

ST EDMUND'S COLLEGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

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St Edmund's College

College Details

Year ended 30 June 2017

The College's full legal name is The Master, Fellows and Scholars of St Edmund's College in the University of Cambridge, a body incorporated under Royal Charter. 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 | Mr Matthew Bullock* |
| Vice-Master | Professor Michael Herrtage* |
| Senior Tutor | Dr Judith Bunbury* |
| Bursar | Dr Richard Anthony* (resigned 31 March 2017) |
| | Ms Edna Murphy* (joined 1 June 2017, elected as Fellow 5 June 2017) |
| Dean | Fr Alban McCoy* |
| Secretary of the Governing Body | Dr Kate Brett* |
| Development Director: | Mrs Kate Glennie (joined 1 January 2017, elected as Fellow 13 February 2017) |

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|---|---|
| Professor Shahzad Ansari | |
| Dr Vian Azzu (elected 1 October 2016) | |
| Dr Tina Barsby | Dr Ming-Shih Hwang (elected 1 October 2016) |
| Dr Louise Boyle (elected 5 June 2017) | Dr Stephen Jenkins |
| Dr Sandra Brunnegger | Dr Dirk Jongkind |
| Dr Folma Buss* | Dr Ann Kaminski* |
| Dr Sean Butler* | Dr Edward Kessler MBE* |
| Dr Ben Challis (elected 1 October 2016) | Dr Antonina Kruppa |
| Dr Charis Charalampous | Professor Simon Lee (resigned 30 September 2016) |
| Dr Robin Chatterjee | Dr Yang Liu (elected 1 October 2016) |
| Mr Gordon Chesterman | Dr Kristen MacAskill (elected 5 June 2017) |
| Professor Edwin Chilvers | Dr Fiona Maine |
| Dr Matthew Cole (resigned 30 September 2017) | Mr Nick Mansley (elected 13 February 2017) |
| Dr Alan Colli | Dr Jonathan Mar (elected 5 June 2017) |
| Dr Fernando Constantino Casas | Dr John Marioni |
| Dr Tiziana D'Angelo | Dr Helen Mason OBE (elected as Life Fellow on 5 June 2017, retired as GB Fellow on 30 September 2017) |
| Dr Lucy Davison | Dr Philip McCosker |
| Professor David De Cremer | Dr Ian McCrone |
| Dr Riccardo Di Pietro | Dr Silvia Milana (resigned 16 November 2016) |
| Ms Catherine Dobson (elected 13 February 2017) | Dr Nicola Morrison |
| Dr Petà Dunstan | Dr Peter O'Donnell |
| Dr Tabitha Freeman | Dr Richard Oosterhoff |
| Professor Charles French (elected 1 October 2016) | Dr Suzanne Paul |
| Dr Christina Fuhr (resigned 31 March 2017) | Dr Sudhakaran Prabakaran (elected 15 November 2016) |
| Dr Anna Gannon | Dr Evan Reid |
| Dr Phil Gardner | Dr Victoria Rennie |
| Professor Hill Gaston* | Dr Judith Rommel (resigned 30 September 2017) |
| Dr Michele Gemelos | Dr Alessandro Rossi (elected 1 October 2016) |
| Dr George Gordon | Dr Sanjiv Sambandan (elected 5 June 2017) |
| Professor Peter Guthrie OBE | Dr Mandy Swann |
| Dr Susan Haines | Dr Justice Tankebe |
| Dr Andy Harter | Dr Lena Wartosch (resigned 30 September 2017) |
| Dr Peter Head (resigned 16 November 2016) | Professor Bob White |
| Dr Remco Heesen (elected 5 June 2017) | Ms Kate Wilson (elected 1 October 2016) |
| Professor Richard Horne | Dr Diana Wood* |
| Professor Gary Hunt (elected 5 June 2017) | Dr Eden Yin |

* Member of Council and Trustee during 2016/17

St Edmund's College

College Details

Year ended 30 June 2017

Principal advisers:

Auditors: Peters Elworthy & Moore
Station Road
Cambridge
CB1 2LA

Investment Managers: Waverton Investment Management Ltd
16 Babmaes Street
London
SW1Y 6AH

Legal Advisers: Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

Bankers: Barclays
9-11 St Andrew's Street
Cambridge
CB2 3AA

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, 70 Fellows and 538 junior members, of whom 111 are undergraduates and 427 are graduates. Over 80 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 maintains a Library and other study facilities, providing a valuable resource for students of the College.

