

ST EDMUND'S COLLEGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

St Edmund's College

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St Edmund's College

College Details

Year ended 30 June 2014

The College is a corporate body consisting of the Master, the Fellows and the Scholars. It is a registered charity (registration number 1137454), with its registered office at Mount Pleasant, Cambridge CB3 0BN.

The names of the members of the Governing Body during the year were as follows:

Master	Professor Paul Luzio * (retired 30 th September 2014)
Vice-Master	Professor Michael Herrtage *
Senior Tutor	Dr Judith Bunbury *
Bursar	Dr Richard Anthony *
Dean	Fr Alban McCoy * (appointed 1 st October 2013)
Secretary of the Governing Body	Dr Phil Gardner *
Dr Shazhad Ansari	Dr Ann Kaminski
Dr Elizabeth Boyle (resigned 30 th September 2013)	Dr Edward Kessler *
Dr Kate Brett	Dr Yi (Jessica) Li
Dr Sandra Brunnegger	Dr Pei-Yin Lin (resigned 30 th September 2013)
Dr Sean Butler	Professor John Loughlin
Dr Robin Chatterjee	Dr Fiona Maine (elected 1 st October 2013)
Mr Gordon Chesterman	Dr Helen Mason
Professor Edwin Chilvers	Mr Ian McCrone (elected 1 st October 2013)
Dr Matthew Cole	Mr Allan McRobie *
Dr Alan Colli	Dr Simon Mitton (retired 30 th September 2014)
Dr Fernando Constantino Casas	Dr Nicola Morrison
Dr Lars Dölken	Dr Evan Reid
Dr Petà Dunstan *	Dr Michael Robson (retired 30 th September 2013)
Professor Mark Field * (resigned 30 th September 2013)	Dr Judith Rommel (elected 1 st October 2013)
Dr Tabitha Freeman	Dr Max Schlager (resigned 30 th September 2014)
Dr Anna Gannon *	Dr Owen Siggs (elected 1 st October 2013, resigned 7 th February 2014)
Professor Hill Gaston *	Professor Ullrich Steiner (resigned 30 th September 2014)
Dr Michele Gemelos	Dr Ravi Sundaram (resigned 30 th June 2014)
Dr George Gordon (elected 1 st October 2013)	Dr Mandy Swann
Professor Peter Guthrie	Ms Nathalie Walker (elected 1 st October 2013)
Dr Andy Harter	Professor Bob White
Dr Peter Head	Dr Diana Wood *
Dr Stephen Jenkins	Dr Eden Yin
Dr Richard Jennings	
Dr Dirk Jongkind	

* Member of Council and Trustee during 2013/14

St Edmunds College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

Introduction

Founded in 1896, St Edmund's College was granted its Royal Charter in 1998. St Edmund's College is an autonomous, self-governing community of scholars, and one of the 31 colleges within the University of Cambridge. St Edmund's College can be distinguished from the majority of colleges in that it is classed as a graduate college and admits postgraduate students, mature undergraduates and affiliated students. The community consists of the Master, 49 fellows and 505 junior members, of whom 113 are undergraduates and 392 are graduates. Over 70 nationalities are represented within the student body, with a large majority coming from outside the UK.

Objectives

The College's charitable objectives are:

- a) to advance education, religion, learning and research in the University of Cambridge;
- b) to provide for that purpose a college for men and women who shall be members of the University wherein they may work for degrees of the University or may carry out postgraduate or other special studies at Cambridge.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for undergraduate and graduate students, which is recognised internationally as being of the highest standard. 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.

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University, regardless of their financial, social, religious or ethnic background. The College provides financial support to its students, through scholarships, awards and prizes to fund fees, living costs and reward academic excellence. It also contributes, together with the University, the Isaac Newton Trust and the other Cambridge Colleges, to the Cambridge Bursary Scheme, which is the primary mechanism of financial support for undergraduates to study at Cambridge. Together with the Cambridge Commonwealth, European and International Trust, the College provides support to international graduate students through the St Edmund's Duke of Edinburgh Scholarships.

There are no restrictions on entry to the College, other than academic excellence, and the College supports study in all subject areas offered by the University. However, under University Statutes, undergraduates must be 21 or over when they commence their studies at the College.

The College advances research through:

- Supporting the work of its two Research Institutes, the Von Hügel Institute and the Faraday Institute for Science and Religion
- Providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research
- Supporting research work pursued by its other Fellows through promoting interaction across disciplines, and encouraging visits from outstanding academics from abroad

In 2013, the College elected a Henslow Research Fellow, a stipendiary position supported by the Cambridge Philosophical Society.

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian faith and its implications for the individual and society. In particular, the College:

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services, which are open to the general public, as well as members of the College
- Supports, through the Dean, who is a Roman Catholic priest, the emotional, mental and spiritual well-being of all members of the College community, whatever their faith tradition, or none.
- Maintains its historic connection with the work of the Roman Catholic Church.

