documents such that the trustees are able to use them effectively when carrying out their duties as a trustee.

The Management Committee has agreed that they will undertake the e-learning package introduced by the Pensions Regulator which aims to equip trustees with the knowledge and understanding they need to effectively carry out their duties. The Management Committee has also agreed that if there are any areas of concern to one or more members of the Management Committee the Scheme's professional advisers will be asked to provide additional training, or when an appropriate training course becomes available they will attend this.

On appointment to the Management Committee each member of the Committee is issued with a 'trustee pack' which includes all the relevant documentation relating to the Scheme and updated copies are provided as required. Copies are also available from the Scheme's webpage.

Internal Controls

The Pensions Act 2004 requires trustees to have adequate internal controls in place to help them monitor the management and administration of the Scheme. In order to assist with this the Management Committee receives reports from the Scheme Office at each meeting as follows:

- details of members who have retired or died and the benefits which are payable from the Scheme in respect of those members;
- details of the amounts of contributions received from the Participating Employers and the date of receipt, plus details of any action taken by the Scheme Office in respect of late or incorrect payment of contributions
- confirmation that no events have occurred since the last meeting which need to be reported to the Pensions Regulator
- reports on outstanding work in the Scheme Office and the reasons for the work being outstanding

The Management Committee has also drawn up a risk register which is reviewed at each meeting.

Investments Sub-Committee

The investments of the Fund are controlled by the Investments sub-Committee, which meets three times during the year to determine policy, the day to day management being carried out by Schroders who report regularly to the Investments sub-Committee.

Fees charged by Schroders are based on a percentage of the fund using the following scale. First £50 million; 0.45% pa, next £50 million; 0.30% pa, thereafter; 0.25% pa.

The balance of income, after payment of pensions, transfer payments to other pension schemes, and cash lump sum commutation of pensions, is invested by the Scheme's Investment Managers in accordance with general guidelines made by the Investments sub-Committee.

The membership of the Investments sub-Committee during the year was as follows

R S G Grigson (Chairman)
Mrs J M Womack
N R M Wright
R Reason

During the year ended 31 March 2009, there were no employer related investments as defined in S.57A of the Social Security Pensions Act 1975.

Scheme Registration

The Scheme is registered with the Pensions Tracing Service, whose principal function is to assist people to trace benefits with previous pension schemes. The Scheme’s registration number is 102302571.

Professional Advisers

Scheme Actuary – Mr R Sweet, Cartwright Consulting
Legal Advisers - Mills & Reeve
Auditors - Peters, Elworthy and Moore
Insured benefits advisers - Moneywise
Investment managers and advisers - Schroders
Bankers: Barclays plc and Bank of Scotland.

Membership Statistics

Active Members		
Active members at 1 April 2008		1222
New members during year		84
		1306
Less:		
Leavers before retirement age (excluding Death in Service)	63	
Retired during the year	41	
Died in Service	1	
		105
Active members at 31 March 2009		**1201**

Pensioners		
Pensions in payment at 1 April 2008		952
Retirements during year	41	
Deferred pensioners retired during year	27	
Widow/ers of Pensioners	8	
		76
Pensioners dying during year		24
Pensions in payment at 31 March 2009		**1004**

Deferred Members		
Deferred members at 1 April 2008		672
Active members to deferred		41
		713
Deferred Retirements	27	
Deferred Transfers Outs	12	
		39
Deferred members at 31 March 2009		**674**

Summary of Pensioners at 31 March 2009

	Female	Male	Total
	479	525	1004

Pension increases

The Rules of the Scheme provide for annual increases on pensions in payment, in excess of the Guaranteed Minimum Pension, in line with the Retail Prices Index. Increases are awarded on 1 November each year and in recent years have been:-

Increase	Date
5.0%	1 November 2008
3.9%	1 November 2007
3.6%	1 November 2006
2.7%	1 November 2005
3.1%	1 November 2004
2.8%	1 November 2003
1.7%	1 November 2002
1.7%	1 November 2001
3.3%	1 November 2000
1.1%	1 November 1999
3.2%	1 November 1998
3.6%	1 November 1997

Preserved pensions are increased in line with the statutory requirements.

Transfer Values

Transfer values to external schemes are calculated and verified in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996 and no such transfer values were reduced by reason of the Scheme being under funded. The calculation of transfer values excludes allowance for discretionary benefits.

Rule Changes

The employee contribution rate at Girton College increased from 7.5% to 8.5% of Contribution Pay with effect from 1 April 2008.

The employee contribution rate at Downing College increased from 6.35% to 8% of Contribution Pay with effect from 1 April 2008.

Additional Voluntary Contributions (AVCs)

The fund has no separately invested AVCs.

Financial development of the Scheme

The Fund's net assets decreased during the year by £10.72m to £91.21m at 31 March 2009.

Net new money available during the year for investment, that is excess of income over expenditure, was £3.28m.

The overall capital value of the Scheme's investments, including cash at the Investment Managers, during the year decreased by £11.07m. Further details of the financial development of the Fund may be found in the audited financial statements on pages 17 to 25 of this report.

For the period 1 April 2008 to 31 March 2009 total contribution rates to the Scheme ranged from **21.07%** to **46.99%** of Contribution Pay with an average of **32.65%**. Details of the contributions paid during the year to 31 March 2009 plus copies of the relevant Schedules of Contributions are included in the Appendix to this report and accounts.

The Pensions Regulator

The Trustee made no reports to The Pensions Regulator during the financial year.

Statement of Contributions

During the year ended 31 March 2009, the contributions payable to the Scheme by the employers were as follows:

Contributions payable under the Schedule of Contributions	**£**
Contributions from employers:	
Normal	6,849,088
Deficit Funding	254,441
Contributions from members	
Normal	1,604,416
	8,707,945
Other contributions payable	
Members' Additional Voluntary Contributions	132,118
	132,118
Total contributions reported in the financial statements	8,840,063

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

Date: ______________________________Director

ACTUARIAL STATEMENT

Actuarial statement made for the purposes of Regulation 14 of the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

Name of scheme: The Cambridge Colleges Federated Pension Scheme

Effective date of valuation: 31 March 2005

1. Compliance with minimum funding requirement

In my opinion, on the effective date, the value of the assets for each College participating in the Scheme is the percentage shown on the attached Schedule of the amount of the corresponding Scheme liabilities of the College.

2. *Security of preferential liabilities*

In my opinion, on the effective date, the assets of each College participating in the Scheme were sufficient to satisfy the Colleges' liabilities in the Scheme mentioned in Section 73(3) of the Pensions Act 1995 (which lists the liabilities of the Scheme in the order in which they are to be met on a winding up) to the following extent.

Description of liability within section 73(3)	**Percentage satisfied**
1)Additional voluntary contributions	see schedule on next page
2)Pensioners (excluding increases)	
3)Actives and deferred pensioners (excluding increases)	
4)Actives, deferred pensioners and pensioners (increases only)	

3. Valuation principles

The Scheme's assets and liabilities are valued in accordance with section 56(3) of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on minimum funding requirement (GN 27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries.

Signature: ……………………………. Date: 10 March 2006

Name:
Paul R Barnes

Qualification:
Fellow of the Institute of Actuaries

Address:
Barnes & Sherwood House
95, Maybury Road
Woking
Surrey
GU21 5JL

Name of Employer:
Barnes and Sherwood Limited

Note:
The valuation of the amount of the liabilities of the Scheme does not reflect the cost of securing those liabilities by the purchase of annuities, if the Scheme were to have been wound up on the effective date of the valuation.

Schedule to Actuarial statement made for the purposes of Regulation 14 of the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

College	Solvency Funding Level	(1)	(2)	(3)	(4)
Contracted-out Colleges with BSP Offset Removed					
Christ's	58%	100%	100%	64%	0%
Churchill	59%	100%	100%	54%	0%
Corpus Christi	52%	100%	100%	62%	0%
Downing	53%	100%	100%	68%	0%
Emmanuel	49%	100%	100%	60%	0%
Girton	56%	100%	100%	63%	0%
Gonville & Caius	56%	100%	100%	63%	0%
Magdalene	55%	100%	100%	57%	0%
New Hall	59%	100%	100%	57%	0%
Newnham	55%	100%	100%	61%	0%
Pembroke	53%	100%	100%	54%	0%
Peterhouse	57%	100%	100%	66%	0%
Queens'	50%	100%	100%	64%	0%
Selwyn	57%	100%	100%	58%	0%
St Catharine's	53%	100%	100%	56%	0%
St John's	51%	100%	100%	52%	0%
Trinity Hall	55%	100%	100%	61%	0%
Contracted-out Colleges with BSP Offset Retained					
King's	54%	100%	100%	65%	0%
Robinson	52%	100%	100%	57%	0%
Contracted-in Colleges with BSP Offset Removed					
Clare Hall	77%	100%	100%	100%	26%
Darwin	55%	100%	100%	63%	0%
Lucy Cavendish	50%	100%	100%	60%	0%
St Edmund's	52%	100%	100%	65%	0%
Wolfson	56%	100%	100%	73%	0%
Contracted-in Colleges with BSP Offset Retained					
Hughes Hall	53%	100%	100%	50%	0%

Please note that for Colleges with MFR funding levels of 100% or greater at the effective date of the valuation, it is unnecessary to specify the percentage covered of each category of scheme liabilities.

Market Background

Share prices fell sharply in most equity markets around the world over the 12 month period under review. News of mortgage defaults among 'sub-prime' borrowers in the US, which started back in the second half of 2007, grew into a spiral of bad news in the global financial sector as 2008 progressed. This exacerbated the economic slowdown that had already begun, initially in the US, but later spreading to a global economic recession. In sterling terms, the MSCI World equity index fell just over 20%.

As the extent of bad debts in the financial system began to be unveiled, the health of banks around the world dominated investors' attention. Banks and other financial institutions became increasingly uneasy about lending to each other, with the money markets effectively ceasing to operate. This quickly became dubbed the 'credit crunch'. Casualties of bad debts or the impact of the shutdown in lending during the period under review included Lehman Brothers, Merrill Lynch (taken over by the Bank of America) and insurance firm AIG (rescued by the Federal Reserve).

Prices of commodities like oil rose sharply in the first half of 2008, contributing to inflation, but fell back as the credit crisis intensified. In fact concerns about inflation were soon replaced with speculation that a deflationary scenario could be more of a risk. However, falling inflation allowed central banks to make significant cuts in interest rates, to historically low levels. In addition, governments and central banks made concerted efforts to inject liquidity into the financial system – which seemed to only provide temporary respite for much of the period – and culminated in 'quantitative easing' in the UK and US.

Against this backdrop, investors increasingly shunned riskier assets such as equities in favour of government bonds. Most markets, including the UK were down sharply. In most markets, financial stocks, cyclical sectors and smaller companies fell furthest. In sterling terms, Japan was a marked exception as the sharp appreciation of the yen against sterling mitigated the total extent of the fall in the market. In contrast, government bonds provided strong returns as investors looked for a safe haven from market volatility.

Outlook

The global economy has continued to decline as it has become clear that the recession will be deeper than previously anticipated. We have reduced our forecasts for global growth and expect worldwide GDP to contract by 1.5% in 2009 due to a sharper slowdown in both the OECD and the Emerging Markets than we had previously expected. We anticipate a global recovery in 2010 as monetary and fiscal policy gather momentum and the banking system stabilises. However, there is still a great deal of uncertainty over how and when the latter will be achieved.

Although equities appear to offer value on several measures, we believe that a sustained recovery in markets is still some way off. Instead, clarity is needed on the banking sector and the focus in the coming weeks will be on the US government's efforts to recapitalise the banks. We also expect there will be more write-offs to come, and while the market will at some point look through this backdrop to recovery, right now there is insufficient visibility as to when earnings will trough. Overall, we have become more cautious on equities.

Investment grade bonds continue to offer an attractive yield with spreads at historically wide levels relative to conventional bonds. While there is a risk that spreads could widen further as the default rate picks up, we expect this has already been priced in by the market. The Fed's intention to purchase high quality credit for its balance sheet should be supportive of the asset class. However, the risk is that this sector could be impacted by disappointing corporate news in the short-term.

While most markets saw wild swings over the year, hedge fund returns were relatively stable. This encourages us to believe that the worst of the forced selling, that was a key ingredient in the poor returns last year, is now behind us. The reduction in the number of managers and the withdrawal of investment banks from a number of hedge fund strategies should allow managers to achieve attractive returns regardless of market direction over the coming year. However, the outlook for property values remains weak given the continuing lack of financing for transactions.

