CAMBRIDGE
COLLEGES FEDERATED PENSION SCHEME

TRUSTEE'S REVIEW

The Trustee presents its report and accounts for the year ended 31 March 2011.

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:

J M Womack (Chairman)
P J Brindle
R S G Grigson
N J A Downer (until 30 June 2010)
S Clayson
C Pratt (from 6 October 2010)
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 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 of 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 Reason (Chairman from 30 June 2010)
J M Womack (until 30 September 2010)
N R M Wright (until 26 May 2010)
R S G Grigson (Chairman until 30 June 2010)
N Downer (from 11 August 2010)
P ffolkes Davis (from 9 February 2011)

During the year ended 31 March 2011, there were no employer related investments as defined in Section 40 of the Pensions Act 1995.

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 2010		1093
Adjustment for late notification		-11
New members during year		38
		1120
Less:		
Leavers before retirement age (excluding Death in Service)	99	
Retired during the year	36	
Died in Service	1	
		136
Active members at 31 March 2011		**984**

Pensioners		
Pensions in payment at 1 April 2010		1006
Adjustment for late notification		-2
		1004
Retirements during year	36	
Deferred pensioners retired during year	21	
Widow/ers of Pensioners	16	
		73
Pensioners dying during year		29
Pensions in payment at 31 March 2011		**1,048**

Deferred Members		
Deferred members at 1 April 2010		762
Active members to deferred		88
		850
Deferred Retirements	21	
Deferred Transfers Outs	6	
		27
Deferred members at 31 March 2011		**823**

Summary of Pensioners at 31 March 2011

	Female	Male	Total
	496	552	1048

Pension increases

The Rules of the Scheme provide for annual increases in 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
4.6%	1 November 2010
0.0%	1 November 2009
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

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.

Additional Voluntary Contributions (AVCs)

The fund has no separately invested AVCs.

Financial development of the Scheme

The Fund's net assets increased during the year by £15.69m to £132.40m at 31 March 2011.

Net new money available during the year for investment, that is excess of income over expenditure, was £4.79m.

The overall capital value of the Scheme's investments, including cash at the Investment Managers, during the year increased by £15.64m. Further details of the financial development of the Fund may be found in the audited financial statements on pages 14 to 22 of this report.

For the period 1 April 2010 to 31 March 2011 total contribution rates to the Scheme ranged from **20.87%** to **43.48%** of Contribution Pay with an average of **28.13%**. Details of the contributions paid during the year to 31 March 2011 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 2011, the contributions payable to the Scheme by the employers were as follows:

	£
Contributions payable under the Schedule of Contributions	
Contributions from employers:	
Normal	4,680,038
Deficit Funding	3,074,617
Contributions from members	
Normal	1,582,940
	9,337,595
Other contributions payable	
Augmentation Contribution	3,657
Members' Additional Voluntary Contributions	114,635
Total contributions reported in the financial statements	9,455,887

During the year ended 31 March 2011, the deficit funding contributions payable to the Scheme by the employers were as follows:

College	Total received £	Payment frequency
Christ's	186,605.49	Monthly
Churchill	229,911.00	Monthly
Darwin	16,968.96	Monthly
Downing	48,750.03	Monthly
Girton	104,638.00	Annual
Gonville & Caius	223,433.04	Monthly
Hughes Hall*	9,598.00	Monthly
King's	247,388.04	Monthly
Lucy Cavendish	11,544.00	Annual
Magdalene	161,601.00	Monthly
Murray Edwards	121,302.00	Monthly
Newnham	54,441.00	Annual
Pembroke	153,168.00	Monthly
Peterhouse*	166,756.00	Annual
Queens'	170,427.04	Monthly
Robinson	323,781.00	Monthly
St Catharine's	120,336.00	Monthly
St Edmund's	11,588.04	Monthly
St John's	420,067.92	Monthly
Selwyn	69,216.00	Monthly
Trinity Hall	153,551.04	Monthly
Wolfson	35,853.00	Monthly
Total	3,040,924.60	

The trustees and scheme actuary are satisfied that these payments adequately covered the deficit funding payable under the Schedule of Contributions for the year ended 31 March 2011.

*Peterhouse paid a total of £200k before 31 March 2011 and Hughes Hall paid a total of £10,046 in June 2011in place of the amounts specified above.

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

Date: ____________________________Director

ACTUARIAL STATEMENT

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Name of Scheme: **Cambridge Colleges' Federated Pension Scheme**

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2008 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Management Committee of the Scheme and set out in the Statement of Funding Principles dated 10 June 2009.

Signature:		Date:	31 July 2009
Name:	R J Sweet	Qualification:	Fellow of the Institute of Actuaries
Address:	Mill Pool House Mill Lane Godalming Surrey GU7 1EY	Name of Employer:	Cartwright Group Ltd.

Schroders Investment Review

12 Months to 31 March 2011

Market Background

In a twelve month period in which several opposing forces were at play, there was some volatility in equity markets as investor sentiment swung between confidence and concern about the prospects of global economic recovery.

At various times in the year, markets were overshadowed by fears about the debt burdens of peripheral European economies. Downgrades of sovereign debt in Greece, Portugal and Spain were followed by a €750 billion bailout for the Eurozone - an unprecedented response from the authorities. Ireland was also bailed out by the EU. At the end of the period, a devastating earthquake in Japan and unrest in the Middle East and North Africa also took their toll on confidence. However, with improving economic data from the US, and support from central banks in the form of low interest rates and monetary stimulus through quantitative easing, the balance ultimately fell in favour of equities.

Furthermore, company profits in many markets have been stronger than expected as companies benefit from the cost cuts made during the economic downturn in 2008 and 2009. This, along with merger & acquisition activity, has supported demand for equities.

Against this backdrop, most major equity markets provided double-digit returns in sterling terms over twelve months to the end of March 2011. In particular returns from the US were strong as the economy has clearly continued to follow its recovery path. The UK, despite returning over 10%, slightly lagged other markets.

While economic growth has remained particularly robust in emerging markets such as China, inflation is rising and these economies have started raising interest rates. As a result, the very strong performance of these markets has moderated. Returns from bond markets were positive as yields fell further over the year in light of the muted nature of the recovery. Alternative assets generally produced strong returns with particularly good performance from property as asset values recovered, and private equity as valuations caught up with the rebound in the quoted markets.

Fund Performance

The fund outperformed its benchmark in the 12 months, with a net return of 8.6% compared to the benchmark return of 6.5%. The strong relative performance was the result of good stock selection in equities and a recovery in alternative assets as private equity valuations began to catch up with quoted markets. Over three years, the Fund returned 4.0% p.a. against the 4.6% p.a. benchmark return as strong equity and bond performance was offset by weak returns in hedge funds and private equity.

Portfolio Activity

We do not believe that the earthquake in Japan will upset the global recovery, and that reconstruction efforts will support a recovery in Japanese GDP in 2012. Booming emerging economies and political unrest in Northern Africa have driven up oil prices, raising inflation and threatening growth in the OECD, but increased OPEC production has stabilised prices since early March. We therefore remain positive on the outlook for growth. We retain our preference for developed equity markets and cautious stance on bonds.

Investment Activity

The Scheme adopts a strategy of hedging part of its liabilities through investment in pooled swap funds and invests the bulk of the remainder of the portfolio in growth assets. For most of the year, the Scheme hedged 50% of its sensitivity to changes in both interest rates and inflation. As long term interest rates fell and inflation expectations increased, the value of the Scheme’s liabilities rose. However, the hedging strategy provided some protection from this as the hedging assets also rose in value. Towards the end of the period, the Scheme increased its inflation hedge to cover 75% of its sensitivity to changes in inflation expectations but removed all of its hedge of interest rate risk.

The proportion of the Scheme in hedging assets was increased modestly over the year as the change in hedging strategy required additional cash to be paid into the swap funds. Within the growth assets, there was a gradual move over the year to reduce exposure to developing markets, where persistent inflation is causing concern about the sustainability of growth, in favour of developed markets where economies continue to recover from the deep recession post the credit crisis.

Asset Allocation

Equity Portfolio	**2011**	**2010**
UK Equities	11.0	10.2
North America	7.5	7.7
Europe	4.1	3.6
Japan	2.6	2.0
Pacific ex Japan	3.4	3.7
Emerging Markets	2.5	3.9
Global	11.2	12.1
	42.3	**43.2**
LIBOR Bonds	**14.7**	**10.3**
Alternative Investments		
Property	8.8	8.1
High Yield Debt	1.7	2.6
Hedge Funds	7.2	6.4
Emerging Market Debt	1.6	1.4
Private Equity	5.9	8.3
	25.2	**26.8**
Cash	**1.3**	**1.6**
Diversified Growth Fund	**6.1**	**4.8**
LDI Swap Funds	**10.4**	**13.3**
Total	**100.0**	**100.0**

Report of the Investments Committee for the year ended 31 March 2011

During the year Paul Ffolkes Davis and Nick Downer joined the Committee replacing Nick Wright and Joanna Womack. Ross Reason replaced Richard Grigson as Chairman.

In March 2010, Schroders used swaps to implement a hedge of 50% of the Scheme's interest rate and inflation exposure, with a view to improving the degree of matching between the Scheme's assets and liabilities in a capital efficient way, thus releasing additional funds which were allocated to growth assets. This hedge has worked well contributing about £3 million directly and about another £1 million from the increase in exposure to growth assets that followed its implementation. Nevertheless towards the end of the year the Investment Committee felt, and was supported by the Trustee, that the risk of inflation was greater than the risk that interest rates could fall. Accordingly the inflation hedge was increased to 75% and the interest rate hedge removed. It remains the view of the Committee that, as the funding level increases, so should the hedge. As at 31st March 2011 the scheme had £132m of assets and the deficit as measured on a swaps +1.6% discount rate (broadly equivalent at the time to the technical provisions discount rate of gilts +1.2%) was only £13.6 million (31/3/2010 £30 million).

The Committee awaits with interest the outcome of the valuation. If the deficit is reduced the committee may consider de-risking triggers over the next year. Any de-risking would only be carried out against a funding ratio calculated using a discount rate of swaps + 0.5% which is what the Committee estimates to be the equivalent self-managed buyout discount rate.

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 Trustee's responsibilities for obtaining an annual report, including audited financial statements prepared in accordance with applicable United Kingdom law and accounting standards, are set out in the Statement of Trustee's Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Statements 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 Statements 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 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:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2010 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and

- contain the information specified in Regulation 3 of and the 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 2011, which is shown on page 6 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 2011 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)

PETERS ELWORTHY & MOORE
Chartered Accountants and Registered Auditors

CAMBRIDGE
Date: