Selwyn College, Cambridge

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

Registered Charity No. 1137517

Contents

Selwyn College
Grange Road, Cambridge CB3 9DQ
Charity Registration Number 1137517

The Head, Fellows and Scholars of Selwyn College is a corporate body comprising the Master, Fellows and Scholars, founded in 1882. In August 2010, the College became a registered charity with the Charities Commission, with its registered office at Grange Road, Cambridge CB3 9DQ.

Members of the Governing Body (as at 30 June 2015)

Mr Roger Mosey
Professor Patrick J N Baert
Dr James W Baxendine
Dr Daniel A Beauregard
Dr John R Benson
Dr Rosemary C Bolton
Dr Christopher Briggs
Dr Anita C Briginshaw
Dr Uradyn E Bulag
Dr Nicholas J Butterfield
Dr Jack O Button
Dr Bryan Cameron
Professor R Stewart Cant
Dr Filipe Carreira da Silva
Dr Emily J Charnock
Dr Andrew N Chester
Professor Daping Chu
Professor William J Clegg
Dr Philip J Connell
Professor John S Dennis
Mr Nicholas J A Downer
Mr Stuart M Eves
Professor David F Ford
Mr Peter K Fox
Dr Fabian Grabenhorst
Dr Marta Halina
Dr Asif Hameed
Dr Alan D Howard
Dr Gavin E Jarvis
Dr James H Keeler
Dr Georgios Kolios
Ms Bonnie C Lander Johnson
Ms Sarah E A MacDonald
Mr James M R Matheson
Dr Sarah Meer
Dr James Moultrie
Mr Michael G Nicholson
Dr Nikolaos Nikiforakis
Dr Diamuid R O'Donnell
Dr Janet A O'Sullivan
Dr Amer A Rana
Dr Stewart O Sage
Professor Jeremy K M Sanders
Dr Michael J Sewell
Revd Canon Hugh D Shilson-Thomas
Dr David L Smith
Dr Rupert J E Thompson
Dr Michael J Tilby
Dr Chander Velu
Dr Björn F N Wallace
Dr Heather M Webb
Dr Lauren Wilcox
Dr David W E Willis
Dr Charlotte Woodford
Dr Yu Ye

Junior Members

Rebecca Lawrence (JCR President)
Clement Moylan (JCR Treasurer)
Joshua Maher (MCR President)
Max Conway (MCR Treasurer)

Operating and Financial Review for the Year ended 30 June 2015

Scope

Selwyn College (the "College") is pleased to present its operating and financial review, together with the consolidated financial statements for the year ended 30 June 2015. The consolidated financial statements include those of its development subsidiary, SCO&E Limited.

Aims and Objectives

Founded in 1882 as a place of religion, education, learning and research in memory of George Augustus Selwyn, Bishop successively of New Zealand and of Lichfield, the College is an autonomous, self-governing community of scholars and one of 31 Colleges within the University of Cambridge. The community consists of the Master, 54 fellows and 611 junior members, of whom 371 are undergraduates and 240 are graduate students. The College exists to promote its charitable objectives as laid down in its charter and statutes.

The College provides, in conjunction with the University of Cambridge, an education for undergraduate and graduate students, which is recognised as being of the highest international standard. The University came third overall in the QS World University Rankings for 2015. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems. It also provides social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through the provision of Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post. In addition, it supports research work pursued by its other Fellows through the promotion of interaction across disciplines, the provision of facilities and grants for national and international conferences, research trips and research materials. It encourages visits from outstanding academics from abroad and the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

Public benefit

The College aims to attract the best applicants from the widest range of schools and colleges, thus helping to achieve the government's aspiration for a greater number of places being taken up by students from the maintained sector. The Colleges and the University engage in substantial outreach activities to encourage all academically qualified students to apply for admission to Cambridge, whatever their backgrounds or financial circumstances. The University is committed under the agreement with the Office for Fair Access ("OFFA") to increasing the proportion of UK resident students admitted from UK state sector schools and colleges so that they fall within a range of 61-63% and the proportion of UK resident students admitted from low-participation neighbourhoods to approximately 4%. 69% of students accepted by Selwyn for entry in October 2015 were from the maintained sector, compared with 70% the previous year.

The College participates enthusiastically in Widening Participation and Aspiration-Raising programmes in conjunction with the University. The College also, jointly with Homerton College, employs a Schools Liaison Officer who visits schools and co-ordinates events and

Open Days organised by the College. Since 2000, by agreement with the University and the other colleges, Selwyn has targeted non-selective state-maintained 11-16 and 11-18 schools, Further Education and Sixth Form Colleges in West Yorkshire, East Berkshire and Scotland.

Over the year, the College spent £151,417 on access events, a 23% increase over the £122,788 spent the previous year. Once admitted, students have access to several sources of financial aid. In 2014-15, a total of £293,565 was received by Selwyn students through the Cambridge Bursary Scheme, a scheme operated in common with the University, other colleges, and the Isaac Newton Trust. Under this Scheme, students whose household income is below £25,000 receive a maximum grant of £3,500 per year in addition to any government means-tested grants. Those with incomes of up to £42,600 receive amounts that taper to £50. In addition, the College paid out £22,341 in awards and scholarships (to support the purchase of books and equipment, attendance at conferences, and travel); studentships, and bursaries in cases of financial hardship.

Achievements and Performance

Academic performance continued to improve over the year, with 25.5% of Selwyn candidates obtaining first class honours in 2015, compared with 24.3% the previous year. The College remains committed to academic excellence and anticipates further investment in teaching and student welfare in the coming years. Non-academic activities nonetheless remain important and by way of example, work has commenced on the construction of a new boathouse. Details of the College's many sporting, musical and cultural successes are recorded in the College Calendar.

Governance

The College is a corporation established by Royal Charter of 13 September 1882. The arrangements for governance of the College are set out in its statutes. The Master is Head of House, has statutory powers of governance and presides over the Governing Body. The Senior Tutor has overall responsibility for the admission, education and welfare of undergraduates and graduates and the Bursar has overall responsibility for the finances and administration of the College. The membership of the Governing Body as at 30 June 2015 is shown at the beginning of this report. Members of the Governing Body serve until the earlier of retirement or the end of the academic year in which they reach 67 years of age.

Acting on the powers in the Charities Act 2006, the Secretary of State removed the exempt status of the Colleges of Oxford and Cambridge on 1 June 2010. The College was then registered with the Charity Commission on 12 August 2010 (Registered Number: 1137517). The Governing Body is the trustee body for the charity.

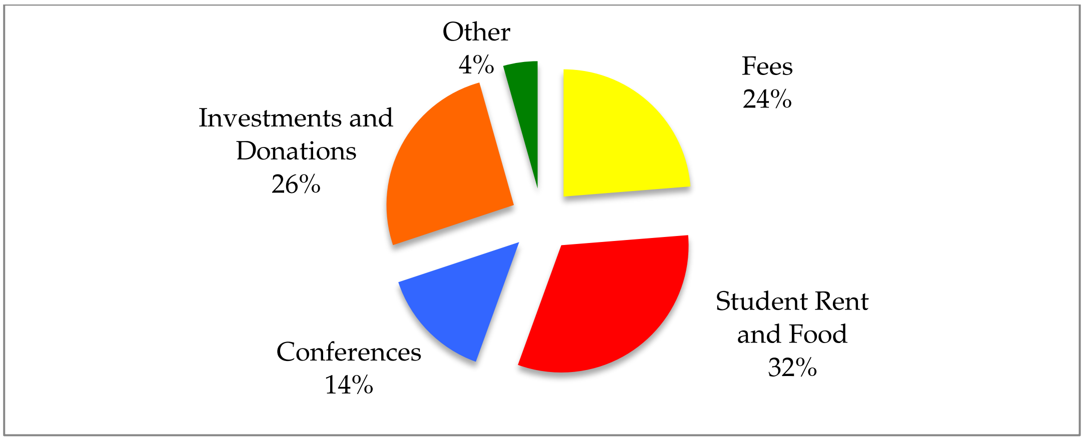
From a financial perspective, the Governing Body has responsibility for ensuring that there is an effective system of internal controls and that financial records are accurately maintained. It is also responsible for safeguarding the assets of the College and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The College is required by statute to present audited financial statements for each financial year. The Cambridge Colleges are classed as a special case for purposes of accounting and will continue to publish accounts in the form stipulated by Statute G III 2(i) of the University, *The Recommended Cambridge Colleges Accounts ("RCCA"),* which is based on Financial Reporting Standards and is compliant with the *Statement of Recommended Practice: Accounting for Further and Higher Education.* The Intercollegiate Colleges Accounts Committee advises on interpretation. The College is a charity within the meaning of the Taxes Act 1988, s 506 (1).

The Governing Body, which meets three times a year, delegates day-to-day responsibility for the running of the College to the College Council and its sub-committees. Representatives of the undergraduate and postgraduate student bodies attend Governing Body and Council meetings and most of the sub-committees. External advisers attend meetings of the Investment Committee. Members of the Governing Body are required to act with integrity, in the College's interests without regard to their own private interests, and to manage the affairs of the College prudently, balancing long-term and short-term considerations. The College has a policy for managing conflicts of interest, maintaining a register of interests and seeking declarations of potential conflict at the start of any meeting.

The College is a legally autonomous body; however, it exists within the federal structure of the University. Matters of concern to all colleges and the University are discussed and acted on through a system of University-wide committees, such as the Colleges' Committee, of which all Heads of House are members, the Senior Tutors' Committee, which is chaired by the Vice Chancellor, and the Bursars' Committee. Representatives of the Senior Tutors and Bursars sit on each other's committees and on the Colleges' Committee. These committees work through the building of consensus as their decisions are not constitutionally binding. The Cambridge colleges have established an Office for Intercollegiate Services, to support the activities of the principal intercollegiate committees.

Funding

The College's activities are funded from tuition fees, charges for student residences and catering, income from conferences, investments and from donations and bequests. The chart below shows the breakdown by category of the College's income for 2014-15:



Tuition Fees

Tuition Fees for Home and EU undergraduates are charged at the maximum permitted rate of £9,000 for students matriculating in 2014-15. Approval for this level of fee was conditional on the signing of an Access Agreement with OFFA and follows the very substantial reduction in the teaching funding for undergraduates provided by the Higher Education Funding Council for England ("HEFCE") to universities. Under the College Fee Agreement between 1999 and 2012, the University passed over funds, calculated on a *per capita* basis, to the Colleges. From 2012, the tuition fees for new students are paid either by the students themselves or on behalf of the students through the Student Loans Company. The Colleges collect these fees and, under a negotiated fee agreement, pass half over to the University. Both the Colleges and the University pay from the fee equal shares towards the Cambridge Bursary Scheme, with the Isaac Newton Trust contributing funds to support the obligations of the less well-endowed Colleges, such as Selwyn.

The new fee arrangements appear to have had no adverse effect on Cambridge admissions. 16,752 candidates applied to the University for 2014 admission, 4% up from 16,185 in 2013 and 5% higher than in 2012, the first year of the new fee regime. In 2014, there were 4.9 applications per place, compared with 4.8 the previous year.

In 2014-15, fees from home and EU undergraduates amounted to £1,614,341, a 4.4% increase over the previous year. A further £237,207 was received from privately funded undergraduates and £320,229 from postgraduate students. The diminishing number of "old regime" students means the average fee for home and EU undergraduates is approaching £4,500, the agreed College share of the £9,000 fee. The average fee payable by graduate students following a recent negotiation with the University was £2,474. These fees are substantially below the actual cost of education, which was estimated by the Cambridge Colleges in 2013-14 as £8,609 per annum for an undergraduate and £4,712 for a postgraduate. Whilst the private undergraduate fee is unregulated and set at a more realistic £6,796, there remains a substantial shortfall, as evidenced by the growing deficit on the education account described below.

The Colleges Fund

The Colleges Fund, which is funded through an intercollegiate taxation system, makes grants to Colleges with insufficient endowments. The College received a grant of £192,000 in 2014-15 (£186,000 in 2013-14). The College considers that the burden of buildings maintenance requires a more substantial endowment and is shortly to launch a major endowment fundraising campaign. Grants to Selwyn from the Colleges Fund since the beginning of this arrangement in 1998 have totalled £3,074,013.

Student Residences and Catering

Rent and catering for members of the College was the most important revenue source, accounting for 32% of total income. Most junior members live in College accommodation while in residence. The majority of the College's 499 rooms are located on or adjacent to the main site on Grange Road and, following the £13.2 million refurbishment of Cripps Court, two-thirds now have ensuite facilities. The College provides a wide range of student accommodation with varying charges depending on the facilities provided. A typical room rent in 2014-15 was around £111 per week for a standard room and £136 for an ensuite room. This is substantially below the levels charged by private landlords in Cambridge and also below the economic cost to the College of providing the room. The College acknowledges that welfare considerations must play a part in rent discussions and that sharp rent rises are to be avoided where possible. In consequence, the College has put in place a seven-year agreement designed to achieve breakeven on the rent account.

The College also offers a variety of catering services to members: snacks, brunches, cafeteria self-service meals and formal hall dinners. The College is recognised for the high quality of its offering and holds a 5-star environmental health rating, the highest awarded by Cambridge City Council.

Conferences

The College has a long-term strategy of building its conference income to help offset losses on the education account. This amounted to £1.3 million in 2014-15, representing 14% of total income, and a 23% increase from £1.1 million in 2013-14, as the benefits of the new and refurbished Cripps Court rooms took effect. The business has more than doubled from £0.6 million in 2003, as the College seeks to cover the out-of-term portion of the year-round costs of the estate and the staff. The College works closely with many University departments, notably the Institute of Continuing Education and its Summer Schools on the adjacent Sidgwick Site.

Donations and bequests
One of the fundamental challenges facing the College is that its endowment is insufficient to support the current scale of its operations, as income from investments can only partly offset losses in education. The College is preparing a new endowment campaign that is intended to address this and secure the future scope, scale and quality of its operations.

Investment Income
Although the College's endowment remains modest when compared to other Cambridge colleges, income from investments is a vital source of revenue, amounting to £1.4 million or 15% of total income in 2014-15. The College endeavours to manage its investments to ensure that it can continue to meet its charitable objectives in perpetuity. The portfolio continues to be self-managed by the College's Investment Committee, which includes external members, and the College's stockbroker. The College's policy of favouring a more defensive portfolio structure with a long-term view has served it well in recent years. The holdings of cash, gilts and bonds have insulated the portfolio from the worst of the market volatility and, in addition, the College's equity holdings consist almost entirely of large, well-managed, liquid stocks, which are more likely to survive a downturn.

Financial review
The refurbishment of Cripps Court, which began in July 2012, was completed on time for the start of the academic year and within the £13.2 million budget. The 52 extra rooms have allowed the College to increase student numbers, with a resultant boost to fee and rental income, as well as increase revenue from conferences. The surplus according to the statutory accounts shown below is flattered by the gain on the sale of a local flat to help fund the Cripps work and by a non-cash accounting item relating to deferred capital. Whilst the trend is certainly positive, the College remains in structural deficit.

Income and Expenditure
In statutory accounting terms, the College made a surplus of £724,370, compared with a surplus of £92,444 last year. Given the factors outlined above, it is perhaps more instructive to focus on the underlying operational condition of the College. In the year to 30 June 2015, the College recorded an underlying deficit of £60,397, a considerable improvement on last year's figure of £422,625. This is the lowest deficit in recent years and is an encouraging result, but still a deficit.

	2015 **£**	**2014** **£**	**2013** **£**	**2012** **£**
Net Surplus /(Deficit)	**724,370**	**92,444**	**(311,248)**	**189,927**
FRS17 Pension Cost Adjustments	228,990	174,466	110,811	(60,939)
Unrestricted Donations Income	(268,077)	(311,485)	(222,536)	(257,630)
Release of Deferred Capital	(689,399)	(297,209)	(355,265)	(312,879)
Profit on Property Disposal	(185,345)	(247,112)		
Loan Interest	129,064	166,271	216,832	25,000
Special Dividend	-	-	-	-
Underlying Deficit	**(60,397)**	**(422,625)**	**(561,406)**	**(416,521)**

Income for the year rose by 12.3% to £9.2 million, driven primarily by a strong conference performance and increased rental income, both a direct result of the Cripps refurbishment. Total expenditure rose by 4.7% to £8.3 million, essentially due to the increased activity.

Fee income from undergraduate and graduate students rose by 6.2% to £2.2 million, following an increase in student numbers and a slightly higher proportion of non-EU undergraduates. Increases of 7.3% in teaching costs to £1.9 million and 23% in access costs led to a 4.2% rise in education expenditure to £3.1 million, resulting in an education deficit of £0.9 million, a similar figure to the previous year.

Income from accommodation of College members rose by 13.8% to £2.1 million, resulting largely from the additional 52 rooms in Cripps. The corresponding 2.3% increase in related expenditure to £2.2 million resulted in a narrowing of the accommodation deficit to below £100,000 for the first time, a result that reflects many years of work on rent negotiations.

Income from catering for College members rose by 3.8% to £0.8 million, whilst the related expenditure rose by 13% to £1.3 million, producing a 31% rise in the member catering deficit to £0.5 million. This was in part due to restructuring costs, although more work needs to be done to reduce costs in the catering department. Student spend in Hall rose by 2.8% in the Easter Term 2015 to £3.33, but this remains well down on the record levels of £3.67 seen in 2011 and is no doubt a reflection of tighter student budgets. The number of undergraduates using the Hall held up well at 365, and there was a strongly improved utilisation by postgraduate students, with numbers rising by 54% to 99 in the Easter Term.

The conference business had a strong year, with revenue rising by 22% to £1.3 million, emerging from the disruption of the Cripps refurbishment with a pleasing mix of returning and new clients.

Investments

The College’s investment portfolio amounted to £44.0 million at 30 June 2015, compared to £40.4 million the previous year. The total return on the portfolio amounted to 9.3% as financial markets continued on an upward movement for much of the year. This modestly outperformed the 8.0% return of the WM Charity Fund Monitor. The College's average annual return for the last three years has been 10.3%, 9.8% over the last five years and 8.4% over the past seven years. Investment income recovered by 4.3% to £1.4 million: a satisfactory performance at a time when interest on cash deposits is barely exceeding 1% and the yield on the ten year gilt at the time of writing is under 2%.

Donations

The College is dependent on donations and benefactions to build its endowment and offset losses in its core activities. It is a vital source of revenue and the College is very appreciative of the generosity of its alumni. This year the College received £268,077 in unrestricted donations, last year it received £311,485. In addition, the College received £2,178,407 in donations for capital purposes; last year it received £2,756,697.

Cash Flow

The College continues to focus on its cash flow. This can be calculated in a number of ways and in the interests of simplicity, one measure of the progress of recent years is to take the underlying deficit and add back the annual depreciation charge, as follows:

	2015	2014	2013	2012
	£	£	£	£
Underlying Deficit	(60,397)	(422,625)	(561,406)	(416,521)
Depreciation Charge	1,722,896	1,632,580	1,508,737	1,482,662
Cash Flow	1,662,499	1,209,955	947,331	1,066,141
Change	37%	28%	(11%)	16%

The increased income from conference and rents has resulted in a record level of cash generation. Solid cost control has allowed the College to navigate several years of recession and remain cash positive. Annual benchmarking exercises with other colleges suggest that Selwyn remains amongst the most efficiently run. The College's staff cost per capita student is for example 11% below the college average. Cost control remains a priority, with a robust annual budgeting process in place. Maintaining positive cash flow over the long term remains a key objective. When cash generation turns negative, the College will have to sell assets or borrow money to fund its day-to-day operations. This would certainly be imprudent and unsustainable.

Staff Costs and Pensions

Staff costs amounted to £3.8 million, or 45% of total expenditure. This represented a 10.2% increase on the previous year, due in part to more staff supporting the increased activity. At 30 June 2015, the College employed 52 Fellows and 91 full-time equivalent staff, compared with 52 Fellows and 92 full-time equivalent staff the previous year.

Under FRS17 the College is required to disclose its pension liability on the balance sheet. This year saw a further increase in the pension deficit as calculated by the actuary from £3.1 million at 30 June 2014 to £3.2 million at 30 June 2015. The increase in the deficit is due to changes in the FRS17 assumptions, mainly a lower discount rate assumption, and contributions over the year being less than required to meet the FRS17 calculated service cost, offset by higher than expected investment returns. The increase in the deficit of £91,635 is shown in the accounts as follows:

	2015	2014	2013	2012
	£	£	£	£
Income and Expenditure Account:	(228,990)	(174,466)	(110,811)	60,939
Statement of Total Recognised Gains and Losses:	137,355	(795,751)	(658,317)	(1,064,575)
Total (increase)/decrease	(91,635)	(970,217)	(769,128)	(1,003,636)

The College is committed, to the best of its ability, to protecting the pension benefits of its employees.

Balance Sheet

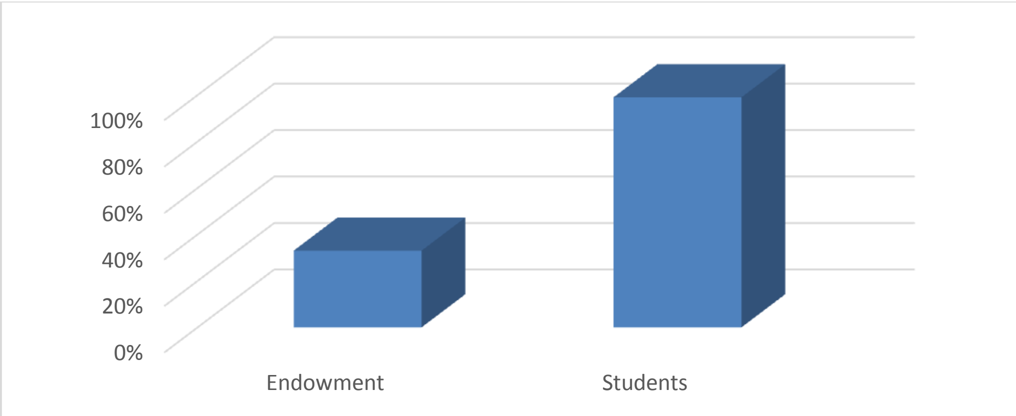
Liquid resources increased modestly from £0.4 million to £0.6 million at the year-end. Debt decreased from £6.7 million to £5.4 million, following a further annual donation instalment from the Cripps Foundation. Land and buildings of £61.3 million and the investment portfolio of £44.0 million form the other main components of a balance sheet of £96.9 million.

Buildings and Estate

Maintaining the College's listed and historic buildings is one of the College's major costs, with an annual depreciation charge of £1.7 million (or 21% of total expenditure) set aside to cover their upkeep and replacement. In the year under review, capital expenditure on buildings amounted to £1.3 million (of which £0.9 million on Cripps Court), with a further investment of £0.7 million in fixtures, fittings and equipment.

Risks and Uncertainties

The primary risks facing the College are of a financial nature. Relative to other colleges, the chart below shows that in 2014, Selwyn had 33% of the average college endowment but 99% of the average student numbers:



The College continues to punch above its weight but also continues to incur losses in its core businesses of educating, feeding and housing young people. The current level of endowment income is insufficient to offset these operating losses. It must therefore either grow the endowment and increase investment income to the point where overall underlying breakeven can be achieved, or scale back the size, scope and quality of its operations.

The College has long focussed on cost control and cash preservation and has made good progress in approaching breakeven over the years. It recognises however that, although a necessary and ongoing process, cost cutting will in itself not eliminate the deficit. As has been often stated in recent years, the long-term solution to the deficit is to raise revenue by means of an increased endowment, rather than cost cutting at the expense of the scope and quality of the College's educational and other charitable objectives. It will however permit a breathing space to put in place a long-term development campaign to increase the endowment by around £20 million in order to secure the future and insulate the College against the vagaries of an increasingly hostile operating environment.

Other uncertainties relate to the situation regarding fees for higher education. Applications to Selwyn have not fallen materially in the early years of the higher fee regime and it is hoped that they will not do so in the future. Reductions in post-graduate funding may have a more significant impact on student numbers in the years to come. A further cause for concern is the risk that the perception, amongst new regime students in particular, that the disparity of wealth amongst colleges will lead to an inequality of service provision by colleges. This may in the future have an adverse effect on the College’s ability to attract the best students. Reducing this disparity will be a key objective of the forthcoming endowment campaign.

Outlook

Strong financial progress has been made in recent years and the anticipated benefits of the Cripps refurbishment project have led to a solid set of results. Despite this progress, the College remains vulnerable to external events: in particular, the financial markets on which the College depends for its investment income are unusually volatile and its conference business operates in a highly competitive market. Costs are still being addressed where practicable but the Governing Body is conscious of the need to preserve the ethos of the College. Despite the difficult financial and operating environment, the College has much to be proud of: it remains successful academically and is a strikingly vibrant community. It now wishes to protect and develop these qualities and is embarking on a new and critical phase of its history, as it seeks to grow its endowment and secure its financial and academic future.

NJA Downer

N J A Downer
17 November 2015

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

Independent Auditors' Report to the Governing Body of Selwyn College
Year Ended 30 June 2015

We have audited the financial statements of Selwyn College for the year ended 30 June 2015, which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge and with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

As explained more fully in the Statement of Responsibilities of the Governing Body set out on page 13, the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the Audit of Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the College's affairs as at 30 June 2015 and of the group's income and expenditure for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge; and

- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to Report by Exception

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

- the information given in the Governing Body's Operating and Financial Review is inconsistent in any material respect with the financial statements; or

- sufficient accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Peters Elworthy & Moore

Peters Elworthy & Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 20 November 2015

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

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 9a.

All items dealt with in arriving at the surplus/(deficit) for 2015 and 2014 relate to continuing operations.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertaking, S. C. O. & E. Ltd, for the year ended 30 June 2015. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College are not included because S. C. O. & E. Ltd is a design and build company and therefore the balance sheet of the College would not be materially different to the one included in the accounts.

S. C. O. & E. Ltd is incorporated in England and Wales with an authorised and issued share capital of 1,000 £1 ordinary shares, of which the College holds 100%.

Recognition of income

a. Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

b. Restricted grant income

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

c. Donations and benefactions

Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

d. Capital grants and donations
Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

e. Other income
Income is received from a range of activities including residences, catering, conferences and other services rendered.

f. Endowment and investment income
All investment income is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

Tangible fixed assets

a. Land and buildings
The operational buildings held by the College on 1 July 2002 have been brought into the accounts at depreciated replacement cost based on a valuation carried out by Davis Langdon LLP, Chartered Surveyors. Subsequent additions and improvements to the College's buildings are accounted for at cost. Freehold buildings are depreciated on a straight-line basis over their expected useful economic life of 50 years. Freehold land is not depreciated. Leasehold buildings are amortised over 50 years, or, if shorter, the period of the lease.

With effect from 2002-03 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 credited to a deferred capital account and 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.

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 30 June 2015. They are not depreciated until they are brought into use.

No value has been placed on the land occupied by the College's operational buildings as at 1 July 2002; purchases of land after this date are to be capitalised.

b. Maintenance of premises
The College has a five-year rolling maintenance plan that is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure Account as it is incurred.

c. Furniture, fittings and equipment
Furniture, fittings and equipment costing less than £100 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful lives as follows:

Furniture and fittings	15 years
Motor vehicles	10 years
General equipment	5-20 years
Computer equipment	4 years
Library books	20 years
Musical instruments	50 years

No depreciation is charged in the year of acquisition.

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. Heritage assets
The College holds a collection of rare books which is not recognised in the Balance Sheet. This collection has arisen through donations and largely comprises works on theology. Few of the books are scarce or in first editions and the subject area is unfashionable. It would be difficult and expensive to replace the collection but equally the possibility of finding a specialist buyer could not be guaranteed, therefore to attribute any value to these books would be unrealistic.

The College employs a professional archivist whose responsibilities include the care and maintenance of the rare book collection. The exposure of the collection to heat and light is strictly controlled.

The College also holds a number of paintings and drawings but the majority of these are portraits of members and benefactors of the College. As such this collection pertains to the history of the College and has little external market value.

e. Leased assets
The College does not hold any fixed assets under finance leases.

Investments

Fixed asset investment and endowment assets are included in the balance sheet at market value. All the College's investments are listed on a recognised stock exchange.

Stocks

Stocks are valued at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

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.

Endowment Funds

Endowment funds are classified under three headings:

- Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College, the fund is classified as an unrestricted permanent endowment.

- Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.

- Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the College must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the budgeted rate of exchange. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the actual year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Taxation

Until 1 June 2010 the College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. On 1 June 2010 the College ceased to be an exempt charity and, subsequent to the balance sheet date, became a registered charity, number 1137517, on 17 August 2010.

The College is also 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 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

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. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Pension costs

The College participates in the Universities 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 trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "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 College also participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), 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 trustee administered fund. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

Until 31 December 2013 the College participated in the Church of England Funded Pensions Scheme (CEFPS) in respect of its Chaplain. The CEFPS is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities; each employer in the scheme pays a common contribution rate. Under paragraph 9(b) of the accounting standard on Retirement Benefits, Financial Reporting Standard 17, the College is required to account for pension costs for schemes such as the CEFPS on the basis of contributions actually payable to the scheme in the year.

Consolidated Income & Expenditure Account
For the year ended 30 June 2015

	Note	**2015**		2014
		£		£
INCOME				
Academic fees and charges	1	2,171,777		2,044,373
Residences, catering and conferences	2	4,224,196		3,693,774
Endowment and investment income	3	1,397,418		1,339,444
Donations	4	957,476		608,694
Other income	5	399,361		465,662
Total income		9,150,228		8,151,947
EXPENDITURE				
Education	6	3,092,976		2,966,894
Residences, catering and conferences	7	5,045,271		4,763,080
Interest payments		129,064		166,271
Other expenditure	8	3,721		5,422
Total expenditure	9a	8,271,032		7,901,667
Surplus on continuing operations before Contribution under Statute G,II		879,196		250,280
Contribution under Statute G,II		-		-
		879,196		250,280
Surplus for the year transferred to accumulated income in endowment funds	21	(154,826)		(157,836)
Surplus for the year retained within general reserves	**£**	**724,370**	£	92,444

Consolidated Statement of Total Recognised Gains and Losses for the year ended 30 June 2015

	Note	Restricted Funds £	Un-restricted Funds £	2015 Total £		2014 Total £
Surplus on income and expenditure account		-	724,370	724,370		92,444
Unspent endowment fund income		154,826	-	154,826		157,836
Increase in market value of investments						
Endowment assets	21	982,932	1,112,212	2,095,144		1,301,407
Fixed asset investments	22	-	255,194	255,194		185,397
New endowments	21	721,825	-	721,825		1,405,094
Bursary compensation payment		-	8,580	8,580		5,623
Capital grant from the Colleges Fund		-	192,000	192,000		186,000
Actuarial gain/(loss) in respect of pension schemes	24	-	137,355	137,355		(795,751)
Total recognised gains relating to the year	**£**	**1,859,583**	**2,429,711**	**4,289,294**	£	2,538,050
Reconciliation						
Opening reserves and endowments		17,708,301	58,249,005	75,957,306		73,419,256
Total recognised gains for the year		1,859,583	2,429,711	4,289,294		2,538,050
Closing reserves and endowments	**£**	**19,567,884**	**60,678,716**	**80,246,600**	£	75,957,306

Consolidated Balance Sheet as at 30 June 2015

	Note			**30 June 2015 £**	30 June 2014 £
Fixed assets					
Tangible assets	11			61,319,557	61,261,769
Investments	12			6,427,022	6,024,947
Endowment assets	13			37,582,979	34,410,604
Current assets					
Stocks	14			269,349	231,357
Debtors	15			818,811	646,287
Cash	16			559,662	394,565
				1,647,822	1,272,209
Creditors: amounts falling due within one year	17			(2,685,905)	(2,586,166)
Net current liabilities				(1,038,083)	(1,313,957)
Total assets less current liabilities				104,291,475	100,383,363
Creditors: amounts falling due after more than one year	18			(4,190,000)	(5,430,000)
Net assets excluding pension liability				100,101,475	94,953,363
Pension liability	19			(3,235,293)	(3,143,658)
Net assets including pension liability				**£ 96,866,182**	£ 91,809,705
Represented by:		**Restricted Funds £**	**Un-restricted Funds £**	**30 June 2015 £**	30 June 2014 £
Deferred capital grants	20	16,619,582	-	16,619,582	15,852,399
Endowments					
Expendable endowments	21	51,193	-	51,193	51,933
Permanent endowments	21	19,516,691	18,015,095	37,531,786	34,358,671
		19,567,884	18,015,095	37,582,979	34,410,604
Reserves					
General reserves excluding pension reserve	22	-	45,898,914	45,898,914	44,690,360
Pension reserve	22	-	(3,235,293)	(3,235,293)	(3,143,658)
		-	42,663,621	42,663,621	41,546,702
Total Endowments and Reserves		19,567,884	60,678,716	80,246,600	75,957,306
Total funds		36,187,466	60,678,716	**£ 96,866,182**	£ 91,809,705

Approved by the Governing Body on 17 November 2015 and signed on their behalf by:

N J A Downer

N J A Downer
Bursar

Consolidated Cash Flow Statement for the year ended 30 June 2015

	Note	**2015**	2014
		£	£
Operating activities			
Surplus on continuing operations before Contribution under Statute G,II		879,196	250,280
Depreciation of tangible fixed assets	11	1,722,896	1,632,580
Profit on disposal of tangible fixed assets	5/8	(184,279)	(246,203)
Deferred capital grants released to income	20	(689,399)	(297,209)
Investment income	3	(1,397,418)	(1,339,444)
Interest payable		129,064	166,271
Movement in pension deficit	19	228,990	174,466
		689,050	340,741
Increase in stocks	14	(37,992)	(11,246)
(Increase)/decrease in debtors	15	(172,524)	23,299
Increase/(decrease) in creditors	17	99,739	(128,154)
Net cash inflow from operating activities		**578,273**	224,640
Returns on investments and servicing of finance			
Endowment and Investment income received	3	1,397,418	1,339,444
Interest paid		(129,064)	(166,271)
Net cash inflow from returns on investment and servicing of finance		**1,268,354**	1,173,173
Contribution to the Colleges Fund		**-**	-
Capital transactions and financial investment			
(Purchases)/sales of investment assets		(1,224,112)	3,028,093
Payments to acquire tangible fixed assets	11	(2,038,251)	(6,697,407)
Proceeds of the sale of tangible fixed assets		441,846	590,362
Donations for buildings and other capital grants received	20	1,456,582	1,351,603
New endowments received	21	721,825	1,405,094
Grants received from Colleges Fund		192,000	186,000
Bursary compensation payment		8,580	5,623
Net cash outflow from capital transactions		**(441,530)**	(130,632)
Financing			
Long term loans received		500,000	-
Long term loans repaid		(1,740,000)	(1,240,000)
Net decrease in long term loans		**(1,240,000)**	(1,240,000)
Increase in cash in the year	**£**	**165,097**	£ 27,181
Reconciliation of net cash flow to movement in net liquid assets			
Increase in cash in the year		165,097	27,181
Net funds at beginning of year		394,565	367,384
Net funds at end of year	16 **£**	**559,662**	£ 394,565

Notes to the Accounts for the year ended 30 June 2015

		2015	2014
1	**ACADEMIC FEES AND CHARGES**		
	COLLEGE FEES	**£**	£
	Fee income paid on behalf of undergraduates at the Publicly-funded Undergraduate rate (per capita fee from £4,185 to £4,500)	1,614,341	1,546,353
	Privately-funded undergraduate fee income (per capita fee from £6,166 to £6,796)	237,207	184,384
	Fee income received at the Graduate fee rate (per capita fee £2,474)	320,229	313,636
		£2,171,777	£2,044,373

			2015	2014
2	**INCOME FROM RESIDENCES, CATERING AND CONFERENCES**		**£**	£
	Accommodation:	College members	2,145,449	1,885,640
		Conferences	862,870	712,400
	Catering:	College members	763,791	736,100
		Conferences	452,086	359,634
			£4,224,196	£3,693,774

		2015	2014
3	**ENDOWMENT AND INVESTMENT INCOME**		
	Income from:	**£**	£
	Freehold land and buildings	-	-
	Quoted securities		
	Equities	1,205,536	1,166,048
	Fixed interest	188,938	160,421
	Cash	2,944	12,975
		£1,397,418	£1,339,444

Investment Management fees paid to J. M. Finn & Co. were £14,400 (2014: £14,400) and are included in Other Operating Expenses (Note 9a).

		2015	2014
4	**DONATIONS**	**£**	£
	Unrestricted donations	268,077	311,485
	Released from deferred capital grants (see note 20)	689,399	297,209
		£957,476	£608,694

		2015	2014
5	**OTHER INCOME**	**£**	£
	From Isaac Newton Trust for Cambridge Bursaries	214,016	218,550
	Profit on disposal of tangible fixed assets	185,345	247,112
		£399,361	£465,662

Notes to the Accounts for the year ended 30 June 2015

6 EDUCATION EXPENDITURE

	2015 £	2014 £
Teaching	1,882,826	1,754,876
Tutorial	371,448	367,019
Admissions	139,251	135,228
Access	151,417	122,788
Research	100,712	114,061
Scholarships and awards	22,341	66,870
Cambridge Bursaries (see note 5)	293,565	274,435
Other educational facilities	131,416	131,617
Total	£3,092,976	£2,966,894

7 RESIDENCES, CATERING AND CONFERENCE EXPENDITURE

		2015 £	2014 £
Accommodation	- College members	2,228,335	2,178,488
	- Conferences	990,371	968,215
Catering	- College members	1,264,545	1,119,030
	- Conferences	562,020	497,347
Total		£5,045,271	£4,763,080

8 OTHER EXPENDITURE

	2015 £	2014 £
Net return on pension scheme assets less liabilities	2,655	4,513
Loss on disposal of tangible fixed assets	1,066	909
	£3,721	£5,422

9a ANALYSIS OF 2014-15 EXPENDITURE BY ACTIVITY

	Staff costs (note 10) £	Other Operating Expenses £	Depreciation £	Total £
Education (note 6)	1,451,077	1,345,326	296,573	3,092,976
Residences, catering and conferences (note 7)	2,310,587	1,308,361	1,426,323	5,045,271
Interest payments	-	129,064	-	129,064
Other expenditure (note 8)	-	3,721	-	3,721
	£3,761,664	£2,786,472	£1,722,896	£8,271,032

Other Operating Expenses includes £300,339 as costs of fundraising (2014: £289,232). This expenditure includes the cost of alumni relations.

9b ANALYSIS OF 2013-14 EXPENDITURE BY ACTIVITY

	Staff costs (note 10) £	Other Operating Expenses £	Depreciation £	Total £
Education (note 6)	1,375,216	1,314,040	277,638	2,966,894
Residences, catering and conferences (note 7)	2,037,789	1,370,349	1,354,942	4,763,080
Interest payments	-	166,271	-	166,271
Other expenditure (note 8)	-	5,422	-	5,422
	£3,413,005	£2,856,082	£1,632,580	£7,901,667

9c AUDITORS' REMUNERATION

	2015 £	2014 £
Other operating expenses include:		
Audit fees payable to the College's external auditors	14,802	14,586
Other fees payable to the College's external auditors	-	300
	£14,802	£14,886

Notes to the Accounts for the year ended 30 June 2015

10 STAFF

	2015 College Fellows £	**2015 Non-academic £**	**2015 Total £**	2014 Total £
Staff costs:				
Emoluments	713,958	2,324,713	3,038,671	2,771,739
Social Security costs	45,676	127,561	173,237	171,165
Other pension costs (see note 24)	97,728	452,028	549,756	470,101
	£857,362	£2,904,302	£3,761,664	£3,413,005

	Average staff nos.			Average staff nos.		
	Number of Fellows	Full-time equivalents	**2015 Total**	Number of Fellows	Full-time equivalents	2014 Total
Academic	51	-	51	51	-	51
Non-academic	1	91	92	1	92	93
	52	91	143	52	92	144

There are 55 Members of the Governing Body, of which the 52 declared above receive a stipend from the College.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2014: none).

Trustees' remuneration included above: £713,958 (2014: £667,365). The trustees receive no remuneration in their role as trustees of the charity.

Notes to the Accounts for the year ended 30 June 2015

11 TANGIBLE FIXED ASSETS

	2015 Land and buildings £	**2015 Equipment £**	**2015 Total £**	2014 Total £
Cost or valuation				
At beginning of year	70,477,929	4,781,096	75,259,025	69,939,773
Additions at cost	1,312,957	725,294	2,038,251	6,697,407
Disposals at cost/valuation	(285,000)	(59,266)	(344,266)	(1,378,155)
At end of year	71,505,886	5,447,124	76,953,010	75,259,025
Depreciation				
At beginning of year	12,477,756	1,519,500	13,997,256	13,398,672
Charge for the year	1,408,693	314,203	1,722,896	1,632,580
Eliminated on disposals	(28,500)	(58,199)	(86,699)	(1,033,996)
At end of year	13,857,949	1,775,504	15,633,453	13,997,256
Net book value				
At end of year	**£57,647,937**	**£3,671,620**	**£61,319,557**	£61,261,769
At beginning of year	£58,000,173	£3,261,596	£61,261,769	£56,541,101

The insured value of freehold land and buildings as at 30 June 2015 was £103,232,758 (2014: £92,766,712).

12 FIXED ASSET AND ENDOWMENT INVESTMENTS

	2015 £	2014 £
Balance at beginning of year	40,435,551	41,976,840
Additions at cost	3,565,204	3,528,897
Disposals at opening market value	(2,389,977)	(2,774,607)
Appreciation on disposals/revaluation	2,464,369	1,528,659
Decrease in cash balances held by fund managers	(65,146)	(3,824,238)
Balance at end of year	£44,010,001	£40,435,551
Represented by:		
Quoted securities – equities	36,023,432	32,867,983
Quoted securities – fixed interest	6,200,158	5,716,011
Cash held for reinvestment	1,786,411	1,851,557
	£44,010,001	£40,435,551
Fixed asset investments	6,427,022	6,024,947
Endowment investments	37,582,979	34,410,604
	£44,010,001	£40,435,551

13 ENDOWMENT ASSETS

	2015 £	2014 £
Long-term investments:		
Quoted securities – equities	30,766,928	27,969,370
Quoted securities – fixed interest	5,289,136	4,858,766
Cash held for reinvestment	1,526,915	1,582,468
	£37,582,979	£34,410,604

14 STOCKS

	2015 £	2014 £
Goods for resale	£269,349	£231,357

Notes to the Accounts for the year ended 30 June 2015

15 DEBTORS

	2015	2014
	£	£
Members of the College	132,071	128,974
Trade debtors	101,467	75,019
Taxation recoverable	83,503	32,147
Sundry debtors	380,045	293,051
Prepayments	121,725	117,096
	£818,811	£646,287

16 CASH

	2015	2014
	£	£
Current accounts	539,993	367,210
Cash in hand	19,669	27,355
	£559,662	£394,565

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Loan repayable 30 March 2016	1,240,000	1,240,000
Trade creditors and accruals	438,564	416,347
PAYE and Social Security	106,010	103,981
Students' deposits	138,120	117,820
Other creditors	763,211	708,018
	£2,685,905	£2,586,166

18 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2015	2014
	£	£
Loans repayable	£4,190,000	£5,430,000

19 PENSION LIABILITY

	2015	2014
	£	£
Balance at beginning of year	3,143,658	1,404,313
Movement in year:		
Current service cost including life assurance	553,542	458,435
Contributions	(327,207)	(288,482)
Other finance cost/(income)	2,655	4,513
Actuarial (gain)/loss recognised in statement of total recognised gains and losses	(137,355)	795,751
Balance at end of year	£3,235,293	£3,143,658

Notes to the Accounts for the year ended 30 June 2015

20 DEFERRED CAPITAL GRANTS

	2015 Donations £	2014 Donations £
Balance at beginning of year:		
Buildings	15,536,903	14,473,742
Equipment	315,496	324,263
	£15,852,399	£14,798,005
Grants and donations received:		
Buildings	1,456,582	1,343,836
Equipment	-	7,767
Released to income and expenditure account:		
Buildings	(672,865)	(280,675)
Equipment	(16,534)	(16,534)
Balance at end of year:		
Buildings	16,320,620	15,536,903
Equipment	298,962	315,496
	£16,619,582	£15,852,399

Notes to the Accounts for the year ended 30 June 2015

21 ENDOWMENTS

	2015 Unrestricted Permanent	2015 Restricted Permanent	2015 Total Permanent	2015 Restricted Expendable	2015 Total	2014 Total
Balance at beginning of year:	**£**	**£**	**£**	**£**	**£**	£
Capital	16,702,303	16,355,618	33,057,921	51,933	33,109,854	29,717,439
Unspent income	-	1,300,750	1,300,750	-	1,300,750	1,110,633
	£16,702,303	**£17,656,368**	**£34,358,671**	**£51,933**	**£34,410,604**	£30,828,072
New endowments received	-	721,825	721,825	-	721,825	1,405,094
Restricted expendable donations	-	5,920	5,920	-	5,920	23,032
Income from endowment asset investments	650,805	590,270	1,241,075	1,792	1,242,867	1,163,136
Expenditure	(650,805)	(437,841)	(1,088,646)	(5,315)	(1,093,961)	(1,028,332)
Net transfer from income and expenditure account	-	158,349	158,349	(3,523)	154,826	157,836
Bursary Compensation payment	8,580	-	8,580	-	8,580	5,623
Capital grant from Colleges Fund	192,000	-	192,000	-	192,000	186,000
Transfer from Reserves - Capital	-	-	-	-	-	523,572
Transfer from Reserves – Unspent income	-	-	-	-	-	3,000
Increase in market value of investments	1,112,212	980,149	2,092,361	2,783	2,095,144	1,301,407
	1,312,792	1,860,323	3,173,115	(740)	3,172,375	3,582,532
Balance at end of year:						
Capital	18,015,095	18,006,216	36,021,311	51,193	36,072,504	33,109,854
Unspent income	-	1,510,475	1,510,475	-	1,510,475	1,300,750
	£18,015,095	**£19,516,691**	**£37,531,786**	**£51,193**	**£37,582,979**	£34,410,604
Representing:						
Fellowship Funds	-	8,984,447	8,984,447	-	8,984,447	7,986,386
Scholarship Funds	-	2,669,599	2,669,599	-	2,669,599	2,470,939
Prize Funds	-	418,146	418,146	-	418,146	388,894
Hardship Funds	-	4,558,063	4,558,063	-	4,558,063	4,092,329
Travel Grant Funds	-	530,968	530,968	-	530,968	495,719
Other Funds	-	2,355,468	2,355,468	51,193	2,406,661	2,274,034
General Endowments	18,015,095	-	18,015,095	-	18,015,095	16,702,303
	£18,015,095	**£19,516,691**	**£37,531,786**	**£51,193**	**£37,582,979**	£34,410,604

Notes to the Accounts for the year ended 30 June 2015

22 RESERVES

	2015 General reserves £	2015 Pension reserve £	2015 Total £	2014 Total £
Balance at beginning of year	44,690,360	(3,143,658)	41,546,702	42,591,184
Surplus/(deficit) retained for the year	953,360	(228,990)	724,370	92,444
Actuarial loss	-	137,355	137,355	(795,751)
Increase in market value of investments	255,194	-	255,194	185,397
Transfer to Endowments – Capital	-	-	-	(523,572)
Transfer to Endowments – Unspent income	-	-	-	(3,000)
Balance at end of year	£45,898,914	£(3,235,293)	£42,663,621	£41,546,702

23 CAPITAL COMMITMENTS

	2015 £	2014 £
Commitments contracted for at 30 June:	833,757	733,740

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES

The College participates in two defined benefit schemes: the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS), as follows:

Universities Superannuation Scheme

The Universities Superannuation Scheme is a defined benefit scheme that 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 College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). 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 FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £97,728 (2014: £94,482) as shown in note 10. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES

Universities Superannuation Scheme continued

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with Continuous Mortality investigation's (CMI) S1 NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females.