The College charges fees for the following:

- To graduate students to contribute towards the cost of their education
- To undergraduates at externally regulated rates for those Home/EU students who are eligible for public support, and to other undergraduates to contribute towards the cost of their education
- For accommodation and meals at reasonable rates.

In order to fulfil its charitable objectives of advancing education, learning, research and religion, the College employs Supervisors, Directors of Studies, Tutors, and senior college officers. The Master and twelve Fellows, all of whom are members of the Governing Body serve as charity trustees through being members of the College Council. The employment of the Master and some of the Fellows is undertaken with the intention of furthering the College's charitable objectives. The private benefit accruing to the Master and the Fellows through salaries, stipends and other benefits is objectively reasonable, measured against academic stipends generally, and specifically against its peer group of Colleges. Without the employment of the Master and Fellows, the College would not be able to fulfil its charitable aims.

St Edmund's College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

Achievements

The year saw a dramatic 10% rise in student numbers, the highest in the College's history, driven by the University's strategic goal of increasing graduate numbers. The College's most significant long-term achievement has been the ongoing absorption of the growth, which benefits the collegiate University as a whole by maintaining collegiate membership for all students. The current year saw a stabilisation in the number of undergraduates following a decline in recent years. The College has seen a further growth in the number of PhD students, as well as a continuing rise in the numbers of Masters students.

The College is responsible, in partnership with the University, for the teaching of undergraduates. The College is aiming to improve the academic performance of its students, and 2013-14 saw a welcome rise in the proportion of those who achieved a first and an upper second class undergraduate degree.

During 2013-14, the College maintained a stable financial position. The improvements in financial management, together with better operational management, means that the College continues to be in a position to invest in its existing infrastructure, and, as a result, is focused on improving facilities for students, Fellows and staff.

At the beginning of the year, the College adopted a new strategic plan, which aims to deliver a major expansion in facilities for students, fellows and staff over the next 20-30 years. This is in response to the long-term growth of the College, particularly in students numbers, and the expectation that the growth will continue for the foreseeable future. The first phase of the plan concentrates on expanding the College's central student, research and teaching facilities, based around the historic hub of the Norfolk building. In support of this, and to celebrate the long service of Professor Paul Luzio as Master (2004-14) and a Fellow (1987-2004), the College launched the Master's Development Fund.

Financial Review

The College funds its activities from academic fees, charges for student residences and catering, income from its conferencing and external functions business, income from investments and donations.

Income and Expenditure

Income grew by £231,664 to £5,362,502 principally driven by a rise in its core activities of education (fees), accommodation and catering, as well as a welcome increase in both donations and investment income. Research income remained stable, reflecting the ongoing activities of the College's Research Institutes.

Expenditure rose by £254,367k to £5,213,596 in response to the increase in activity, including education, accommodation, catering, conferencing and fundraising & alumni relations.

Investments

During the year, the College investment portfolio continued to be managed by Waverton, the College's investment managers, and is monitored and reviewed by the College's Investment Committee, which includes in its membership alumni of the College with significant investment management expertise. The College maintains an investment income target of 3% net of fees, together with a capital growth target to match inflation.

The value of the College's investment portfolio as at 30th June 2014 was £4,773,329 (2013: £4,637,151). The gross income yield was 4.3% and the total return was 7.3%, reflecting a rise in the investment markets.

Other gains and losses

Pensions

The College is a member of the Cambridge Colleges Federated Pension Scheme, a defined benefit pension scheme. The scheme is closed to new employees, but the College continues to contribute for existing employees. During the year, there was an actuarial loss of £44,219.

Colleges Fund

The College has been, for many years, a major recipient of funds from the Colleges Fund, which is supported by contributions from the wealthier colleges. The grant to St Edmund's was £597,000, with the sum being added to the endowment. The College is extremely grateful to the other colleges for their support, which is essential to the continuation of the collegiate system.

St Edmund's College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

Cash Flow

The College remains focused on cashflow management, particularly with regard to its banking covenants.

The College has continued with a significant programme of works to improve its older facilities, and as a result capital expenditure during the year was £382,999 (2013: £678,673).

Net cash inflow was £321,991 during the year. The underlying operations of the College remain cash positive.

Balance Sheet

Net assets at the year end rose from £11,621,378 to £12,489,443, a consequence of the continuing improvement in the financial position of the College.

Funding

The expansion of the College in recent decades, essential in the support of the rise in University postgraduate numbers and in maintaining collegiate membership for all students, has been facilitated by long-term borrowing. This funded the construction of essential student accommodation and facilities. The College continues to meet its annual loan repayments of £528,701 plus interest, and the loan balance at the year end was £8,603,969 (2013: £9,132,670).

Research Institutes

The Von Hügel Institute and the Faraday Institute for Science and Religion constitute important parts of the College. During the year, the Faraday Institute expended £1,582,973 on research activities, principally funded by major grants from the Templeton World Charity Foundation.

Risk Management

The College's most significant financial liabilities, its long-term loans, are hedged at a fixed rate. The College Council, and its various sub-committees, are responsible for risk management, which is reported on formally to Council on an annual basis.

Outlook

The College continues to experience a steady improvement in its financial position and its operational performance. It remains supportive of the University's strategy to increase the numbers of graduates. Therefore the main strategic challenge facing the College is ongoing growth in the face of limited capital resources. During the year the College saw a step-up in its fundraising activities, which it expects to continue into 2014-15 and beyond. However, with the relative youth and diverse nature of its alumni base, it is clear that the College must look to other sources of funding its strategic infrastructure requirements. As a consequence, the College, in partnership with other Cambridge Colleges, is currently in advanced discussions with the new owners of a neighbouring site, regarding its potential development for student accommodation. This offers a unique opportunity for a major increase in student accommodation provision, as well as expanding the College's historic site.

Dr Richard Anthony
Bursar

Date: 17 December 2014

St Edmund's College

Statement of Internal Control

Year ended 30 June 2014

1. The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Council and Governing Body are responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The systems of internal control are designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2014 and up to the date of approval of the financial statements.
4. The Trustees' review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Dr Richard Anthony
Bursar

Date: 17 December 2014

St Edmund's College

Corporate Governance

Year ended 30 June 2014

1. The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number 1137454) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Trustees are advised in carrying out its duties by the following Committees: academic agreements, accommodation, alumni, computing & information technology, Dean's, development, estates, ethics, finance & general purposes, health & safety, investment, library, nominations, remuneration, statutes & ordinances, stewards, tutorial and Von Hugel.
4. The principal officers of the College are the Master, the Vice Master, the Senior Tutor and the Bursar.
5. There are Registers of Interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
6. The College's Trustees during the year ended 30 June 2014 are set out on page 1.

Dr Richard Anthony
Bursar

Date: 17 December 2014

St Edmund's College

Statement of Responsibilities of the College's Charity Trustees

Year Ended 30 June 2014

The Council in conjunction with the Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 those financial statements the Council in conjunction with the Governing Body is required to:

- Select suitable accounting policies and 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 Council in conjunction with the Governing body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to 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.

**Dr Richard Anthony
Bursar**

Date: 17 December 2014

We have audited the financial statements of St Edmund's College for the year ended 30 June 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, 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 Council and Governing Body, as a body, in accordance with College's Statutes, 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 Council and Governing Body those matters we are required to state 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and Governing Body and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the Council and Governing Body are 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 [APB'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 Council and Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Report 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 2014 and of the group's incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements 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;
- 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.

St Edmund's College

Independent Auditors' Report to the Council and Governing Body of St Edmunds College (continued)

Year Ended 30 June 2014

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 Council and Governing Body's Annual Report 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

Chartered Accountants and Statutory Auditors

CAMBRIDGE

22 December 2014

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

Year Ended 30 June 2014

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with 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 8.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments which are included at valuation.

Basis of consolidation

A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary company is a construction company which donates its profits to the College each year. The balance sheet for the College alone would not be materially different to the one included in these accounts.

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. The costs of any fees waived or written off by the College are included as expenditure.

b) 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.

c) 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.

d) Income from Research Grants

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

e) Other income

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

St Edmund's College

Statement of Principal Accounting Policies

Year Ended 30 June 2014

Pension schemes

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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 FRS 17 "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 contributes to the Cambridge Colleges Federated Pension Scheme, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

Tangible fixed assets

a) Freehold Land and Buildings

Freehold buildings are stated at cost and are depreciated on a straight line basis over their expected useful economic life of 40 years.

Leasehold buildings are stated at cost and are depreciated on a straight line basis over the period of the lease of up to a maximum of 40 years.

Leasehold costs (premium and legal costs) are depreciated over 99 years on a straight line basis.

b) Maintenance of premises

The cost of major refurbishment and maintenance over £500, which restores value is capitalised and depreciated over the expected useful economic life of the asset concerned.

c) Furniture, fittings and equipment

Furniture, fittings and equipment (including Garden Equipment) are capitalised and depreciated over their expected useful life of 10 years.

d) Heritage assets

The College does not hold any assets that should be classed as heritage assets.

e) IT equipment

IT equipment is capitalised at cost and depreciated over 3 years using the straight line method.

St Edmund's College

Statement of Principal Accounting Policies

Year Ended 30 June 2014

Investments and Endowment Assets

Investments

a) Securities

Securities are shown at their market value. Investment income is included when dividends and interest become payable. Interest on bank deposits is included as earned.

b) Works of Art

Works of art are included at cost.

Stocks

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, and 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.

Taxation

The College is a registered charity (number 1137454) and 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.

St Edmund's College

Consolidated Income and Expenditure Account

Year Ended 30 June 2014

	Note	2014 £	2013 £
Income			
Academic fees and charges	1	1,434,829	1,402,782
Residence, catering and conferences	2	1,994,951	1,846,514
Endowment and investment income	3	200,021	172,900
Donations	4	170,006	88,972
Research Grants	5	1,562,695	1,619,670
Total income		5,362,502	5,130,838
Expenditure			
Education	6	2,788,062	2,749,589
Residence, catering & conferences	7	2,272,349	2,108,974
Other expenditure	8	153,185	100,666
Total expenditure	8	5,213,596	4,959,229
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		148,906	171,609
Contribution under Statute GII		-	-
Surplus/(deficit) on continuing operations after Contribution under Statute G, II		148,906	171,609
(Surplus)/deficit for the year transferred from accumulated income in endowment funds	20	(57,861)	(15,611)
Surplus/(deficit) for the year retained within general reserves		91,045	155,998

All items dealt with in arriving at the surplus/(deficit) for 2014 and 2013 relate to continuing operations.

The notes on pages 17 to 29 form part of these accounts

St Edmund's College

Consolidated Statement of Total Recognised Gains and Losses

Year Ended 30 June 2014

	Note	Restricted Funds £	Unrestricted Funds £	2014 Total £	2013 Total £
Surplus/(deficit) on income and expenditure account		-	91,045	91,045	155,998
Unspent endowment fund income		57,861	-	57,861	15,611
(Decrease)/increase in market value of endowment assets	20	52,284	116,401	168,685	270,750
New endowments	20	-	-	-	835,755
Capital grant from Colleges Fund		-	597,000	597,000	544,000
Actuarial (loss)/gain in respect of pension scheme	21	-	(44,219)	(44,219)	(56,140)
Total recognised gains relating to the year		<u>110,145</u>	<u>760,227</u>	<u>870,372</u>	<u>1,765,974</u>
Reconciliation					
Opening reserves and endowments		2,544,366	8,998,592	11,542,958	9,776,984
Total recognised gains for the year		110,145	760,227	870,372	1,765,974
Closing reserves and endowments		<u>2,654,511</u>	<u>9,758,819</u>	<u>12,413,330</u>	<u>11,542,958</u>

The notes on pages 17 to 29 form part of these accounts

St Edmund's College

Consolidated Balance Sheet

As at 30 June 2014

	Note		2014 £	2013 £
Fixed assets				
Tangible assets	10		15,403,556	15,566,302
Investments	11		<u>18,411</u>	<u>18,411</u>
			15,421,967	15,584,713
Endowment assets	12		14,906,359	14,082,813
Current assets				
Stocks	13		29,614	22,917
Debtors	14		704,255	586,315
Cash	15		<u>1,903,995</u>	<u>1,582,004</u>
			2,637,864	2,191,236
Creditors: amounts falling due within one year	16		(2,039,844)	(2,011,717)
Net current assets/(liabilities)			<u>598,020</u>	<u>179,519</u>
Total assets less current liabilities excluding pension liability			30,926,346	29,847,045
Creditors : amounts falling due in more than one year	17		(18,208,298)	(18,049,631)
Net assets excluding pension liability			<u>12,718,047</u>	<u>11,797,414</u>
Pension liability	18		(228,605)	(176,036)
Net assets including pension liability			<u>12,489,443</u>	<u>11,621,378</u>
Represented by:				
		Restricted Funds £	Unrestricted Funds £	2014 Total £
				2013 Total £
Deferred Capital Grants	19	76,113	-	76,113
Endowments				
Expendable endowments	20	1,156,576	-	1,156,576
Permanent endowments	20	<u>1,537,391</u>	<u>12,212,392</u>	<u>13,749,783</u>
		2,693,967	12,212,392	14,906,359
Reserves				
General reserves excluding pension reserve	21	-	(2,264,424)	(2,264,424)
Pension reserve	21	<u>(228,605)</u>	<u>-</u>	<u>(228,605)</u>
		(228,605)	(2,264,424)	(2,493,029)
Total Funds		<u>2,541,475</u>	<u>9,947,968</u>	<u>12,489,443</u>
				<u>11,621,378</u>

The financial statements were approved by the Council and Governing Body on 17 November 2014 and are signed on their behalf by:

Mr M Bullock
Master

The notes on pages 17 to 29 form part of these accounts

St Edmund's College**Consolidated Cash Flow Statement****For the Year Ended 30 June 2014**

	Note	2014 £	2013 £
Net cash inflow from operating activities	22	970,673	783,165
Returns on investments and servicing of finance	23	(333,982)	(392,512)
Capital expenditure and financial investment	23	<u>214,001</u>	<u>(129,961)</u>
Cash inflow before management of liquid resources		850,692	260,692
Financing			
Loan repayment in year		(528,701)	(528,701)
Increase/(Decrease) in cash in the year		<u>321,991</u>	<u>(268,009)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash in year		321,991	(268,009)
Cash used to repay loan		<u>528,701</u>	<u>528,701</u>
Change in net debt		850,692	260,692
Net debt at beginning of the year		(7,550,666)	(7,811,358)
Net debt at end of the year	24	<u>(6,699,974)</u>	<u>(7,550,666)</u>

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2014

	2014	2013
	£	£
1. Academic Fees and Charges		
College Fees:		
Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita fee £4,185/£4,500)	229,314	277,174
Privately-funded Undergraduate Fee Income (per capita fee £5,725)	368,182	335,643
Fee Income received at the Graduate Fee rate (per capita fee £2,424)	712,158	617,461
	<u>1,309,654</u>	<u>1,230,278</u>
Cambridge Bursary	96,336	114,308
Other income	28,839	58,196
Total	<u>1,434,829</u>	<u>1,402,782</u>
2. Income from Residences, Catering and Conferences		
	2014	2013
	£	£
Accommodation		
College members	1,396,065	1,237,684
Conferences	218,320	264,570
Catering		
College members	283,430	244,543
Conferences	97,136	99,717
Total	<u>1,994,951</u>	<u>1,846,514</u>
3. Endowment and Investment Income		
	2014	2013
	£	£
Analysis		
Quoted securities	146,865	126,478
Fixed interest securities	48,955	39,069
Other interest receivable	4,201	7,353
Total	<u>200,021</u>	<u>172,900</u>
4. Donations		
	2014	2013
	£	£
Unrestricted donations	57,010	38,271
Restricted donations	110,689	48,394
Released from deferred capital grants (note 19)	2,307	2,307
Total	<u>170,006</u>	<u>88,972</u>
5. Research Grants		
	2014	2013
	£	£
Research grants received	1,530,245	1,687,293
Transfer (from)/to deferred income	32,450	(67,623)
Total	<u>1,562,695</u>	<u>1,619,670</u>

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2014

6. Education Expenditure	2014 £	2013 £
Teaching	376,237	346,705
Tutorial	293,774	284,024
Admissions	104,132	92,736
Research	1,358,314	1,425,657
Scholarships and awards	196,305	185,324
Other educational facilities	459,300	415,143
Total	<u>2,788,062</u>	<u>2,749,589</u>

Included within Scholarships and Awards are payments under the Cambridge Bursary Scheme amounting to £104,032 (2013: £119,091).

7. Residences, Catering and Conferences Expenditure	2014 £	2013 £
Accommodation		
College members	1,355,756	1,281,183
Conferences	284,170	262,080
Catering		
College members	441,595	405,682
Conferences	190,828	160,029
Total	<u>2,272,349</u>	<u>2,108,974</u>

8a. Analysis of 2013/14 Expenditure by Activity

	Staff costs (note 9) £	Other operating expenses £	Dep'n £	Total £
Education	1,071,824	1,620,897	95,341	2,788,062
Residence, catering and conferences	328,512	1,494,108	449,729	2,272,349
Other	78,422	74,088	675	153,185
Total	<u>1,478,758</u>	<u>3,189,093</u>	<u>545,745</u>	<u>5,213,596</u>

8b. Analysis of 2012/13 Expenditure by Activity

	Staff costs £	Other operating expenses £	Dep'n £	Total £
Education	962,530	1,694,235	92,824	2,749,589
Residence, catering and conferences	297,086	1,374,033	437,855	2,108,974
Other	40,230	59,779	657	100,666
Total	<u>1,299,846</u>	<u>3,128,047</u>	<u>531,336</u>	<u>4,959,229</u>

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2014

8c. Auditors' remuneration	2014	2013
	£	£
Other operating expense include:		
Audit fees payable to the College's external auditors	12,790	12,540
Other fees payable to the College's external auditors	375	1,375

9. Staff	College fellows	Other Academic	Non Academic	Total 2014
	£	£	£	£
Staff costs:				
Emoluments	300,049	352,704	599,372	1,252,125
Social security costs	23,099	26,881	42,621	92,601
Other pension costs (note 25)	34,920	64,295	34,817	134,032
	<u>358,068</u>	<u>443,880</u>	<u>676,810</u>	<u>1,478,758</u>
			No	No
Average staff numbers (full time equivalents):				
Academic			15	15
Non-academic			31	26
			<u>46</u>	<u>41</u>

The Governing Body comprises of 49 fellows, of which 28 are stipendiary.

No officer or employee of the College received emoluments over £100,000.

The trustees receive no emoluments in their role as trustees of the Charity.

10. Tangible Assets Consolidated			2014	2013
Group and College	Land & Buildings	Equipment	Total	Total
	£	£	£	£
Cost				
At beginning of year	19,565,151	1,138,656	20,703,807	20,025,134
Additions at cost	265,549	117,450	382,999	678,673
Disposals				
At end of year	<u>19,830,700</u>	<u>1,256,106</u>	<u>21,086,806</u>	<u>20,703,807</u>
Depreciation				
At beginning of year	4,378,128	759,377	5,137,505	4,606,170
Charge for the year	465,429	80,316	545,745	531,335
Eliminated on disposal				
At end of year	<u>4,843,557</u>	<u>839,693</u>	<u>5,683,250</u>	<u>5,137,505</u>
Net book value				
At end of year	<u>14,987,143</u>	<u>416,413</u>	<u>15,403,556</u>	<u>15,566,302</u>
At beginning of year	<u>15,187,023</u>	<u>379,279</u>	<u>15,566,302</u>	<u>15,418,964</u>

The insured value of Freehold Land and Buildings as at 30 June 2014 was £35,865,000 (2013: £25,211,840)

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2014

11. Fixed Asset Investments	2014 £	2013 £
Works of Art	18,411	18,411
	<u>18,411</u>	<u>18,411</u>
 12. Endowment Assets	 2014 £	 2013 £
Balance at beginning of year	14,082,813	12,377,241
Additions	235,585	1,147,410
Disposal	(769,939)	(365,924)
Appreciation on revaluation	593,867	279,581
Increase in cash balances held at fund managers	76,665	21,378
Increase in loan from Endowment to General Reserves	687,368	623,127
Balance at end of year	<u>14,906,359</u>	<u>14,082,813</u>
Represented by:		
Quoted Securities	3,495,075	3,375,868
Fixed interest securities	1,159,334	1,219,028
Cash with investment managers	118,920	42,255
Works of art	18,411	18,411
Loan from General Reserves	10,133,030	9,445,662
	<u>14,924,770</u>	<u>14,101,224</u>
College Expendable Investments (note 11)	(18,411)	(18,411)
	<u>14,906,359</u>	<u>14,082,813</u>
 13. Stocks	 2014 £	 2014 £
Other stocks	<u>29,614</u>	<u>22,917</u>
 14. Debtors	 2014 £	 2013 £
Members of the College	191,630	270,648
Other debtors	1,821	15,930
Prepayments and accrued income	510,804	299,737
	<u>704,255</u>	<u>586,315</u>

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2014

15. Cash		
	2014	2013
	£	£
Bank deposits	1,897,425	1,570,886
Current accounts	6,570	11,118
Cash in hand	-	-
	<u>1,903,995</u>	<u>1,582,004</u>
16. Creditors: Amounts Falling Due within one year		
	2014	2013
	£	£
Bank Loan	528,701	528,701
Trade Creditors	94,552	112,036
Members of the College	334,874	280,292
University fees	130,985	139,469
Other creditors	37,354	28,904
Accruals & deferred income	913,378	922,315
	<u>2,039,844</u>	<u>2,011,717</u>
17. Creditors: Amounts Falling Due after more than one year		
	2014	2013
	£	£
Due to endowment	10,133,030	9,445,662
Bank loans	8,075,268	8,603,969
	<u>18,208,298</u>	<u>18,049,631</u>
<p>The bank loan is being repaid in quarterly instalments; the final repayment is due in 2031. The loan is secured over Benet House and other College property at Mount Pleasant. Interest is payable at an average of 6.01%.</p>		
18. Pension Liability Group and College		
	2014	2013
	£	£
Balance at beginning of year	176,036	118,012
Movement in year:		
Current service cost	24,655	19,583
Contributions	(17,347)	(19,460)
Other finance (income)/cost	1,042	1,761
Actuarial loss/(gain) recognised in the statement of total recognised gains and losses	44,219	56,140
Balance at end of year	<u>228,605</u>	<u>176,036</u>
19. Deferred capital grants College Buildings		
	2014	2013
	£	£
	Total	Total
Balance at beginning of year	78,420	80,727
Released to income and expenditure account	(2,307)	(2,307)
Balance at end of year	<u>76,113</u>	<u>78,420</u>

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2014

20. Endowments College	Unrestricted Permanent £	Restricted Permanent £	Total Permanent £	Restricted Expendable £	2014 Total £	2013 Total £
Balance at beginning of year:	<u>11,498,991</u>	<u>1,485,107</u>	<u>12,984,098</u>	<u>1,098,715</u>	<u>14,082,813</u>	<u>12,377,241</u>
Capital	11,498,991	1,485,107	12,984,098	-	12,984,098	11,333,593
Unspent Income	-	-	-	1,098,715	1,098,715	1,043,648
	<u>11,498,991</u>	<u>1,485,107</u>	<u>12,984,098</u>	<u>1,098,715</u>	<u>14,082,813</u>	<u>12,377,241</u>
New endowments received	597,000	-	597,000	-	597,000	1,376,755
Income receivable from endowment asset investments	-	-	-	1,736,544	-	-
Expenditure	-	-	-	(1,678,683)	-	-
Net transfer from/(to) Income and expenditure account	-	-	-	57,861	57,861	15,611
Increase in market value of investments	116,401	52,284	168,685	-	168,685	270,750
Transfers	-	-	-	-	-	39,456
Balance at end of year	<u>12,212,392</u>	<u>1,537,391</u>	<u>13,749,783</u>	<u>1,156,576</u>	<u>14,906,359</u>	<u>14,082,813</u>
Comprising:						
Capital	12,212,392	1,537,391	13,749,783	-	13,749,783	12,984,098
Unspent Income	-	-	-	1,156,576	1,156,576	1,098,715
Balance at end of year	<u>12,212,392</u>	<u>1,537,391</u>	<u>13,749,783</u>	<u>1,156,576</u>	<u>14,906,359</u>	<u>14,082,813</u>
Representing						
Fellowship Funds					1,054,103	923,699
Scholarship Funds					115,985	205,635
Prize Funds					41,585	56,974
Hardship Funds					269,234	65,279
Bursary Funds					67,090	124,514
Other Funds					1,145,970	1,207,721
General endowments					12,212,392	11,498,991
Group Total					<u>14,906,359</u>	<u>14,082,813</u>

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2014

21. Reserves Consolidated and College	Pension Reserve	General Reserve	2014 Total	2013 Total
	£	£	£	£
Balance at beginning of year as previously stated	(176,036)	(2,363,819)	(2,539,855)	(2,600,257)
Surplus / (deficit) retained for the year	(8,350)	157,256	148,906	155,998
Actuarial (loss)/gain	(44,219)	-	(44,219)	(56,140)
Transfers	-	(57,861)	(57,861)	(39,456)
	<u>(228,605)</u>	<u>(2,264,424)</u>	<u>(2,493,029)</u>	<u>(2,539,855)</u>
Balance at end of year	<u>(228,605)</u>	<u>(2,264,424)</u>	<u>(2,493,029)</u>	<u>(2,539,855)</u>
22. Reconciliation of consolidated operating surplus to net cash inflow from operating activities			2014	2013
			£	£
Surplus/(deficit) on continuing operation			148,906	171,609
Depreciation of tangible fixed assets			545,745	531,335
Loss on Disposal of Fixed Asset				
Deferred capital grants released to income			(2,307)	(2,307)
Investment Income			(200,021)	(172,901)
Interest Payable			534,003	565,413
Pension costs less contributions payable			8,350	(1,884)
Non-Cash adjustment (management fee)			32,506	23,114
Decrease/(increase) in Stocks			(6,697)	7,415
Decrease/(increase) in Debtors			(117,940)	(319,869)
Increase in Creditors			28,128	(18,760)
Net cash inflow from operating activities			<u>970,673</u>	<u>783,165</u>
23. Cash flows			2014	2013
			£	£
Returns on investments and servicing of finance				
Endowment and investment income received			200,021	172,901
Interest Paid			(534,003)	(565,413)
			<u>(333,982)</u>	<u>(392,512)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets			(382,999)	(678,673)
Deferred Income Received			-	4,712
Cash transferred to Endowments			-	(835,755)
New endowments received			597,000	1,379,755
Net cash outflow from capital expenditure and financial investment			<u>214,001</u>	<u>(129,961)</u>
Financing				
Repayment of long term loan			(528,701)	(528,701)
Net cash outflow			<u>(528,701)</u>	<u>(528,701)</u>

24. Analysis of changes in net debt

	At beginning of year £	Cash flows £	Other Changes £	At end of year £
Cash at bank and in hand	1,582,004	321,991	-	1,903,995
Debts due within one year	(528,701)	528,701	(528,701)	(528,701)
Debts falling due after more than one year	(8,603,969)	-	528,701	(8,075,268)
Net Funds	<u>(7,550,666)</u>	<u>850,692</u>	<u>-</u>	<u>(6,699,974)</u>

25. Pension Scheme

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federation Pension Scheme (CCFPS). The total pension cost for the period was £134,031 (2013: £123,576).

University Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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 latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

25. Pension Schemes continued

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the schemes liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve was included, in addition, on account of the variability mentioned above.

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

25. Pension Schemes continued

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

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.

At 31 March 2014, USS had over 162,000 active members and the institution had 22 active members participating in the scheme.

The total pension cost for the institution was £134,031 (2013: £123,576). The contribution rate payable by the institution was 16% of pensionable salaries.

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2014

25. Pension Schemes continued

Cambridge Colleges Federated Pension Scheme

The College is 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 2014 by a qualified independent Actuary.