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 contributes, together with the University other Cambridge Colleges, to the Cambridge Bursary Scheme, which is the primary mechanism of financial support for undergraduates to study at Cambridge.

The College has a number of agreements with the Cambridge Commonwealth, European and International Trust to fund jointly:

- the St Edmund's Duke of Edinburgh Scholarships for overseas undergraduates and postgraduates;
- the Omid Cambridge Scholarship, which supports a masters student from Iran (jointly funded by the Omid Trust)

The Luzio PhD Scholarship to support a further research studentship in the humanities was awarded to two students in 2016/17.

In addition the AGM Randeree Scholarship was made available via a generous donation from the DCD Family Trust and is awarded to a student actively engaged in the British Muslim community.

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.

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:

- 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 Roman Catholic Church, including through the work of the Von Hügel Institute.
- 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.

St Edmund's College

Financial Report to the Council and Governing Body

Year ended 30 June 2017

The College also welcomes members of other faiths and none, and supports inter-faith dialogue through its link with the Woolf Institute.

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 Fellows, Supervisors, Directors of Studies, Tutors, Clergy and senior college officers, twelve of whom with the Master 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 and their employment directly contributes to their fulfilment. 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. Benefits received by Fellows are reviewed by the Remuneration Committee, the majority of whom are not trustees and whose membership includes two external members. Without the employment of the Master and Fellows, the College would not be able to fulfil its charitable aims.

Achievements

In 2014-15, a major opportunity arose with the potential redevelopment of Mount Pleasant House, a 1.5 acre property adjacent to the northern boundary of the College. During 2016-17 St Edmund's signed an agreement which includes the commitment, when the building is complete, of entering a long lease of the site with the option to acquire the freehold after 47 years. This scheme allows for the creation of new student rooms and studios, with the latter also being available to post-doctoral researchers and visiting academics. Given the scarcity and high cost of land in Cambridge, this offers the College an unprecedented opportunity to extend its main site and secure increased and affordable housing for both students and academics. The planning application submitted in July 2016 was successful, as was the amended planning application approved in August 2017 (concluded after signing the Agreement for Lease), which provided that up to 25% of the accommodation could be let to post-doctoral researchers and visiting academics.

In June 2017 College succeeded in achieving planning permission for East Court, the first phase of its new strategic plan, which aims to deliver a major expansion in common, shared facilities for students, Fellows and staff over the next 20-30 years. This is in response to the long-term growth of the College, both in terms of the historical growth in student numbers as well as 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, as well as replacing its ageing family accommodation. In support of this, the College has undertaken further fundraising through the Master's Development Fund. During the year the College spent £298,000 on developing its detailed plans which supported the successful planning application.

To date one of the College's most significant long-term achievements has been the absorption of the growth in student numbers over the past two decades, which benefits the collegiate University as a whole by maintaining collegiate membership for all University students. In the last few years, numbers have stabilised, in line with the University's graduate population, although the College supports the University's longer-term strategic plan to increase the number of graduates. For St Edmund's this would represent a gradual and moderate increase in graduate student numbers.

During 2016-17, the College made further improvements in financial management, together with better operational management, enabling it to be in a position to maintain and invest in its existing infrastructure and, as a result, is focused on improving facilities for students, Fellows and staff. It has also increased the level of support provided to students and has seen a resulting improvement in academic results.

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 increased by £292,000 to £6,020,000. The full impact of increases in research income and academic fees has been reduced by falls in other areas eg residence, catering and conferences.

Expenditure increased by £456,000 to £5,770,000, largely due to an increase in Education expenditure. Increased items of expenditure included research expenditure and scholarships and bursaries.

St Edmund's College

Financial Report to the Council and Governing Body

Year ended 30 June 2017

Investments

During the year the College's investment portfolio continued to be managed by Waverton 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 2017 was £5,399,000 (2016: £4,991,000). The gross income yield was 3.89% and the total return was 8.76%.

Staff costs and pensions

Staff costs increased due to an increase in the number of research staff. 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. The future liability for the scheme is calculated on an actuarial basis by an actuary appointed by the College, using assumptions approved by the Scheme trustees. In addition, the College is a member of the Universities Superannuation Scheme (USS). An estimate of the future liabilities relating to both schemes are based on the discounted value of future deficit payments. The total liabilities increased by £61,000 during the year to £429,000.

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 in the University. In 2016-17 the grant to St Edmund's was £735,000 (2016: £718,000), with the sum being added to the endowment. The grant is utilised to repay the College's debt on its operational buildings, with the remaining balance being added to the College's investment portfolio. The College is extremely grateful to the other colleges for their support, which is essential to the continuation of the collegiate system.

Cash Flow and capital expenditure

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

The College has maintained a significant programme of works to improve its older facilities and has capitalised costs in connection with Mount Pleasant Halls, and as a result capital expenditure during the year was £587,000. During the year, the College spent £298,000 on detailed plans for its next phase of buildings, which will expand and improve facilities for students, Fellows, research academics and staff.

Net cash outflow was £53,000 during the year, compared to a cash inflow of £1,300,000 in the previous year. This was due to the timing of fee transfers to the University, where the College acts as agent in collecting tuition fees, and the phasing of research grant receipts. The underlying operations of the College remain cash positive.

Balance Sheet

Net assets at the year end rose from £38,948,000 to £39,377,000, driven by the contribution from the Colleges Fund and gain on investments, partly offset by a planned reduction in restricted reserves associated with the College's Research Institutes.

Funding

The expansion of the College in recent decades, essential in the support of the rise in University graduate 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 £529,000 plus interest, and the loan balance at the year end was £7,018,000 (2016: £7,547,000).

The College had a significant cash balance at the year end of £2,762,000, and retains an £800,000 revolving credit facility.

Research Institutes

The Von Hügel Institute and the Faraday Institute for Science and Religion constitute important parts of the College. In April 2015, the Faraday Institute commenced a £2.4 million, 42 month grant from the Templeton World Charity Foundation. As part of the grant terms, the College has committed to spend down its restricted reserves associated with the Faraday Institute over the life of the grant. The current year was the second full year of the grant and as a result there was significant deficit on the restricted reserves of the College, where a proportion of the research grant expenditure was funded from reserves.

In June 2016, the College's Governing Body approved a Memorandum of Understanding, which will result in the separation of the Faraday Institute from the College. Since its establishment in 2006, the Institute has been extremely successful in obtaining research grant funding. Through the generous support of the John Templeton Foundation, the Institute will move to a new building being constructed by the Woolf Institute in grounds of Westminster College in 2017. Legal separation from the College will take place on 1 October 2018 at the end of the current Templeton grant, although it is anticipated that the Faraday will retain close links with the College.

Risk Management

The College Council, and its various sub-committees, are responsible for risk management, which is reported on formally to Council on an annual basis. The College has established a major commitment with regard to the development of student accommodation on the neighbouring Mount Pleasant House site. The Council has established a separate risk register for this project, and has appointed a working group of Fellows with particular expertise to advise and assist the senior College officers in monitoring the construction phase of the project in preparation for completion which is expected in time for the new academic year in September 2019.

As a graduate college with a small endowment, St Edmund's is reliant financially for fee and accommodation income on the admission of graduate students by the University and on the relative take-up rates of graduates by other colleges. The College is working closely with the other colleges and the University to maintain a steady and sustainable growth in graduate numbers.

The result of the EU referendum has brought considerable strategic uncertainty to the College. Approximately one quarter of its students and a significant number of its staff are EU citizens, who make an essential and very positive contribution to St Edmund's. It is not yet possible to ascertain what the consequences of 'Brexit' will be; however, the College is working closely with the rest of collegiate Cambridge to ensure that its interests are properly represented, and any negative impact is mitigated as far as possible.

The College's most significant financial liabilities, its long-term loans, are hedged at a fixed rate.

Outlook

The current year saw a further strengthening of the College's balance sheet and substantial improvements to its prospects for the long term growth in its endowment. However increased operational expenditure delivered greater support to students and this meant that the College reported a small deficit of £5k on its unrestricted accounts compared to a small surplus in the previous year of £28k.

Alongside developments in fundraising, the College achieved planning permission for East Court, the first phase of its Strategic Plan, and at the same time work has begun on the construction of Mount Pleasant Halls, which will enable the College to provide high quality student accommodation for a greater proportion of its students in future.

The College remains supportive of the University's strategy to steadily increase the numbers of graduates. The main strategic challenge facing the College is continuing growth in the face of limited capital resources. While alumni remain an important part of longer-term fundraising, the College is now focusing on other potential sources of funding. This strategy is being implemented in partnership with the other Colleges and the University through its Collegiate Cambridge fundraising campaign. With the support of the University, the College has been successful in recruiting its first full-time Development Director; this will substantially increase the College's ability to attract major gifts.

Ms Edna Murphy
Bursar

27 November 2017

St Edmund's College

Statement of Internal Control

Year ended 30 June 2017

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 2017 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.

Ms Edna Murphy
Bursar

27 November 2017

St Edmund's College

Corporate Governance

Year ended 30 June 2017

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, Dean's, Development & Alumni relations, Estates, Ethics, Faraday Institute, Finance & General Purposes, Wellbeing & Safety, Investment, Library, Nominations, Remuneration, Statutes & Ordinances, Stewards, Tutorial, Von Hugel Institute and Works of Art.
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 2017 are set out on page 1.

Ms Edna Murphy
Bursar

27 November 2017

St Edmund's College

Statement of Responsibilities of the College's Charity Trustees

Year Ended 30 June 2017

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.

Ms Edna Murphy
Bursar

27 November 2017

Independent auditor's report to the Council and Governing Body of St Edmund's College

Opinion

We have audited the financial statements of St Edmund's 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 financial report to the Council and Governing Body 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 financial report to the Council and Governing Body; 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, 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 151 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/auditorsresponsibilities. 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

5 December 2017

Statement of Principal Accounting Policies

Year Ended 30 June 2017

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 Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. 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

The consolidated financial statements include the College and its subsidiary undertakings. A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary company was dormant. 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.

b) Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised with the 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 Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

c) 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.

d) Research Grant income

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

Statement of Principal Accounting Policies

Year Ended 30 June 2017

e) Other income

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

f) Cambridge Bursary Scheme

In 2016-17, payment of the bursaries to eligible students under the Cambridge Bursary Scheme was made directly to the student by the SLC. The College reimbursed the SLC for the full amount and receives a contribution from the University.

Foreign currency translation

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 year end rates or, where there are forward foreign exchange contract, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Tangible fixed assets

a) Land and Buildings

Buildings are stated at deemed replacement cost less accumulated depreciation. Assets stated and deemed replacement cost are depreciated over the remaining useful life.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Leasehold land is depreciated over the remaining life of the lease (91 years at 30.6.14).

Additions to buildings are depreciated on a straight line basis over their expected useful lives as follows:

| | |
|---------------------------|-----------|
| Structure | 100 years |
| Internal finishes | 35 years |
| Mechanical and electrical | 35 years |

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 on a straight line basis 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.

Investments

a) Investments

Investments are shown at their fair 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.

St Edmund's College

Statement of Principal Accounting Policies

Year Ended 30 June 2017

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.

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.

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.

St Edmund's College

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 30 June 2017

| | | 2016/17 | | | | 2015/16 | | | |
|--|----------|----------------------|--------------------|-------------------|---------------|----------------------|--------------------|-------------------|---------------|
| | note | Unrestricted £000 | Restricted £000 | Endowment £000 | Total £000 | Unrestricted £000 | Restricted £000 | Endowment £000 | Total £000 |
| Income | | | | | | | | | |
| Academic fees and charges | 1 | 1,839 | 12 | | 1,851 | 1,655 | 10 | | 1,665 |
| Residence, Catering and conferences | 2 | 2,100 | | | 2,100 | 2,152 | | | 2,152 |
| Other investment income | 3 | 130 | 46 | | 176 | 149 | 55 | | 204 |
| Other Income – Research Grants | 4 | 7 | 905 | | 912 | | 717 | | 717 |
| Total income before donations and endowments | | 4,076 | 963 | | 5,039 | 3,956 | 782 | | 4,738 |
| Donations | 5 | 51 | 195 | | 246 | 38 | 234 | | 272 |
| New endowments | | | | 735 | 735 | | | 718 | 718 |
| Total Income | | 4,127 | 1,158 | 735 | 6,020 | 3,994 | 1,016 | 718 | 5,728 |
| Expenditure | | | | | | | | | |
| Education | 6 | 1,449 | 1,340 | | 2,789 | 1,249 | 1,051 | | 2,300 |
| Residence, catering and conferences | 7 | 2,581 | | | 2,581 | 2,561 | | | 2,561 |
| Other expenditure | | 102 | 298 | | 400 | 156 | 297 | | 453 |
| Total Expenditure | 8 | 4,132 | 1,638 | | 5,770 | 3,966 | 1,348 | | 5,314 |
| Surplus/(deficit) before other gains and losses | | (5) | (480) | 735 | 250 | 28 | (332) | 718 | 414 |
| Gains/(loss) on investments | | | | 255 | 255 | | | 162 | 162 |
| Surplus/(deficit) for the year | | (5) | (480) | 990 | 505 | 28 | (332) | 880 | 576 |
| Other comprehensive income | | | | | | | | | |
| Actuarial loss in respect of pension schemes | | (76) | | | (76) | | | | |
| Total comprehensive income for the year | | (81) | (480) | 990 | 429 | 28 | (332) | 880 | 576 |

St Edmund's College

Consolidated Statement of Changes in Reserves

Year Ended 30 June 2017

| | Unrestricted £000 | Restricted £000 | Endowme nt £000 | Total £000 |
|---|----------------------|--------------------|-----------------------|---------------|
| Balance at 1 July 2016 | 22,506 | 1,230 | 15,212 | 38,948 |
| Surplus/(deficit) from income and expenditure account | (81) | (480) | 990 | 429 |
| Net release of restricted funds | | 32 | (32) | |
| Balance at 30 June 2017 | 22,425 | 782 | 16,170 | 39,377 |

| | Unrestricted £000 | Restricted £000 | Endowment £000 | Total £000 |
|---|----------------------|--------------------|-------------------|---------------|
| Balance at 1 July 2015 | 22,450 | 1,577 | 14,332 | 38,359 |
| Surplus/(deficit) from income and expenditure account | 28 | (332) | 880 | 576 |
| Prior year adjustment | 13 | | | 13 |
| Net release of restricted funds | 15 | (15) | | |
| Balance at 30 June 2016 | 22,506 | 1,230 | 15,212 | 38,948 |

St Edmund's College

Consolidated Balance Sheet

As at 30 June 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|-----------------------------|-----------------------------|
| Non-current assets | | | |
| Tangible assets | 10 | 39,910 | 40,000 |
| Investments | 11 | 5,427 | 5,019 |
| | | <u>45,337</u> | <u>45,019</u> |
| Current assets | | | |
| Stocks | 12 | 43 | 33 |
| Debtors | 13 | 383 | 404 |
| Cash | 14 | 2,762 | 2,815 |
| | | <u>3,188</u> | <u>3,252</u> |
| Creditors: amounts falling due within one year | 15 | (2,230) | (1,937) |
| Net current assets/(liabilities) | | <u>958</u> | <u>1,315</u> |
| Total assets less current liabilities excluding pension liability | | 46,295 | 46,334 |
| Creditors : amounts falling due in more than one year | 16 | (6,489) | (7,018) |
| Pension liability | 17 | (429) | (368) |
| Total net assets | | <u>39,377</u> | <u>38,948</u> |
| Represented by: | | | |
| | | 2017 Total £ | 2016 Total £ |
| Restricted reserves | | | |
| Endowment | 18 | 16,170 | 15,212 |
| Restricted expendable endowment | 19 | 782 | 1,230 |
| Unrestricted reserves | | | |
| General reserves | | 22,425 | 22,506 |
| Total Funds | | <u>39,377</u> | <u>38,948</u> |