The private equity market, particularly the listed sector, has visibly deteriorated since the last quarter. Looking ahead, the recent sharp falls in markets worldwide is expected to result in further valuation markdowns of unquoted holdings. At the same time, the significantly lower earnings expected next year of the underlying holdings of these funds could profoundly impact on their ability to service debt. Given these concerns, we hold a cautious outlook for this asset class.

Distribution of the Assets

The distribution of the Fund's assets at the 31 March was as follows:

	31/3/08	**31/3/09**
	%	%
Equities		
UK	16	16
North America	8	8
Europe	6	4
Japan	1	1
Pacific ex Japan	2	3
Emerging Markets	1	1
	34	**33**
Bonds		
UK	23	27
Index-Linked	11	11
	34	**38**
Alternative Investments		
Property	12	9
High Yield Debt	0	2
Hedge Funds	12	10
EM Debt	1	0
Private Equity	5	7
	30	**28**
Cash	**2**	**1**
	100	**100**

The principal change to the distribution of investments over the year was a switch from government to corporate bonds as credit spreads reached exceptional levels. Corporate bonds ended the year representing 10% of the portfolio compared to only 3% at the start of the period. In light of the continued uncertain economic outlook, the portfolio remains cautiously positioned in equities and has a preference within equities for North America which is a relatively defensive market. Hedge fund values have fallen, although less far than equities, and the Scheme's exposure to Opus Diversified was reduced over the year.

Over the twelve months to end March 2009, the Fund posted a return of -13.2% (after fees) compared to the benchmark return of -12.8%. Over 3 years, the Fund return of -2.5% p.a. exceeded the benchmark return of -2.8% p.a.

Report of the Investments Committee for the year ended 31 March 2009

The structure of the Investments Committee was unchanged in the year to 31 March 2009 although the Committee is keeping this under review to ensure that the Committee comprises members with appropriate skill and experience.

As previously advised, once the results of the triennial actuarial valuation as at 31 March 2008 were known the Investments Committee appointed Mercers to undertake an updated investment strategy review to determine the appropriate asset allocation for the Scheme taking account of its liabilities, and the nature of the employers who participate in the Scheme, and the extent of their participation. The Investments Committee received the results of the study in April 2009 and will be discussing the practicalities of implementing the various options with Schroders in due course

The Actuarial Statements included in these accounts refer to the 31 March 2005 because the results of the 31 March 2008 valuation were received after the financial year to which these accounts relate.

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE

We have audited the financial statements that comprise the fund account, the net assets statement and the related notes, which have been prepared under the accounting policies set out in the related notes.

This report is made solely to the Scheme's Trustee, as a body, in accordance with section 47 of the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditors

The Scheme's trustees are responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 show a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Trustees' Report and the Investment Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit includes an 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 judgments made by or on behalf of the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements :

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the year ended 31 March 2009 and of the amount and disposition at that date of its assets and liabilities to pay pensions and benefits after the end of the scheme year: and

- contain the information specified in Regulation 3 of and Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

PETERS ELWORTHY & MOORE
Chartered Accountants and Registered Auditors

CAMBRIDGE
Date:

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE OF THE CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

We have examined the summary of contributions to the Cambridge Colleges Federated Pension Scheme for the scheme year ended 31 March 2009, which is shown on page 7 of the Trustee's report.

This statement is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described in the Statement of Trustee's Responsibilities the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions, which set out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employers and the active members of the Scheme. The Trustee has a general responsibility for procuring that contributions are made to the Scheme in accordance with the Schedule of Contributions. It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Basis of statement about contributions

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the attached summary of contributions have been paid in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions paid to the Scheme and the timing of those payments under the Schedule of Contributions. Our Statement about contributions is required to refer to those breaches of the Schedule of Contributions which come to our attention in the course of our work.

Statement about contributions

In our opinion contributions for the Scheme year ended 31 March 2009 as reported in the summary of contributions have been paid in accordance with the Schedule of Contributions certified by the actuary on 10 June 2007 (all Participating Colleges) and 22 September 2007 (Hughes Hall and St Edmund's College only)

PETERS ELWORTHY & MOORE
Chartered Accountants and Registered Auditors

CAMBRIDGE
Date: