

GATES CAMBRIDGE TRUST

Report and Financial Statements

31 July 2009

DRAFT

GATES CAMBRIDGE TRUST

REPORT AND FINANCIAL STATEMENTS 2009

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GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

1. OBJECTS AND PURPOSES OF THE TRUST

The Trust was established by Trust Deed on 10 October 2000 by the Bill & Melinda Gates Foundation, by the initial Trustees and by the University of Cambridge.

The Foundation had agreed, as settlor, to provide money to establish the Trust for the provision of scholarships, grants and otherwise for the furtherance of education in the University of persons from any part of the world outside the United Kingdom. The Trust does not undertake fund-raising or trading to generate income.

Two supplemental Trust Deeds were approved on 24 July 2001, dealing with appointment of nominees or custodians for the holding of investments and a requirement that any variation to the objectives of the Trust, if made, shall permit the Trust to continue to operate as an organisation of the same class as the University for the purposes of US Revenue Code Section 509(a)(1) and (2).

The current Trustees hold the Fund upon trust exclusively for scientific, literary and educational purposes, provided that such purposes are wholly charitable according to the laws of England.

The Trustees are required to award scholarships on the basis of a person's intellectual ability, leadership capacity and desire to use their knowledge to improve the lives of others.

The Trustees may in due course establish and support a centre in Cambridge to be known as Gates House, its purpose being to advance the education of the Gates Cambridge Scholars (past and present). However, the Trustees have agreed that no such action is presently required.

The Trust is a UK exempt charity with Inland Revenue reference number XR 44902. Under the Trust Deed of 10 October 2000, at least five Trustees are appointed by the University Council of the University of Cambridge and two by the Bill and Melinda Gates Foundation for periods of three years at a time in all cases.

2. TRUSTEES AND OFFICERS

(a) Trustees

The Trustees of the Trust for the accounting year ending 31 July 2009 were:

Appointed by the University Council

Professor Alison Richard (Chairman)

Professor Lord Broers FRS

Mr's Anne Lonsdale CBE

Baroness O'Neill of Bengarve FBA

Professor Lord Rees of Ludlow PRS

Dr Andrew Robertson

Appointed by the Bill and Melinda Gates Foundation

Mr William H. Gates Snr

Dr William Gerberding

(b) Officers

The officers of the Trust during the year ending 31 July 2009 were:

Provost: Dr Gordon Johnson

Secretary: Dr Jonathan Nicholls

Treasurer: Mr Andrew Thompson MBE

Deputy Treasurer: Dr Nicholas Branson

Executive Officer: Ms Hilary Perrott (part time from February 2009)

Mr James Smith (full-time, returned from leave February 2009)

GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

3. PROFESSIONAL ADVISERS OF THE TRUST

(a) Investment Management

Cambridge Associates Ltd, 80 Victoria Street, London, SW1E 5JL

(b) Bankers

NatWest Bank, Cambridge Market Street Branch, 23 Market Street, Cambridge

(c) Auditors

Deloitte LLP, City House, Hills Road, Cambridge

4. ORGANISATION AND MANAGEMENT OF THE TRUST

The Trustees have approved, from time to time, Standing Orders for the administration of the Trust dealing *inter alia* with:

- (i) the appointment of a Chairman of the Trustees;
- (ii) meetings of Trustees;
- (iii) approval of a disbursement policy for determining annually the maximum amount available to be disbursed by the Trust; and
- (iv) preparation and approval of a budget for each financial year.

The Standing Orders provide for the establishment of Committees to which the Trustees may delegate specified powers; the Standing Orders were last revised during 2006-07.

The Standing Orders provide for an **Investment Committee** which is required to develop and recommend the Investment Policy of the Trust for the approval of the Trustees and to oversee its execution. The Investment Committee for 2008-09 comprised Professor Lord Broers (Chairman), Professor Alison Richard, Mr Alexander Friedman, Mr Andrew Reid (University Director of Finance), Mr Nick Cavalla (University Chief Investment Officer) and the Treasurer.

The standing orders also provide for the following officers of the Trust, viz. Provost, Secretary and Treasurer.

The duties of the officers, under the direction of the Trustees are, in summary, currently as follows:

Provost

- arranging for the advertisement, recruitment, selection and admission of Gates Cambridge Scholars to Cambridge;
- being responsible for the office of the Gates Cambridge Trust in Cambridge;
- in liaison with the Treasurer, preparing budgets for consideration and approval by the Trustees;
- co-ordinating the arrangements for pastoral welfare support for Gates Cambridge Scholars resident in Cambridge;
- developing and maintaining the network of Gates Cambridge Scholars internationally;
- bringing forward proposals for the establishment of a Gates House in Cambridge, and overseeing its activities.

Secretary

- ensuring that minutes of meetings of the Trustees and of any Committees are recorded and maintained;
- ensuring that all notices are duly given in accordance with the provisions of the Trust Deed and the Standing Orders;
- and acting as custodian of the records of the Trust or appointing such person as is appropriate to act as such custodian.

GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

Treasurer

- taking charge of and having responsibility for all funds and securities of the Trust;
- ensuring that monies due and payable to the Trust from any source are properly received and that receipts are given for said monies;
- ensuring that all such monies are deposited in the name of the Trust in banks, trust companies or other depositories selected in accordance with the Standing Orders;
- authorising all payments by the Trust in accordance with the annual budget, approved by the Trustees.

Executive Officers

- assisting the Provost with his duties to the Trust;
- assisting the Treasurer with his duties to the Trust;
- being responsible for the administrative arrangements for the selection of Scholars, for maintaining records of Scholars in residence and of Alumni and for arranging payments to and in respect of Scholars in residence.

Administration

The work of the Trust is also supported by administrative staff, most of whom work also for the Cambridge Commonwealth and Cambridge Overseas Trust. A proportional financial contribution has been made by the Trust for the year ended 31 July 2009 for the costs of these staff, and for the collective expenses of running the offices of the Trusts.

The work of the Trust is undertaken in offices at 3e King's Parade leased by the Cambridge Commonwealth Trust. This office was acquired in early 2001 by the Cambridge Commonwealth Trust primarily to facilitate the work of the Gates Trust, which makes a proportionate contribution towards the rent and running costs. The Provost has a small office at Wolfson College, the rent of which is met by the Trust (£4,920 in 2008-09).

Recruitment, induction and training of Trustees

All Trustees have considerable administrative experience and knowledge of related governance procedures, in most cases having run educational or business institutions. Some Trustees are leading figures from within the University of Cambridge and its Colleges who understand how Cambridge works, how overseas and EU students are recruited and how the Trust can aim to help them. It is the practice of the Trust to give all new Trustees full minutes of previous meetings of Trustees as well as details of accounts and budgets for at least three years prior to appointment. They also receive a copy of the Trust Deed and Standing Orders made under them. They are given an informal briefing by the officers and are invited to contact the Chairman of the Trust for further and better particulars or for any matters arising after perusing background papers.

5. **ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE OF THE TRUST DURING THE YEAR TO 31 JULY 2009**

The Gates Scholars

The period saw the eighth full year of operation of the Trust. There were 284 Gates Cambridge Scholars in residence in 2008-09, studying for Masters and Doctoral degrees. The number of scholars from each cohort were as follows:

2002:	2
2003:	0
2004:	10
2005:	44
2006:	59
2007:	61
2008:	108
Total:	284

Of the 284 scholars in residence during 2008-09, 98 were from the USA. Expenditure on awards for the year was £5.44m.

GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

Selection of Scholars

As in previous years, selection procedures were in place across the world to ensure the recruitment of high ability Gates Cambridge Scholars for entry in October 2009. At the end of the selection process 88 Gates Scholars from 33 countries accepted awards (38 were from the USA and 6 have deferred their entry to October 2010). The total number of Gates Scholars in residence in 2009-10 is 276.

A Gates Scholars yearbook giving information about each scholar in residence is published annually and is available on the Trust's website. The 2009-10 edition, which will be available in early November 2009, has a foreword by Mr William Gates Sr welcoming new Gates Scholars.

Reports from Gates Scholars

Gates Cambridge Scholars and their Supervisors were required to submit annual reports to the Trust on the scholars' progress in Cambridge during 2008-09. These showed that the great majority of scholars were doing very well in Cambridge and that their progress had been impressive. By the end of September 2009, 637 Gates Scholars had successfully completed their courses.

Web Development

www.gatesscholar.org served as the main web portal for the Gates Cambridge Scholarships and also functioned as an on-line community for Gates Scholars and Alumni.

However, given the advances in website technology and the Trust's desire to raise the profile of the programme, the Officers agreed to upgrade the current website. During 2009 work has been carried out (and is continuing) on designing and implementing a new site which will showcase Gates Scholars and Alumni and their achievements through short video profiles, podcasts, articles, scholar diaries, biographies, events, interactive maps and other media. The new site will also provide a much enhanced on-line community area for Scholars and Alumni and essential administrative tools for the Trust. It is hoped the new website will be launched in late December 2009.

Gates Scholars' Common Room

In the absence of a Gates House, a dedicated Gates Scholars' Common Room was established in summer 2001 in the University Centre. The accommodation has been leased from the University; it is fully furnished and provides a social base for Gates Cambridge Scholars. The room houses computers, printers and a selection of books and journals.

The Common Room is well used and is the focal point for a range of academic-related activities each year, including colloquia at which graduate students present their work.

Gates Scholars' Council

The Gates Scholars' Council is a body of current Gates Scholars elected by their peers. The Council organises a full programme of activities for Gates Scholars in Cambridge, including: an orientation programme for new scholars, student colloquia, lectures by distinguished figures and regular social events. Many of these are open to both Gates Scholars and the wider Cambridge community.

The Council is also responsible for the publication of *The Gates Scholar* - a magazine by and for Gates Scholars and Alumni that is published twice a year. Two editions of the magazine were published and circulated during 2008-09 and it is expected that two editions will be also be published and circulated during 2009-10.

Gates Scholars' Alumni Association (GSAA)

The Gates Scholars' Alumni Association was established in 2005 by members of the inaugural class of scholars. It works closely with the Trust to help create and develop a global network of Gates Alumni. The Alumni Association also aims to promote the Gates Cambridge Scholarships through various outreach activities.

The GSAA has an eight person Coordinating Committee (with three co-chairs) and over 20 regional representatives around the globe. During 2008-09 it organised a number of alumni events in the UK and overseas.

GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

6. INVESTMENTS

The Investment Committee met four times during the financial year to review the performance of the investment portfolio.

The investment objective of the Trust is to maximise long-term total return in sterling (taking capital and income together), consistent with prudent levels of risk. The aim is for investment returns to preserve and/or enhance the real value of the funds to provide adequate finance to sufficiently support designated Trust activities.

The target percentages of the various asset classes were last formally reviewed in March 2009 and, as at 31 July 2009, were as follows:

	TARGET RANGES %	ACTUAL 31.7.09 %
UK Equities	10-30	22.7
Global ex-UK Equities	10-30	17.8
Fixed Income	15-25	16.4
Property	5-15	8.6
Private Equity/Venture Capital	0-10	5.1
Absolute Return	5-15	13.0
Equity Hedge	5-15	10.6
Cash	0-10	5.7

The performance of the managers of the various funds held within the portfolio continued to be reviewed regularly by the Investment Committee. The Trust's Investment Advisors, Cambridge Associates, in addition to advising on the overall management of the portfolio and the asset allocations, now have direct responsibility for recommending specific investments. Cambridge Associates closely monitor the investment portfolio on behalf of the Trust, and liaise regularly with individual managers with regard to their performance or stock selection.

Stock markets worldwide during the year continued to display great volatility, with the general downward trend starting to reverse during the 4th quarter as some investor confidence returned. Taken overall, the total value of the endowment of the Trust at the year end (31 July) had decreased to £147.8m, compared with £165.9m at the start of the year, a reduction of 10.9%. By way of comparison, the FTSE 100 declined by 14% over the same period.

During the year steps were taken to mitigate the market turmoil by moving towards a 'recession' portfolio, lessening exposure to equities in favour of fixed interest holdings. As a result, the portfolio tended to outperform the indices on the downside. At 31 July 2009 the core equity holdings comprised: Newton UK Equity (£12m); Newton Global ex-UK Equity; (£15m), Schroders UK Equity (£13m); Oldfield Global Equity (£10m); and M&G Charifund UK (£16m).

Income from Investments

The income from investments for the year was £4.61m, compared to £5.14m the previous year, a reflection of the much more difficult market conditions. This represented 3.18% of the average asset value of the Trust over the financial year 2008-09.

Ethical Investment Policy

The Trustees have not yet adopted a formal ethical investment policy, though consideration is being given to the issue. At present the Trustees ask their investment managers to aim for investments which provide the best overall total return taking capital and income together, consistent with prudent levels of risk.

GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

7. FINANCIAL POSITION OF THE GATES CAMBRIDGE TRUST

The average net value of the Trust's endowment at the end of the past 3 years was £164.4m. The Trustees agreed to make up to 110 new awards from October 2008, resulting in a total expenditure on new and existing scholars of £6.6m in 2008-09; this expenditure represented 4% of the average capital valuation over the previous three years. A target of 90 new scholars was set for 2009-10, to take account of the fall in stock market values, and the Trustees are keeping the level of disbursement under close review in the light of current market conditions and are likely to continue to adopt a cautious attitude.

A central objective is at least to maintain the value of the financial assets of the Trust in real terms over the medium term by a successful investment policy and to secure an income which rises in line with costs.

8. RESERVES POLICY

The initial donation from the Gates Foundation in 2000 was intended to provide total returns to cover the costs of scholarships, awarded as specified in the Trust Deed. As stated in paragraph 6 above, the Trustees determine their disbursement policy on a cautious basis, having adopted a spending rule of 4% of the asset value of the endowment of the Trust averaged over the previous 3 years. It is hoped that, once market conditions have stabilised following the recent world financial crises, the real value of the endowments of the Trust can be maintained and a steadily increased return be obtained to cover inflationary increases in costs.

9. PLANS FOR FUTURE PERIODS

The Trustees aim to continue to offer scholarships to c90 outstanding candidates each year, with a wide geographical spread including c35 from the USA. Maintaining the quality of the intake within the terms of reference of the Trust Deed (intellectual ability, leadership capacity and desire to use knowledge gained by providing service to communities and to improve the lives of others) is a central objective. This is achieved by shortlisting from the most outstanding applicants for postgraduate study at Cambridge University as advised by Heads of Departments and by interviewing by distinguished panels. Performance at Cambridge is monitored and a further aim is successful course completion in all cases. Since postgraduate qualifications are not classed, the standard achieved by Gates Scholars cannot be verified numerically, but comments of Departmental and Faculty staff supervising students are received via regular reports and the aim is to see evidence widely of excellence in work undertaken and submitted.

Based on their current disbursement policy, the Trustees plan to offer in the order of 90 new awards for October 2010, following selection procedures analogous to those followed for entry in previous years. This should result in c270 Gates Cambridge Scholars in residence in 2010-11, thus exceeding the Trust's target of 225 in residence at steady state. Of this target c100 are likely to be from the USA.

10. RISK MANAGEMENT

The Trustees have examined the major strategic, business and operational risks which the charity faces in its area of activity, which is essentially the selection and support at Cambridge University of outstanding students from overseas, having qualities consistent with the Trust Deed. The Trustees receive regular reports on the activities of the Trust at their meetings and consider this gives them adequate warning of risks and allows them to put in hand on a timely basis any necessary actions to lessen or avoid them.

GATES CAMBRIDGE TRUST
TRUSTEES' REPORT FOR 2008-09

11. STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the incoming resources and application of the resources of the charity during the year and of its state of affairs at the end of the year. In preparing financial statements giving a true and fair view, the Trustees are required to follow best practice and to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain its financial position and to ensure that the financial statements comply with the Charities Act 1993, the Charities (Accounts and Reports) Regulations 2008 and the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on

Signed on behalf of the Trustees

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GATES CAMBRIDGE TRUST

TRUSTEES' REPORT FOR 2008-09

TRUSTEES

The trustees for the year 2008-09 were the following:

Professor Alison Richard (Chairman)
Professor Lord Broers FRS
Mr William H. Gates Snr
Dr William Gerberding
Mrs Anne Lonsdale CBE
Baroness O'Neill of Bengarve FBA
Professor Lord Rees of Ludlow PRS
Dr Andrew Robertson

TRUST ADDRESS

PO Box 252
Cambridge CB2 1TZ

BANKERS

NatWest Bank plc
23 Market Street
Cambridge CB2 3PA

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
City House
126-130 Hills Road
Cambridge CB2 1RY

LEGAL STATUS

The Trust was established by means of a Deed of Trust dated 10 October 2000. The University of Cambridge is the Custodian Trustee of the charity.

The Trust is a UK exempt charity with Inland Revenue reference no. XR44902.

ANNUAL REPORT

These financial statements should be read in conjunction with the Trustees' Annual Report which is published on the same date as these accounts.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF GATES CAMBRIDGE TRUST

We have audited the financial statements of Gates Cambridge Trust for the year ended 31 July 2009 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the notes to the cash flow statement, the accounting policies and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and 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 Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 Charities Act 1993 and the trust deed. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF GATES CAMBRIDGE TRUST (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 July 2009 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993 and the trust deed.

Deloitte LLP

Chartered Accountants and
Registered Auditors

Cambridge, United Kingdom

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GATES CAMBRIDGE TRUST

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 July 2009

	Note	Total unrestricted funds	
		2009	2008
		£'000	£'000
INCOMING RESOURCES FROM GENERATED FUNDS			
Investment income	1	4,614	5,143
TOTAL INCOMING RESOURCES		<u>4,614</u>	<u>5,143</u>
RESOURCES EXPENDED			
Investment management costs		341	414
Charitable activities	2	6,211	5,384
Governance costs	3	58	49
		<u>6,269</u>	<u>5,433</u>
TOTAL RESOURCES EXPENDED		<u>6,610</u>	<u>5,847</u>
NET OUTGOING RESOURCES FOR THE YEAR	5	(1,996)	(704)
Other recognised gains and losses on investment assets	7	(16,092)	(13,053)
NET MOVEMENT IN FUNDS		<u>(18,088)</u>	<u>(13,757)</u>
TOTAL FUNDS brought forward at 1 August		<u>165,854</u>	<u>179,611</u>
TOTAL FUNDS carried forward at 31 July		<u><u>147,766</u></u>	<u><u>165,854</u></u>

All transactions derived from continuing activities.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the statement of financial activities.

GATES CAMBRIDGE TRUST

BALANCE SHEET 31 July 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets for use by the charity	6	45	81
Investments	7	138,225	161,969
		<u>138,270</u>	<u>162,050</u>
CURRENT ASSETS			
Debtors		862	885
Cash at bank			
Cash held by brokers		707	2,781
Monies on deposit		8,319	294
Current account		1	38
		<u>9,027</u>	<u>3,113</u>
		<u>9,889</u>	<u>3,998</u>
CREDITORS: amounts falling due within one year			
University account		313	-
Accruals		80	194
		<u>393</u>	<u>194</u>
NET CURRENT ASSETS		<u>9,496</u>	<u>3,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>147,766</u>	<u>165,854</u>
FUNDS			
Unrestricted funds		<u>147,766</u>	<u>165,854</u>

These financial statements were approved by the trustees on

Signed on behalf of the trustees

GATES CAMBRIDGE TRUST

CASH FLOW STATEMENT Year ended 31 July 2009

	Note	£'000	2009 £'000	£'000	2008 £'000
Net cash outflow from operating activities	a		(1,738)		(486)
Capital expenditure					
Net purchases (proceeds) from investments		7,652		(6,614)	
Purchase of tangible fixed assets		-		(33)	
Net cash inflow/(outflow) from capital expenditure			7,652		(6,647)
Increase/(decrease) in cash	b		5,914		(7,133)
Net funds at 1 August 2008			3,113		10,246
Net funds at 31 July 2009			<u>9,027</u>		<u>3,113</u>

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GATES CAMBRIDGE TRUST

NOTES TO THE CASH FLOW STATEMENT Year ended 31 July 2009

	2009 £'000	2008 £'000	
a. Reconciliation of outgoing resources to net cash outflow from operating activities			
Net outgoing resources	(1,996)	(704)	
Depreciation	36	36	
Decrease in debtors	23	130	
Increase in creditors	199	52	
	<u>(1,738)</u>	<u>(486)</u>	
Net cash outflow from operating activities			
b. Analysis of the balance of cash as shown in the balance sheet			
	At 1 August 2008 £'000	Increase/ (decrease) in year £'000	At 31 July 2009 £'000
Cash held by brokers	2,781	(2,074)	707
Deposit balances	294	8,025	8,319
Current account	38	(37)	1
	<u>3,113</u>	<u>5,914</u>	<u>9,027</u>

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ACCOUNTING POLICIES

Year ended 31 July 2009

The financial statements have been prepared in accordance with applicable United Kingdom accounting policies and the Statement of Recommended Practice "Accounting and Reporting by Charities" SORP 2005 issued March 2005 and applicable accounting standards, except for recognising its constructive obligations in relation to future grants payable. See accounting policy note below. The particular accounting policies adopted by the trustees are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified to include fixed asset investments at market value.

Going concern

The trustees are confident that the charity has adequate funds and resources to continue operating for the foreseeable future and is well placed to manage its business risks successfully despite the current uncertain economic outlook. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Fund accounting

The charity maintains various types of fund as follows:

General unrestricted funds

General unrestricted funds represent income which is expendable at the discretion of the trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Incoming resources

All income is recognised in the statement of financial activities when the conditions for receipt have been complied with.