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

	June 2014 % p.a.	June 2013 % p.a.
Discount rate	4.2	4.6
Expected long-term rate of return on Scheme assets	6.2	6.2
Salary inflation assumption	2.8**	2.8*
Inflation assumption (RPI)	3.3	3.3
Consumer Prices Index (CPI) assumption	2.3	2.3
Pension increases (inflation linked - RPI)	3.3	3.3

* 1.5% in 2013, 2.8% thereafter

** 1.5% in years 2014 and 2016; 2.8% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2009 projection and a target long-term improvement rate of 0.75%p.a. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.3 years (previously 22.0 years)
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2 years)
- Male age 45 now and retiring in 20 years would have a life expectancy the of 23.6 years (previously 22.9 years)
- Female age 45 now and retiring in 20 years would have a life expectancy the of 25.8 years (previously 25.3 years)

Employee Benefit Obligations

The amounts recognized in the balance sheet as at 30 June 2014 (with comparative figures as at 30 June 2013) are as follows:

	2014	2013
Present value of Scheme liabilities	(696,558)	(650,643)
Market value of Scheme assets	467,953	474,607
Deficit in the Scheme	(228,605)	(176,036)

The amounts to be recognised in the profit and loss for the year to 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
Current service cost	24,655	19,583
Interest on Scheme liabilities	29,365	25,294
Expected return on Scheme assets	(28,324)	(23,533)
Past service cost	-	-
Curtailement gain	-	-
Total	25,696	21,344
Actual return on Scheme assets	27,031	51,254

Notes to the Accounts

Year Ended 30 June 2014

25. Pension Schemes continued

Changes in the present value of the Scheme liabilities for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
Present value of Scheme liabilities at beginning of period	650,643	535,378
Service cost including Employee contributions	29,731	25,399
Interest cost	29,365	25,294
Actuarial losses/(gains)	42,926	83,861
Benefits paid	(56,107)	(19,289)
Present value of Scheme liabilities at end of period	696,558	650,643

Changes in the fair value of the Scheme assets for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
Market value of Scheme assets at beginning of period	474,607	417,366
Expected return	28,324	23,533
Actuarial (losses)/gains	(1,293)	27,721
Contributions paid by the College	17,346	19,460
Employee contributions	5,076	5,816
Benefits paid	(56,107)	(19,289)
Market value of Scheme assets at end of period	467,953	474,607

The agreed contributions to be paid by the College for the forthcoming year are 11.95% of Contribution Pay plus £5,575 pa to cover expenses, subject to a review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
Equities and Hedge Funds	70%	68%
Bonds and Cash	23%	24%
Property	7%	8%
Total	100%	100%

Amounts for the current and previous four accounting periods are as follows:

	2014	2013	2012	2011	2010
	£	£	£	£	£
Present value of Scheme liabilities	(696,558)	(650,643)	(535,378)	(504,930)	(504,376)
Market value of Scheme assets	467,953	474,607	417,366	471,021	389,491
Deficit in the Scheme	(228,605)	(176,036)	(118,012)	(33,909)	(114,885)
Actual return less expected return on Scheme assets	(1,293)	27,721	(82,219)	28,800	24,571
Experience (loss)/gains arising on Scheme liabilities	1,670	(1,877)	(12,262)	4,298	11,470
Change in assumptions underlying present value of Scheme liabilities	(44,596)	(81,984)	(4,242)	42,459	(69,550)

25. Pension Schemes continued

The expected long term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.0% (2013: 7%), property 6.0% (2013: 6%) and an expected rate of return on bonds and cash of 3.8. (2013: 4%).

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
	£	£
Actual return less expected return on Scheme assets	(1,293)	27,721
Experience gains and losses arising on Scheme liabilities	1,670	(1,877)
Changes in assumptions underlying the present value of Scheme liabilities	(44,596)	(81,984)
Actuarial (loss)/gain recognized in STRGL	(44,219)	(56,140)

Cumulative amount of actuarial gains and losses recognised in STRGL for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
	£	£
Cumulative actuarial gain/(loss) at beginning of period	(140,202)	(84,062)
Recognised during the period	(44,219)	(56,140)
Cumulative actuarial (loss)/gain at end of period	(184,421)	(140,202)

Movement in surplus/(deficit) during the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	2014	2013
	£	£
Surplus/(deficit) in Scheme at beginning of year	(176,036)	(118,012)
Service Cost (Employer Only)	(24,655)	(19,583)
Contributions paid by the College	17,346	19,460
Finance Cost	(1,041)	(1,761)
Actuarial gain/(loss)	(44,219)	(56,140)
Deficit in Scheme at the end of the year	(228,605)	(176,036)

26. Related Party Transactions

The College owns the whole of the ordinary share capital of ED Developments Limited, a company which is registered in England and Wales. Its principal activity is that of general construction.

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 may have 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.

27. Future Capital Commitment

At 30 June 2014 the College was committed to expenditure amounting to £125,899 for roofing works.