Selwyn College, Cambridge

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

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 serving during the year

Mr Roger Mosey
Dr Gilad Antler
Professor Patrick J N Baert
Dr Jennifer Bates
Dr Daniel A Beauregard
Dr John R Benson
Dr Rosemary C Bolton
Dr Christopher Briggs
Dr Uradyn E Bulag
Professor Nicholas J Butterfield
Dr Jack O Button
Dr Bryan Cameron
Professor R Stewart Cant
Dr Filipe Carreira da Silva
Dr Emily J Charnock
Professor Daping Chu
Professor William J Clegg
Dr Philip J Connell
Dr Sophia M Connell
Professor John S Dennis
Mr Nicholas J A Downer
Professor Katharine J Ellis
Dr Stuart M Eves
Dr Anita C Faul
Dr Elena Filimonova
Mr Peter Fox
Dr Jessica Gardner
Dr Fabian Grabenhorst
Dr Marta Halina
Dr Asif Hameed
Dr Alan D Howard
Dr Gavin E Jarvis
Dr James H Keeler
Mr Oleg Kitov
Dr Georgios Kolios
Dr Bonnie C Lander Johnson
Ms Sarah E A MacDonald
Mr James M R Matheson
Professor Ian A McFarland
Dr Sarah Meer
Dr James Moultrie
Mr Michael G Nicholson
Dr Nikolaos Nikiforakis
Dr Diarmuid R O'Donnell
Dr Janet A O'Sullivan
Dr Amer A Rana
Dr Stewart O Sage
Dr Joseph W Sampson
Dr Michael J Sewell
Revd Canon Hugh D Shilson-Thomas
Dr David L Smith
Dr Rupert J E Thompson
Dr Michael J Tilby
Dr Paul D Upton
Dr Chander Velu
Dr Dacia Viejo-Rose
Dr Björn F N Wallace
Dr Heather M Webb
Dr Lauren Wilcox
Dr David W E Willis
Dr Charlotte Woodford
Dr Yu Ye

<u>JUNIOR MEMBERS</u>

Ted Mackey (JCR President)
Harriet Brien (JCR Treasurer)
Anna Lippert (MCR President)
James Xiao (MCR Treasurer)

Reference and Administration

Senior Officers:	
Head of House:	Mr Roger Mosey
Senior Tutor:	Dr Michael J Sewell
Bursar:	Mr Nicholas J A Downer
Principal advisers:	
Auditors:	Peters Elworthy & Moore
Bankers:	Barclays Bank PLC
Investment Managers:	J M Finn & Co
Legal Advisers:	Mills & Reeve Taylor Vinters

Operating and Financial Review for the Year ended 30 June 2017

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 2017.

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, 58 fellows and 618 junior members, of whom 414 are undergraduates and 204 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 fifth overall in the QS World University Rankings for 2017 and remained the top-ranked university outside the United States. 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 62-64% and the proportion of UK resident students from quintiles 1 and 2 of the Participation Of Local Area ("POLAR") classification so that they fall within a range of 10-13%. It is required to reach the top of the respective ranges by 2019-20. Selwyn has already attained or exceeded the requirement, with 71% of students accepted by Selwyn for entry in October 2017 from the maintained sector, and a POLAR figure of 13%.

The College participates enthusiastically in Widening Participation and Aspiration-Raising programmes in conjunction with the University. It also employs its own full-time Schools Liaison Officer to reinforce these outreach efforts. 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 £260,000 on access events, an 80% increase over the previous year and a reflection of the substantially increased activity. Once admitted, students have access to several sources of financial aid. In 2016-17, a total of £249,000 was received by Selwyn students through the Cambridge Bursary Scheme, a scheme operated in common with the University and other colleges. 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. Almost a quarter of all Selwyn undergraduates received some form of Bursary support over the year. In addition, the College paid out £176,000 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 improved strongly over the year, with 29% of Selwyn candidates obtaining first class honours in 2017, compared with 25% the previous year. The College remains committed to academic excellence and anticipates further investment in teaching and student welfare in the coming years, notably in a new library as detailed below. Non-academic activities nonetheless remain important and 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, estate and administration of the College. The membership of the Governing Body as at 30 June 2017 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

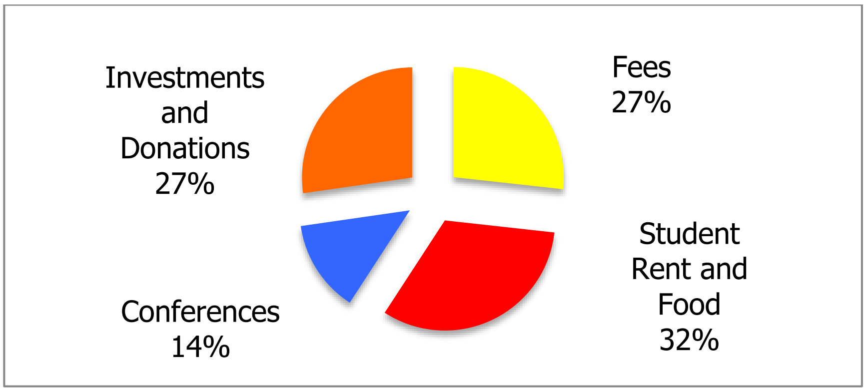
College is a charity within the meaning of the Taxes Act 1988, s 506 (1).

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 members attend meetings of the Investment Committee and the Stipends 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. In line with Charity Commission recommended best practice, the College has appointed a majority of independent members to its Stipends Committee.

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 (excluding new endowments, capital grants for assets and grant from the Colleges' Fund) for 2016-17:



Tuition Fees

Tuition Fees for Home and EU undergraduates are charged at the maximum permitted rate of £9,000 for students matriculating in 2016-17. 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.

In June 2017, the University gained a gold certification in the Teaching Excellence Framework exercise organised by the Higher Education Funding Council for England. This provides objective evidence of consistently outstanding teaching and results for its students. It is of the highest quality found in the UK. This award was made in June 2017, is valid for up to 3 years and will allow an inflationary increase in tuition fees to £9,250 from 2018. Implementation of the increase may however yet be subject to political intervention.

The higher fee arrangements appear to have had no material adverse effect on Cambridge admissions. 16,750 candidates applied to the University for 2016 admission, 2% up on 2015. In 2016, there were 4.8 applications per place, the same as the previous year.

In 2016-17, fees from home and EU undergraduates amounted to £1,634,000, 1.1% down on the previous year resulting from a drop in the number of undergraduates returning for a fourth year. A further £268,000 was received from privately funded undergraduates, up 20% on the previous year, and £450,000 from postgraduate students (up 6%). These fees are substantially below the actual cost of education, which was estimated by the Cambridge Colleges in 2015-16 as £9,967 per annum for an undergraduate and £5,346 for a postgraduate. Whilst the private undergraduate fee is unregulated and set at a more realistic £7,778, 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. Grants to Selwyn from the Colleges Fund since the beginning of this arrangement in 1998 have totalled £3,117,013. The College has now however made sufficient financial progress that it no longer qualifies for such assistance. Notwithstanding such progress, it considers that the burden of buildings maintenance and the need to maintain world class facilities requires a more substantial endowment.

Student Residences and Catering

Rent and catering for members of the College was the most important revenue source, accounting for 32% of total income before donations and endowments. 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 2016-17 was around £110 per week for a standard room and £130 for an ensuite room. This is substantially below the levels charged by private landlords in Cambridge (up to £200 per week) 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 five-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 continues to hold 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 £1.26 million in 2016-17, representing 14% of total unrestricted income, and a 7% fall from £1.36 million in 2015-16, following a number of cancellations after terrorist incidents and a more uncertain economic climate. The College seeks to cover the out-of-term portion of the year-round costs of the estate and the staff and continues to work 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 generosity of the College's alumni and supporters continues to play an important role in securing 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 £1.7 million or 18% of total income before donations and endowments in 2016-17, a 12% rise on the previous year. 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 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 over the years, with an annual average return over the past 16 years of 7.6%. 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 and which in relative terms have performed well in the recent volatile markets.

Financial review
This is the second year that the College has prepared its accounts in accordance with FRS 102 and 2015 RCCA. Operational information such as the underlying deficit and cash generation information remains broadly comparable with historic data.

Income and Expenditure
Last year's surplus proved to be something of a high-water mark. In 2016-17, the College generated a statutory deficit, now described in the accounts as total unrestricted comprehensive income, of £754,000 for the year, compared with a surplus of £571,000 last year. Given the changes outlined above, along with the large year-on-year variations in non-cash items such as pension scheme adjustments, it is perhaps more instructive to focus on the underlying operational condition of the College. The table below reconciles the statutory figure to the underlying result, where the College recorded an underlying deficit of £173,000, a deterioration of £193,000 from last year's record surplus of £20,000. A number of adverse factors combined over the year as described in more detail below.

	2017 £000	2016 £000
Total Comprehensive Unrestricted Income	**(754)**	**571**
Postgraduate Studentships Committed less paid	298	29
FRS102 Pension Cost Adjustments	238	306
Actuarial loss in respect of pension schemes	856	66
Increase in market value of investments	(239)	(308)
Unrestricted Donations Income	(620)	(732)
Loan Interest	48	88
Underlying (Deficit)/Surplus	**(173)**	**20**

Total unrestricted income for the year fell by 1% to £8.2 million. Total expenditure, led by a substantially higher level of education spending, rose by 5% to £8.3 million, leading to a deficit for the year of £754,000 compared with a surplus of £571,000 the previous year.

Income from fees and charges remained flat at £2.5 million. Higher receipts from graduates and international students largely offset a decline in undergraduate fees. Increased spending on admissions (with the recruitment of new admissions tutors), access (in accordance with OFFA requirements) and above all investment in postgraduate scholarships combined to bring about a 16% increase in education expenditure to £3.9 million and a substantial increase in the education deficit from £0.9 million to £1.4 million.

Income from accommodation of College members rose by 1.4% to £2.3 million, with progress restricted by a larger than expected number of empty rooms. The corresponding 3.3% increase in related expenditure to £2.4 million resulted in a modest widening of the accommodation deficit to £116,000. Measures are in place to reduce the number of empty rooms, namely to redeploy rooms made available by non-returning fourth years into graduate stock.

Income from catering for College members fell by 8% to £0.7 million, a disappointing result. A fall of 1% in related expenditure to £1.2 million led to a widening of the member catering deficit to £0.5 million. Student spend in Hall rose by 8% over the year to £3.68 per day in the Easter Term 2017, an encouraging result but still short of breakeven. The number of undergraduates using the Hall remained at 372, although utilisation by postgraduate students fell from 95 to 90 over the year. Following the external review of its catering operation and the recruitment of a new operations manager, a series of measures are being introduced to reduce the deficit. In particular, the option of converting the bar to an all-day dining venue is being explored.

As stated above, the conference business struggled during the year as a result of wider political and economic developments, with revenue falling by 7% to £1.3 million.

Investments

The College's investment portfolio amounted to £56.6 million at 30 June 2017, compared to £51.1 million the previous year. The total return on the portfolio amounted to 8.1%, a satisfactory performance in an uncertain environment. This represented an underperformance relative to the ARC Charity Balanced Index (10.1%) but is a reflection of the defensive nature of the portfolio and notably the relatively high levels (12%) of cash built up ahead of construction of the new library and auditorium. The College's average annual return for the last three years has been 9.2%, and 9.9% per annum over the past five years. Investment income grew by 12% to £1.7 million: a good performance at a time when interest on cash deposits is barely positive and the yield on the ten year gilt at the time of writing is around 1.4%.

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 £0.9 million in expendable donations, last year it also received £0.9 million. In addition, the College received £1.2 million in new endowments; last year it received £1.8 million. It also received £4.9 million (last year £1.3 million) of donations in support of capital projects, notably Phase III of Ann's Court.

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:

	2017	**2016**
	£'000	**£'000**
Underlying (Deficit)/Surplus	(173)	20
Depreciation Charge	1,825	1,791
Cash Flow	1,652	1,811
Change	-9%	9%

The downturn in student numbers and fall in the conference business meant that it was not possible to match last year's record level, although the figure of £1.65 million remains one of the best results in the College's history. 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 remains for example 10% below the college average and the utility cost 18% below the 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 £4.1million, or 44% of total expenditure. This represented a 3.6% increase on the previous year. At 30 June 2017, the College employed 58 Fellows and 100 full-time equivalent staff, compared with 58 Fellows and 98 full-time equivalent staff the previous year.

Under FRS102 the College is required to disclose all its pension liabilities on the balance sheet. As set out in Note 16, the total liability has increased by £1.1m to £4.9m, £856k of this arises from the annual recalculation of the liability in respect of members of the Cambridge Colleges Superannuation Scheme (CCFPS). Returns on the CCFPS assets have been better than expected (up £910k) but changes in the assumptions underlying the calculation of the present value of the liabilities, mainly driven by lower Corporate Bond yields, have resulted in the liabilities being deemed to be £1.7m higher than at last year end. The College is committed, to the best of its ability, to protecting the pension benefits of its employees.

Balance Sheet
Liquid resources increased somewhat from £0.5 million to £0.8 million at the year-end. Debt was repaid following a further annual donation instalment from the Cripps Foundation. Land and buildings of £60.3 million and the investment portfolio of £56.6 million form the other main components of a balance sheet of £111.2 million.

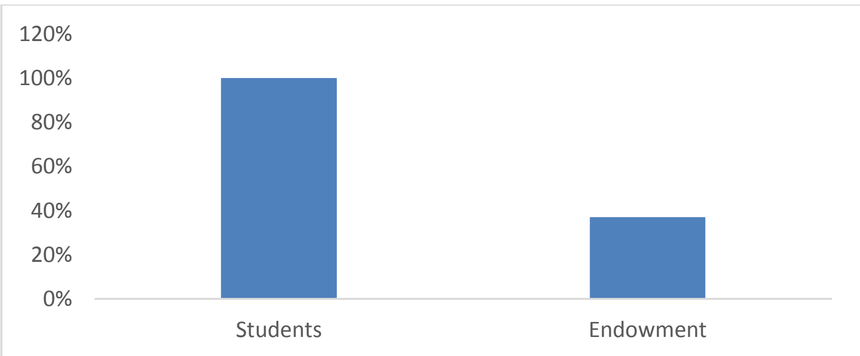
Reserves
At 30 June 2017 the College had £64.3 million in unrestricted reserves (2016: £60.8 million). Effectively these reserves are all invested in non-current fixed assets of £60.3 million (2016: £60.8 million), leaving only a modest reserve of usable resources available to support the activities of the College through any period of significant financial stress.

It is therefore imperative that the College continues to pursue fundraising opportunities with the aim of strengthening the endowment and to seek improvements in the efficiency and cost-effectiveness of its operations. It is only through the generation of unrestricted income surpluses that the College will be able to build up a prudent buffer against future adverse events.

Buildings and Estate
Maintaining its listed and historic buildings is one of the College's major costs, with an annual depreciation charge of £1.8 million (or 23% of total expenditure) set aside to cover their upkeep and replacement. In the year under review, capital expenditure on buildings amounted to £0.8 million with a further investment of £0.5 million in fixtures, fittings and equipment.

During the year, the College continued preliminary design work on Phase III of Ann's Court, a mixed-use building that will house a new library on the upper two floors and a flexible auditorium space on the ground floor. This will in turn allow the conversion of the existing library into a new College Archive and will create additional teaching and seminar space. Investment in high quality facilities to attract and retain the best students and staff against increasing international competition remains a key part of the College's strategy and this building will support that objective. Planning permission is being sought from the City Council. It is hoped to complete the project in the summer of 2020.

Risks and Uncertainties
The primary risks facing the College continue to be of a financial nature. The College has made good progress in stabilising its financial position but remains underendowed relative to other colleges and thus vulnerable to extraneous influences. The chart below shows that in 2016, Selwyn had 37% of the average college endowment but 100% 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, though increasing, remains insufficient to offset these operating losses. The College's position is stronger than for many years, yet it remains vulnerable to influences beyond its control. Fees are returning to the political centre stage; this year's events confirm the reliance of the conference business on geopolitical stability; and investment income depends on a positive economic and financial background, neither of which can be depended upon. A major financial or political shock could damage key income streams which, if prolonged, could undermine years of progress in strengthening the finances. The College must therefore continue to seek to grow the endowment and increase investment income to the point where vulnerability to such events is substantially reduced.

The College has long focussed on cost control and cash preservation and has made good progress. It recognises that, although a necessary and ongoing process, cost cutting will in itself not eliminate the deficit. As stated above, the long-term solution 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.

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 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.

Finally, the consequences of last year's EU referendum have yet to be fully appreciated. The collegiate university has historically attracted the best people, irrespective of nationality, and this has underpinned its world leading status. Any impediment to the free flow of people, whether these be academic or support staff, has the potential to damage the attractiveness of the University as a place of research or employment. The College celebrates the diversity of its staff and values their contribution enormously.

Outlook

Despite a falling back from last year's record results, the College has made strong financial progress in recent years, as evidenced by its emergence from the safety net of the Colleges' Fund. It is better placed to face an increasingly difficult operating environment. Costs are still being addressed where practicable and efficiencies are still being sought but the Governing Body is conscious of the need to preserve the ethos of the College. The College has much to be proud of: it remains successful academically and is a strikingly vibrant community. It now looks to protect and develop these qualities in the future.

NJA Downer

N J A Downer
14 November 2017

Statement of Responsibilities of the Governing Body

The Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Governing Body are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 17

Opinion

We have audited the financial statements of Selwyn College (the 'College') for the year ended 30 June 2017, which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2017 and of its incoming resources and application of resources 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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Operating and Financial Review other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the Operating and Financial Review; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilties. This description forms part of our auditor's report.

Use of our report

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our work has been undertaken so that we might state to the College trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College trustees as a body, for our audit work, for this report, or for the opinions we have formed

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

21 November 2017

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 Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 7a.

All items dealt with in arriving at the (deficit)/surplus for 2017 and 2016 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

For the year ended 30 June 2016, the consolidated financial statements consolidate the financial statements of the College and its subsidiary undertaking, S. C. O. & E. Ltd. S. C. O. & E. Ltd was removed from the Register of Companies during the year ended 30 June 2017 as it had been dormant for many years and the College could not foresee any future purpose for it. 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 was a design and build company and therefore the balance sheet of the College would not have been materially different to the one included in the accounts.

S. C. O. & E. Ltd was incorporated in England and Wales with an authorised and issued share capital of 1,000 £1 ordinary shares, of which the College held 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 from non-government sources are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.

c. Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

d. Investment income and change in value of investment assets

Investment income and change in value of investment assets is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

e. Other income

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

f. Cambridge Bursary Scheme

In 2015-16, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loan Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each college paid their portion (based on their own eligible students) to the University.
However, to remain consistent with the previous years' presentation, as well as the system in place for 2016-17 (where the College paid Cambridge Bursaries to eligible students in full and received a contribution from the University), for 2015-16 the College has shown the gross payment made to eligible students and the contribution from the University as Income.

The net payment of £111k (2016: £69k) is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

	2017	**2016**
	£000	**£000**
Restricted income from Academic fees and charges (note 1)	138	194
Restricted expenditure on Education (note 4)	249	263
	£111	**£69**

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.

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 2017. 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 Consolidated Statement of Income and Expenditure 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.

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 investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings, which are stated in the College's balance sheet at cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Stocks

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

Contingent liabilities and assets

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. 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 the comprehensive 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). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the assets are not attributed 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. As required by Section 28 of FRS102 "Employee benefits", the College therefore accounts for the Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to income and expenditure represents the contributions payable to the Scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the Scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is included in income and expenditure.

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.

The College also offers membership of NEST, a defined contribution pension scheme, to its non-academic employees and the pension charge represents the amounts payable by the College to the scheme in respect of the employees' service during the year.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold to perpetuity.

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Critical accounting judgements

FRS102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into any agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS102. The Governing Body are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.

Statement of Comprehensive Income and Expenditure

Year ended 30 June 2017

	Note	Unrestricted	Restricted	Endowment	College 2017 Total	Unrestricted	Restricted	Endowment	Consolidated 2016 Total
Income		£000	£000	£000	£000	£000	£000	£000	£000
Academic fees and charges	1	2,352	138	-	2,490	2,303	194	-	2,497
Residences, catering and conferences	2	4,275	-	-	4,275	4,397	-	-	4,397
Investment income	3	-	-	1,673	1,673	-	-	1,493	1,493
Endowment return transferred	3	942	731	(1,673)	-	860	633	(1,493)	-
Total income before donations and endowments		7,569	869	-	8,438	7,560	827	-	8,387
Donations		620	251	-	871	732	180	-	912
New endowments				1,201	1,201			1,850	1,850
Capital grant from Colleges Fund		-	-	-	-	-	-	43	43
Other capital grants for assets		-	4,916	-	4,916	-	1,343	-	1,343
Total income		8,189	6,036	1,201	15,426	8,292	2,350	1,893	12,535
Expenditure									
Education	4	2,926	1,012	-	3,938	2,599	784	-	3,383
Residences, catering and conferences	5	5,245	-	-	5,245	5,151	-	-	5,151
Interest payable		48	-	-	48	88	-	-	88
Other expenditure	6	106	-	-	106	125	-	-	125
Total expenditure	7	8,325	1,012	-	9,337	7,963	784	-	8,747
(Deficit)/Surplus before other gains and losses		(136)	5,024	1,201	6,089	329	1,566	1,893	3,788
Loss on disposal of fixed assets	9	(1)	-	-	(1)	-	-	-	-
Gain on investments	10	239	68	2,259	2,566	308	74	2,787	3,169
Surplus for the year		102	5,092	3,460	8,654	637	1,640	4,680	6,957
Other comprehensive income									
Actuarial loss in respect of pension schemes	16	(856)	-	-	(856)	(66)	-	-	(66)
Total comprehensive income for the year		**£ (754)**	**£5,092**	**£3,460**	**£7,798**	£571	£1,640	£4,680	£6,891

The notes on pages 28 to 41 form part of these accounts.

Statement of Changes in Reserves

Year ended 30 June 2017

	Note	Income and expenditure reserve			College
		Unrestricted	Restricted	Endowment	Total
		£000	£000	£000	£000
Balance at 1 July 2016		60,820	1,941	40,619	103,380
Reclassification of expendable endowment		-	-	-	-
(Deficit)/Surplus from income and expenditure statement		102	5,092	3,460	8,654
Other comprehensive income		(856)	-	-	(856)
Release of restricted capital funds spent in the year		4,242	(4,242)	-	-
Balance at 30 June 2017		**£64,308**	**£2,791**	**£44,079**	**£111,178**

	Income and expenditure reserve			Consolidated
	Unrestricted	Restricted	Endowment	Total
	£000	£000	£000	£000
Balance at 1 July 2015	58,906	1,562	36,021	96,489
Reclassification of expendable endowment	-	82	(82)	-
Surplus from income and expenditure statement	637	1,640	4,680	6,957
Other comprehensive income	(66)	-	-	(66)
Release of restricted capital funds spent in the year	1,343	(1,343)	-	-
Balance at 30 June 2016	**£60,820**	**£1,941**	**£40,619**	**£103,380**

The notes on pages 28 to 41 form part of these accounts.

Balance Sheet as at 30 June 2017

	Note	**College 30 June 2017 £000**	Consolidated 30 June 2016 £000
Non-current assets			
Fixed assets	9	60,284	60,803
Investments	10	56,569	51,077
Current assets			
Stocks	11	278	281
Trade and other receivables	12	740	540
Cash and cash equivalents	13	754	454
		1,772	1,275
Creditors: amounts falling due within one year	14	(2,505)	(5,476)
Net current liabilities		(733)	(4,201)
Total assets less current liabilities		116,120	107,679
Creditors: amounts falling due after more than one year	15	-	(450)
Provisions			
Pension provisions	16	(4,942)	(3,849)
Total net assets		**£ 111,178**	£ 103,380

	Note	**College 30 June 2017 £000**	Consolidated 30 June 2016 £000
Restricted reserves			
Income and expenditure reserve – endowment reserve	17	44,079	40,619
Income and expenditure reserve – restricted reserve	18	2,791	1,941
		46,870	42,560
Unrestricted reserves			
Income and expenditure reserve – unrestricted		64,308	60,820
Total Reserves		**£ 111,178**	£ 103,380

Approved by the Governing Body on 14 November 2017 and signed on their behalf by:

NJA Downer

N J A Downer
Bursar

The notes on pages 28 to 41 form part of these accounts.

Cash Flow Statement for the year ended 30 June 2017

	Note	**College 2017 £000**	Consolidated 2016 £000
Reconciliation of surplus for the year to net cash flows from operating activities			
Surplus for the year		8,654	6,957
Adjustment for non-cash items			
Depreciation	9	1,825	1,791
Investment income	3	(1,673)	(1,493)
(Gain) on endowments and donations	18	(2,566)	(3,169)
Decrease/(Increase) in stocks	11	3	(12)
(Increase)/Decrease in trade and other receivables	12	(200)	279
Increase in creditors excluding loans	14	319	154
Pension costs less contributions payable	16	237	306
Adjustment for investing or financing activities			
Investment income	3	1,673	1,493
Interest payable		48	88
Loss on sale of non-current assets	9	(1)	-
Net cash inflow from operating activities		**8,319**	6,394
Cash flows from investing activities			
(Purchases) of investment assets		(2,925)	(3,898)
Payments to acquire non-current assets	9	(1,306)	(1,274)
Total cash inflow from investing activities		**(4,231)**	(5,172)
Cash flows from financing activities			
Interest paid		(48)	(88)
Long term loans received		-	-
Long term loans repaid	14/15	(3,740)	(1,240)
Net cash inflow from financing activities		**(3,788)**	(1,328)
Increase/ (Decrease) in cash and cash equivalents in the year		**300**	(106)
Cash and cash equivalents at beginning of the year		454	560
Cash and cash equivalents at end of the year	13	**£ 754**	£ 454

The notes on pages 28 to 41 form part of these accounts.

Notes to the Accounts for the year ended 30 June 2017

		2017	2016
1	**ACADEMIC FEES AND CHARGES**	**2017**	2016
	College fees:	**£000**	£000
	Fee income received at the Regulated Undergraduate rate	1,634	1,653
	Fee income received at the Unregulated Undergraduate rate	268	224
	Fee income received at the Graduate rate	450	426
	From the University of Cambridge and Isaac Newton Trust for Cambridge Bursaries	138	194
		£2,490	£2,497

2	**INCOME FROM RESIDENCES, CATERING AND CONFERENCES**		**2017**	2016
			£000	£000
	Accommodation:	College members	2,309	2,276
		Conferences	791	815
	Catering:	College members	706	764
		Conferences	469	542
			£4,275	£4,397

3	**ENDOWMENT AND INVESTMENT INCOME**	**2017**	2016
	Income from:	**£000**	£000
	Quoted securities		
	Equities	1,440	1,255
	Fixed interest	232	222
	Cash	1	2
		£1,673	£1,493

Investment Management fees paid to J. M. Finn & Co. were £39,304 (2016: £14,400) and are included in Other Operating Expenses (Note 7a).

4	**EDUCATION EXPENDITURE**	**2017**	2016
		£000	£000
	Teaching	2,041	1,994
	Tutorial	405	404
	Admissions	207	155
	Access	260	144
	Research	114	109
	Scholarships and awards	516	176
	Cambridge Bursaries	249	263
	Other educational facilities	146	138
	Total	£3,938	£3,383

Notes to the Accounts for the year ended 30 June 2017

5	RESIDENCES, CATERING AND CONFERENCE EXPENDITURE		2017 £000	2016 £000
	Accommodation	- College members	2,425	2,346
		- Conferences	1,078	1,043
	Catering	- College members	1,206	1,220
		- Conferences	536	542
	Total		£5,245	£5,151

6	OTHER EXPENDITURE	2017 £000	2016 £000
	Net return on pension scheme assets less liabilities	106	125
		£106	£125

7a	ANALYSIS OF 2016-17 EXPENDITURE BY ACTIVITY	Staff costs (note 8) £000	Other Operating Expenses £000	Depreciation £000	Total £000
	Education (note 4)	1,632	1,990	316	3,938
	Residences, catering and conferences (note 5)	2,460	1,276	1,509	5,245
	Interest payments	-	48	-	48
	Other expenditure (note 6)	-	106	-	106
		£4,092	£3,420	£1,825	£9,337

Other Operating Expenses includes £249,321 as costs of fundraising (2016: £226,558) and £147,446 as costs of alumni relations (2016: £130,346).

7b	ANALYSIS OF 2015-16 EXPENDITURE BY ACTIVITY	Staff costs (note 8) £000	Other Operating Expenses £000	Depreciation £000	Total £000
	Education (note 4)	1,571	1,503	309	3,383
	Residences, catering and conferences (note 5)	2,379	1,290	1,482	5,151
	Interest payments	-	88	-	88
	Other expenditure (note 6)	-	125	-	125
		£3,950	£3,006	£1,791	£8,747

7c	AUDITORS' REMUNERATION	2017	2016
	Other operating expenses include:	£000	£000
	Audit fees payable to the College's external auditors	15	15
	Other fees payable to the College's external auditors	-	1
		£15	£16

Notes to the Accounts for the year ended 30 June 2017

8 STAFF

	2017 College Fellows £000	**2017 Non-academic £000**	**2017 Total £000**	2016 Total £000
Staff costs:				
Emoluments	791	2,458	3,249	3,134
Social Security costs	65	171	236	191
Other pension costs (see note 20)	147	460	607	625
	£1,003	£3,089	£4,092	£3,950

	Average staff nos.			Average staff nos.		
	Number of Fellows	**Full-time equivalents**	**2017 Total**	Number of Fellows	Full-time equivalents	2016 Total
Academic	57	-	57	57	-	57
Non-academic	1	100	101	1	98	99
	58	100	158	58	98	156

At 30 June 2017 there were 59 Members of the Governing Body. During the year the average number receiving a stipend from the College was the 58 as shown above.
No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2016: none).
During the year, emoluments paid to Trustees in their capacity as College Officers were: £790,573 (2016: £764,101). The trustees receive no remuneration in their role as trustees of the charity.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This includes the aggregated emoluments paid to key management personnel. The Master, Bursar and Senior Tutor are the College's key management personnel.

	2017 Total £000	2016 Total £000
Aggregate emoluments	£197	£194

Notes to the Accounts for the year ended 30 June 2017

9 FIXED ASSETS

	2017 Land and buildings £000	**2017 Equipment £000**	**2017 Total £000**	2016 Total £000
Cost or valuation				
At beginning of year	72,305	5,874	78,179	76,953
Additions at cost	830	476	1,306	1,274
Disposals at cost/valuation	-	(53)	(53)	(48)
At end of year	73,135	6,297	79,432	78,179
Depreciation				
At beginning of year	15,288	2,088	17,376	15,633
Charge for the year	1,432	393	1,825	1,791
Eliminated on disposals	-	(53)	(53)	(48)
At end of year	16,720	2,428	19,148	17,376
Net book value				
At end of year	**£56,415**	**£3,869**	**£60,284**	£60,803
At beginning of year	£57,017	£3,786	£60,803	£61,320

The insured value of freehold land and buildings as at 30 June 2017 was £109,560,456 (2016: £103,232,758).