The financial statements were approved by the Council and Governing Body on 13th November 2017 and are signed on their behalf by:

Mr M Bullock
Master

Ms E Murphy
Bursar

The notes on pages 19 to 31 form part of these accounts

St Edmund's College**Consolidated Cash Flow Statement****For the Year Ended 30 June 2017**

| | Note | 2017 £000 | 2016 £000 |
|--|------|----------------|----------------|
| Net cash inflow from operating activities | 20 | 796 | 1,859 |
| Cash flows from investing activities | 21 | (279) | (279) |
| Cash flows from financing activities | 21 | <u>(41)</u> | <u>249</u> |
| Cash inflow before management of liquid resources | | 476 | 1,829 |
| Financing | | | |
| Loan repayment in year | 21 | (529) | (529) |
| Increase/(Decrease) in cash in the year | | <u>(53)</u> | <u>1,300</u> |
| Reconciliation of net cash flow to movement in net debt | | | |
| Increase/(Decrease) in cash in year | | (53) | 1,300 |
| Cash used to repay loan | | <u>529</u> | <u>529</u> |
| Change in net debt | | 476 | 1,829 |
| Net debt at beginning of the year | | (4,732) | (6,561) |
| Net debt at end of the year | | <u>(4,256)</u> | <u>(4,732)</u> |

The notes on pages 19 to 31 form part of these accounts

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2017

| | 2017 | 2016 |
|---|--------------|--------------|
| | £000 | £000 |
| 1. Academic Fees and Charges | | |
| College Fees: | | |
| Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita rate £4,308/£4,500) | 171 | 202 |
| Privately-funded Undergraduate Fee Income (per capita fee £6,950/£7,000) | 564 | 568 |
| Fee income on behalf of Graduates as an agreed share of University fees (per capita rate £3,283) | 947 | 780 |
| | <u>1,682</u> | <u>1,550</u> |
| Cambridge Bursary | 114 | 82 |
| Vice-Chancellors award | 33 | |
| Other income | 22 | 33 |
| Total | <u>1,851</u> | <u>1,665</u> |
| 2. Income from Residences, Catering and Conferences | | |
| Accommodation | | |
| College members | 1,576 | 1,585 |
| Conferences | 150 | 204 |
| Catering | | |
| College members | 300 | 287 |
| Conferences | 74 | 76 |
| Total | <u>2,100</u> | <u>2,152</u> |
| 3. Endowment and Investment Income | | |
| Analysis | | |
| Quoted securities | 127 | 152 |
| Fixed interest securities | 46 | 43 |
| Other interest receivable | 3 | 9 |
| Total | <u>176</u> | <u>204</u> |
| 4. Research Grants | | |
| Research grants received | 1,091 | 1,014 |
| Transfer (from)/to deferred income | (179) | (297) |
| Total | <u>912</u> | <u>717</u> |
| 5. Donations | | |
| Unrestricted donations | 51 | 38 |
| Restricted donations | 195 | 234 |
| Total | <u>246</u> | <u>272</u> |

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2017

| 6. Education Expenditure | 2017 £000 | 2016 £000 |
|------------------------------|--------------|--------------|
| Teaching | 521 | 431 |
| Tutorial | 401 | 359 |
| Admissions | 140 | 135 |
| Research | 1,037 | 778 |
| Scholarships and awards | 316 | 194 |
| Other educational facilities | 374 | 403 |
| Total | <u>2,789</u> | <u>2,300</u> |

Included within Scholarships and Awards are payments under the Cambridge Bursary Scheme amounting to £125,252 (2016: £89,159).

| 7. Residences, Catering and Conferences Expenditure | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Accommodation | | |
| College members | 1,492 | 1,530 |
| Conferences | 314 | 316 |
| Catering | | |
| College members | 566 | 520 |
| Conferences | 209 | 195 |
| Total | <u>2,581</u> | <u>2,561</u> |