The current life expectancies on retirement at age 65 are:

	2015	**2014**
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	**2015**	**2014**
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

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.

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme

The College is also a member of another multi-employer defined benefits scheme: the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2014 and updated to 30 June 2015 by a qualified independent actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2015	**2014**
	% p.a.	**% p.a.**
Discount rate	3.7	4.2
Expected long-term rate of return on scheme assets	3.7	6.2
Salary inflation assumption	2.75**	2.8*
Retail Prices Index (RPI) assumption	3.25	3.3
Consumer Prices Index (CPI) assumption	2.25	2.3
Pension increases (RPI linked)	3.25	3.3
Pension increases (RPI linked capped at 5% p.a.)	3.05	3.1

*** 1.5% in 2014 to 2016; 2.8% thereafter**
****1.5% in 2015 and 2016, 2.75% thereafter**

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI_2014 projection and a target long-term improvement rate of 1.0% p.a. (2014: same base table and an allowance for improvements using the CMI_2013 projection table with a long term improvement rate of 1.0% p.a.) This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.3 years (previously 22.3).
- Female age 65 now has a life expectancy of 24.4 years (previously 24.3 years).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 23.6 years).
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.9 years (previously 25.8).

The amounts recognised in the balance sheet as at 30 June 2015 (with comparative figures as at 30 June 2014) are as follows:

	2015	**2014**
	£	**£**
Present value of Scheme liabilities	(10,616,719)	(9,563,110)
Market value of Scheme assets	7,381,426	6,419,452
Deficit in the Scheme	**(3,235,293)**	**(3,143,658)**

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES (continued)

Cambridge Colleges Federated Pension Scheme continued

The amounts to be recognised in income and expenditure for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	2015	2014
	£	£
Current service cost	553,542	458,435
Interest on Scheme liabilities	408,117	379,819
Expected return on Scheme assets	(405,462)	(375,306)
Total	**556,197**	**462,948**
Actual return on Scheme assets	(885,679)	(374,430)

Changes in the present value of the Scheme liabilities for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	2015	2014
	£	£
Present value of Scheme liabilities at beginning of period	9,563,110	8,115,579
Service cost (including Employee contributions)	576,386	478,688
Interest cost	408,117	379,819
Actuarial losses	342,862	794,875
Benefits paid	(273,756)	(205,851)
Present value of Scheme liabilities at end of period	**10,616,719**	**9,563,110**

Changes in the fair value of the Scheme assets for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	2015	2014
	£	£
Market value of Scheme assets at beginning of period	6,419,452	5,942,138
Expected return	405,462	375,306
Actuarial gains/(losses)	480,217	(876)
Contributions paid by the College	327,207	288,482
Employee contributions	22,844	20,253
Benefits paid	(273,756)	(205,851)
Market value of Scheme assets at end of period	**7,381,426**	**6,419,452**

The expected contributions to be paid by the College for the forthcoming year are:
From 1 July 2015 to 31 March 2016: 19.40% of Contribution Pay for non salary sacrifice members (25.75% of Contribution Pay for salary sacrifice members);
From 1 April 2016 to 30 June 2016: 17.05% of Contribution Pay for non salary sacrifice members (23.40% of Contribution pay for salary sacrifice members).
Plus Recovery Plan payments of £37,074; plus £18,326 to cover expenses.
The above rates exclude PHI and are subject to review at future actuarial valuations.

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES (continued)

Cambridge Colleges Federated Pension Scheme continued
The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2015 (with comparative figures at 30 June 2014) are as follows:

	2015	**2014**
Equities & Hedge Funds	69%	70%
Bonds & Cash	25%	23%
Properties	6%	7%

The expected long-term rate of return on the Scheme assets has been set in line with the discount rate, i.e. 3.7%.

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the 12 months ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	2015	**2014**
	£	**£**
Actual return less expected return on scheme assets	480,217	(876)
Experience losses arising on scheme liabilities	68,023	(126,300)
Changes in assumptions underlying the present value of scheme liabilities	(410,885)	(668,575)
Actuarial gain/(loss) recognised in STRGL	**137,355**	**(795,751)**

Cumulative amount of actuarial gains and losses recognised in STRGL for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	2015	**2014**
	£	**£**
Cumulative actuarial loss at beginning of period	(2,684,527)	(1,888,776)
Recognised loss during the period	137,355	(795,751)
Cumulative actuarial gain/(loss) at end of period	**(2,547,172)**	**(2,684,527)**

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES (continued)

Cambridge Colleges Federated Pension Scheme continued

Movements in deficit during the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	2015	2014
	£	£
Deficit in scheme at beginning of year	(3,143,658)	(2,173,441)
Service Cost (Employer only)	(553,542)	(458,435)
Contributions paid by the College	327,207	288,482
Finance cost	(2,655)	(4,513)
Actuarial gain/(loss)	137,355	(795,751)
Deficit in scheme at end of period	**(3,235,293)**	**(3,143,658)**

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES (continued)

Cambridge Colleges Federated Pension Scheme continued

Amounts for the current and previous four accounting periods are as follows:	**Year ended 30 June 2015 £**	**Year ended 30 June 2014 £**	**Year ended 30 June 2013 £**	**Year ended 30 June 2012 £**	**Year ended 30 June 2011 £**
Present value of scheme liabilities	(10,616,719)	(9,563,110)	(8,115,579)	(6,613,442)	(6,050,631)
Market value of scheme assets	7,381,426	6,419,452	5,942,138	5,209,129	5,649,954
Deficit in the scheme	**(3,235,293)**	**(3,143,658)**	**(2,173,441)**	**(1,404,313)**	**(400,677)**
Actual return less expected return on scheme assets	480,217	(876)	337,511	(986,655)	373,823
Experience gain/(loss) arising on scheme liabilities	68,023	(126,300)	(25,648)	12,584	62,623
Change in assumptions underlying present value of scheme liabilities	(410,885)	(668,575)	(970,180)	(90,504)	695,042

Notes to the Accounts for the year ended 30 June 2015

24 PENSION SCHEMES (continued)

Church of England Funded Pension Scheme
Until 31 December 2013 the College participated in the Church of England Funded Pensions Scheme (CEFPS) and employed 1 member of the Scheme out of a total membership of approximately 8,500.

The CEFPS is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities – each employer in the Scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
    - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
    - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% p.a. on gilts and 5.2% on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the CEFPS, paragraph 9(b) of FRS17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the College's contribution rate would have been due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% would have been due in respect of the £293m shortfall in the Scheme and 25.8% in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contribution rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

The total pension cost, after personal health insurance contributions, for the year to 30 June 2015 (see note 10) was as follows:

	2015	2014
	£	£
USS: Contributions	97,728	94,482
CCFPS: Charged to income and expenditure account	452,028	371,854
CEFPS: Contributions	-	3,765
	£549,756	£470,101

Notes to the Accounts for the year ended 30 June 2015

25 CONTINGENT LIABILITY

A contingent liability exists in relation to the USS pension valuation recovery plan, since the College is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.

26 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 has 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.