10 INVESTMENTS

	2017 £000	2016 £000
Balance at beginning of year	51,077	44,010
Additions at cost	3,095	4,499
Disposals at opening market value	(3,483)	(1,976)
Appreciation on disposals/revaluation	2,360	3,478
Decrease in cash balances held by fund managers	3,520	1,066
Balance at end of year	£56,569	£51,077
Represented by:		
Quoted securities – equities	43,190	40,454
Quoted securities – fixed interest	7,006	7,770
Cash held for reinvestment	6,373	2,853
	£56,569	£51,077

11 STOCKS

	2017 £000	2016 £000
Goods for resale	£278	£281

12 TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
Members of the College	115	115
Trade debtors	120	154
Taxation recoverable	242	24
Sundry debtors	160	104
Prepayments	103	143
	£740	£540

Notes to the Accounts for the year ended 30 June 2017

13 CASH AND CASH EQUIVALENTS

	2017	2016
	£000	£000
Current accounts	732	430
Cash in hand	22	24
	£754	£454

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Loan repayable 20th February 2017, interest 1%	-	2,500
Loan converting to donation 30th March 2017, interest 2%	-	1,240
Loan repayable 2nd July 2017, interest 0%	450	-
Trade creditors and accruals	542	719
PAYE and Social Security	122	121
Students' deposits	122	184
Other creditors	1,269	712
	£2,505	£5,476

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£000	£000
Interest-free loan repayable 2nd July 2017	-	450
	£-	£450

16 PENSION PROVISIONS

	CCFPS	**USS**	**2017**	2016
	£000	**£000**	**£000**	£000
Balance at beginning of year	3,571	278	3,849	3,302
Movement in year:				
Current service cost including life assurance	572	166	738	745
Contributions	(459)	(148)	(607)	(564)
Other finance cost/(income)	101	5	106	125
Actuarial (gain)/loss	856	-	856	66
Balance at end of year	£4,641	£301	£4,942	£3,849

Notes to the Accounts for the year ended 30 June 2017

17 ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2017 Total £000	2016 Total £000
Balance at beginning of year:				
Capital	21,101	19,518	40,619	36,021
Reclassification to Reserves (note 18)	-	-	-	(82)
New donations and endowments	1,201	-	1,201	1,850
Capital grant from the Colleges Fund	-	-	-	43
Bursary compensation payment	-	-	-	-
Increase/(decrease) in market value of investments	1,055	1,204	2,259	2,787
Balance at end of year	£23,357	£20,722	**£44,079**	£40,619

Analysis by type of purpose:

	2017	2016
Fellowship Funds	9,270	8,803
Scholarship Funds	4,015	3,832
Prize Funds	386	365
Hardship Funds	6,540	5,117
Travel Grant Funds	541	501
Other Funds	2,605	2,482
General endowments	20,722	19,519
	£44,079	£40,619

Analysis by asset:

	2017	2016
Investments	44,079	40,619
	£44,079	**£40,619**

Notes to the Accounts for the year ended 30 June 2017

18 RESTRICTED RESERVES

Reserves with restrictions are as follows:

Consolidated	Capital grants unspent £000	Unspent restricted income £000	Restricted expendable endowment £000	College 2017 Total £000	Consolidated 2016 Total £000
Balance at beginning of year:					
Capital	-	-	55	55	51
Accumulated income	-	1,746	140	1,886	1,511
	-	1,746	195	1,941	1,562
Expendable capital reclassified from Restricted Endowment (note 17)	-	-	-	-	82
From the University of Cambridge for Cambridge Bursaries	-	138	-	138	194
New grants	4,916	-	-	4,916	1,343
New donations	-	17	234	251	180
Investment income	-	729	2	731	633
Increase/(decrease) in market value of investments	-	66	2	68	74
Capital grants utilised	(4,242)	-	-	(4,242)	(1,343)
Expenditure	-	(837)	(175)	(1,012)	(784)
	674	1,859	258	2,791	1,941
Balance at end of year					
Capital	674	-	55	729	55
Accumulated income	-	1,859	203	2,062	1,886
	£674	**£1,859**	**£258**	**£2,791**	**£1,941**
Analysis of other restricted funds/donations by type of purpose:					
Fellowship Funds		791	161	952	777
Scholarship Funds		266	5	271	381
Prize Funds		86	5	91	80
Hardship Funds		530	71	601	528
Travel Grant Funds		78	-	78	70
Other Funds	674	108	16	798	105
	£674	**£1,859**	**£258**	**£2,791**	**£1,941**

19 CAPITAL COMMITMENTS

	2017 £000	2016 £000
Commitments contracted for at 30 June:	£-	£50

Notes to the Accounts for the year ended 30 June 2017

20 PENSION SCHEMES

The College participates in the following pension schemes: the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). Eligible non-academic staff not wishing to join CCFPS are auto-enrolled into NEST. Contributions payable in respect of the year were as follows:

	2017 £000	2016 £000
USS	147	143
CCFPS	457	479
NEST	3	3
	607	625

Universities Superannuation Scheme

With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the assets are not attributed 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. As required by Section 28 of FRS102 "Employee benefits", the College therefore accounts for the Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to income and expenditure represents the contributions payable to the Scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the Scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is included in income and expenditure.