Donations

Donations and all other receipts from sponsorship are reported gross and the related fundraising costs are reported in other expenditure.

Investment income

Investment income is accounted for when receivable.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable

Grants payable are made to students in furtherance of the charitable objectives of the trust. These include an apportionment of overhead and support costs.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees.

GATES CAMBRIDGE TRUST

ACCOUNTING POLICIES

Year ended 31 July 2009

Tangible assets

Fixed assets are depreciated so as to write off their cost less estimated residual value in equal annual instalments over their estimated useful lives which are considered to be:

Office furniture and equipment Over 4 years

Investments

Investments held as fixed assets are stated at market value. Gains and losses are shown in the appropriate section of the statement of financial activities.

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GATES CAMBRIDGE TRUST

NOTES TO THE ACCOUNTS Year ended 31 July 2009

1. INVESTMENT INCOME

	2009	2008
	£'000	£'000
Interest receivable	1,070	1,312
Dividend income received	2,764	3,161
Distribution from property funds	780	670
	<u>4,614</u>	<u>5,143</u>

2. CHARITABLE ACTIVITIES

	2009	2008
	£'000	£'000
Grants	5,441	4,604
Support costs:		
Staff costs	247	188
Interview costs	64	90
Depreciation	36	36
Joint administration costs	250	250
Other support costs	88	110
Gates common room	133	148
Transfer of costs relating to governance	(48)	(42)
	<u>6,211</u>	<u>5,384</u>

3. GOVERNANCE

	2009	2008
	£'000	£'000
Audit fee	10	7
Transfer of costs relating to governance	48	42
	<u>58</u>	<u>49</u>

GATES CAMBRIDGE TRUST

NOTES TO THE ACCOUNTS

Year ended 31 July 2009

4. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	2009 No	2008 No
Average number of employees during the year being full time equivalent for part time staff	<u>8</u>	<u>8</u>
	£'000	£'000
Total remuneration and taxable benefits	<u>247</u>	<u>188</u>

No managing trustee, or person related or connected by business to them, has received any remuneration or reimbursement of expenses from the trust during the year or preceding period.

The emoluments of one member of staff, including benefits in kind, are within the range £100,000 to £105,000 (2008 - one employee earned between £100,000 to £105,000).

5. NET OUTGOING RESOURCES

	2009 £'000	2008 £'000
Net outgoing resources for the year is stated after charging:		
Auditors' remuneration		
audit fee payable for annual accounts	10	7
Depreciation	<u>36</u>	<u>36</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2009

6. TANGIBLE ASSETS FOR USE BY THE CHARITY

	Furniture and equipment £'000
Cost	
At 1 August 2008 and 31 July 2009	438
Depreciation	
At 1 August 2008	357
Charge for the year	36
At 31 July 2009	393
Net book value	
At 31 July 2009	45
At 31 July 2008	81

7. INVESTMENTS HELD AS FIXED ASSETS

	2009 £'000	2008 £'000
Investments at market value	161,969	168,408
Net proceeds/(purchases)	(7,652)	6,614
Realised and unrealised losses on currency and market revaluations and disposals of investment assets	(16,092)	(13,053)
Market value at 31 July 2009	138,225	161,969

Investments are revalued at middle market values at the year end. All investments are held as unrestricted funds.

Of the above investments as at 31 July 2009 £82,910,000 (2008 - £69,257,523) are held outside the UK.

GATES CAMBRIDGE TRUST

NOTES TO THE ACCOUNTS

Year ended 31 July 2009

7. INVESTMENTS HELD AS FIXED ASSETS (continued)

Investments at market value comprised:

	2009 £'000	2008 £'000
Cash deposits - sterling	-	1,872
Equities - UK	36,378	55,757
Equities - Global excluding UK	26,093	30,072
Fixed income - UK	20,983	13,541
Property	12,573	15,337
Hedge funds, absolute return, private equity and venture capital		
- UK	15,228	15,287
- Other	26,970	30,103
	<u>138,225</u>	<u>161,969</u>

8. RELATED PARTY TRANSACTIONS

The Gates Cambridge Trust, in providing scholarships and otherwise, contributed £1,979k (2008 - £1,722k) to the University in academic fees. Payment to the various colleges of the university amounted to £473k (2008 - £421k).