The total cost charged to income and expenditure is £147 (2016: £143) as shown in note 8.

The latest available full actuarial valuation of the Scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the College cannot identify its share of Scheme assets and liabilities, the following disclosures reflect those relevant for the Scheme as a whole.

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.

Notes to the Accounts for the year ended 30 June 2017

20 PENSION SCHEMES

Universities Superannuation Scheme (continued)

Defined benefit liability numbers for the Scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

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	98% of S1NA ["light"] YoB tables – no age rating
Female members' mortality	99% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total Scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Notes to the Accounts for the year ended 30 June 2017

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme

The College is also a member of a multi-employer defined benefit scheme: the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2014 and updated to 30 June 2017 by a qualified independent actuary.

The liabilities of the scheme have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Scheme, at 31 March 2017 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the Scheme benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2017 % p.a.	2016 % p.a.
Discount rate	2.6	2.8
Salary inflation assumption	2.85	2.4
Retail Prices Index (RPI) assumption	3.35	2.9
Consumer Prices Index (CPI) assumption	2.35	1.9
Pension increases in payment (RPI Max 5% p.a.)	3.25	2.7
Pension increases (CPI Max 2.5% p.a.)	1.85	1.7

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2016 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2016: S2PA with CMI_2015 future improvement factors and a long-term future improvement rate of 1% p.a.). This results in the following life expectancies:

	2017	2016
Males currently aged 65 (years)	22.1	21.9
Females currently aged 65 (years)	23.9	23.9
Males currently aged 45 (years)	23.5	23.2
Females currently aged 45 (years)	25.4	25.4

Notes to the Accounts for the year ended 30 June 2017

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

The amounts recognised in the Balance Sheet as at 30 June 2017 (with comparative figures as at 30 June 2016) are as follows:

	2017	2016
	£000	£000
Present value of plan liabilities	(14,632)	(12,297)
Market value of plan assets	9,991	8,727
Net defined benefit asset/(liability)	**£(4,641)**	**£(3,570)**

The amounts to be recognised in income and expenditure for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Current service cost	555	571
Administrative expenses	18	18
Interest on net defined benefit liability	101	121
Total	**£674**	**£710**

Changes in the present value of the Scheme liabilities for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Present value of Scheme liabilities at beginning of period	12,297	10,617
Current service cost (including Employee contributions)	555	571
Employee contributions	20	18
Benefits paid	(342)	(356)
Interest on scheme liabilities	347	398
Actuarial losses	1,755	1,049
Present value of Scheme liabilities at end of period	**£14,632**	**£12,297**

Notes to the Accounts for the year ended 30 June 2017

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

Changes in the fair value of the Scheme assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017 £000	2016 £000
Market value of Scheme assets at beginning of period	8,726	7,381
Contributions paid by the College	459	441
Employee contributions	20	18
Benefits paid	(342)	(356)
Administrative expenses	(29)	(26)
Interest on plan assets	247	278
Return on assets, less interest included in income and expenditure	910	990
Market value of plan assets at end of period	**£9,991**	**£8,726**
Actual return on plan assets	£1,157	£1,268

The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2017 (with comparative figures at 30 June 2016) are as follows:

	2017	2016
Equities	67%	59%
Bonds and cash	27%	35%
Property	6%	6%
Total	**100%**	**100%**

The Scheme has no investments in property occupied by, assets used by or financial instruments issued by the College.

Analysis of the re-measurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017 £000	2016 £000
Return on assets, less interest included in Profit & Loss	910	990
Expected less actual scheme expenses	(11)	(8)
Experience gains and losses arising on Scheme liabilities	(16)	104
Changes in assumptions underlying the present value of Scheme liabilities	(1,739)	(1,152)
Re-measurement of net defined benefit liability recognised in OCI	**£(856)**	**£(66)**

Notes to the Accounts for the year ended 30 June 2017

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

Movement in net defined benefit liability during the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Deficit in Scheme at beginning of year	(3,570)	(3,235)
Recognised in income and expenditure	(674)	(710)
Contributions paid by the College	459	441
Actuarial gain/(loss) recognised in OCI	(856)	(66)
Deficit in Scheme at the end of the year	**£(4,641)**	**£(3,570)**

Funding Policy

Actuarial valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102.

The last such valuation was at 31 March 2014. This showed that the Scheme's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the Scheme's Schedule of Contributions dated 16 December 2016 and require annual contributions of not less than £37,074 p.a. payable for the period from 1 July 2015 to 31 March 2034.

These payments are subject to review following the next funding valuation, due as at 31 March 2017.

NEST

The College offers membership of NEST, a defined contribution pension scheme, to its non-academic employees not wishing to join the CCFPS. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £2,819 (2016: £3,252) of which £210 (2016: £272) was outstanding at the year end.

Notes to the Accounts for the year ended 30 June 2017

21 RELATED PARTY TRANSACTIONS

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