8a. Analysis of 2016/17 Expenditure by Activity

| | Staff costs (note 9) £000 | Other operating expenses £000 | Dep'n £000 | Total £000 |
|-------------------------------------|---------------------------------|--|---------------|---------------|
| Education | 1,354 | 1,317 | 118 | 2,789 |
| Residence, catering and conferences | 403 | 1,620 | 558 | 2,581 |
| Other | 43 | 356 | 1 | 400 |
| Total | <u>1,800</u> | <u>3,293</u> | <u>677</u> | <u>5,770</u> |

8b. Analysis of 2015/16 Expenditure by Activity

| | Staff costs (note 9) £000 | Other operating expenses £000 | Dep'n £000 | Total £000 |
|-------------------------------------|---------------------------------|--|---------------|---------------|
| Education | 1,080 | 1,101 | 119 | 2,300 |
| Residence, catering and conferences | 384 | 1,614 | 563 | 2,561 |
| Other | 97 | 355 | 1 | 453 |
| Total | <u>1,561</u> | <u>3,070</u> | <u>683</u> | <u>5,314</u> |

| 8c. Auditors' remuneration | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Other operating expense include: | | |
| Audit fees payable to the College's external auditors | 16 | 15 |
| Other fees payable to the College's external auditors | | 13 |

Notes to the Accounts

For the Year Ended 30 June 2017

| 9. Staff | College Fellows £000 | Other Academic £000 | Non Academic £000 | Total 2017 £000 | Total 2016 £000 |
|---|-------------------------|------------------------|----------------------|---------------------|---------------------|
| Staff costs: | | | | | |
| Emoluments | 353 | 454 | 727 | 1,534 | 1,318 |
| Social security costs | 24 | 33 | 66 | 123 | 104 |
| Other pension costs (note 25) | 39 | 49 | 55 | 143 | 139 |
| | <u>416</u> | <u>536</u> | <u>848</u> | <u>1,800</u> | <u>1,561</u> |
| | | | | 2017 No. | 2016 No. |
| Average staff numbers (full time equivalents): | | | | | |
| Academic | | | | 16 | 17 |
| Non-academic | | | | 34 | 30 |
| | | | | <u>50</u> | <u>47</u> |

The Governing Body comprises the Master and 70 Fellows, of which 33 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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The Council fulfil these functions for the College. Aggregated emoluments paid to members of the College Council:

| | 2017 £000 | 2016 £000 |
|---------------------------------|--------------|--------------|
| Key management personnel | 182 | 188 |

10. Tangible Assets Consolidated

| Group and College | Land & Buildings £000 | Equipment £000 | 2017 Total £000 | 2016 Total £000 |
|------------------------|--------------------------|-------------------|-----------------------|-----------------------|
| Cost | | | | |
| At beginning of year | 41,095 | 1,006 | 42,101 | 41,793 |
| Additions at cost | 584 | 3 | 587 | 377 |
| Disposals | - | - | - | (69) |
| At end of year | <u>41,679</u> | <u>1,009</u> | <u>42,688</u> | <u>42,101</u> |
| Depreciation | | | | |
| At beginning of year | 1,228 | 873 | 2,101 | 1,487 |
| Charge for the year | 627 | 50 | 677 | 683 |
| Eliminated on disposal | - | - | - | (69) |
| At end of year | <u>1,855</u> | <u>923</u> | <u>2,778</u> | <u>2,101</u> |
| Net book value | | | | |
| At end of year | <u>39,824</u> | <u>86</u> | <u>39,910</u> | <u>40,000</u> |
| At beginning of year | <u>39,867</u> | <u>133</u> | <u>40,000</u> | <u>40,306</u> |

The insured value of Freehold Land and Buildings as at 30 June 2017 was £36,952,057 (2016: £36,952,057)

Notes to the Accounts

For the Year Ended 30 June 2017

| 11. Fixed Asset Investments | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Balance at beginning of year | 5,018 | 4,797 |
| Additions | 1,652 | 632 |
| Disposal | (1,034) | (1,227) |
| Net gains | 286 | 272 |
| Increase in cash balances held at fund managers | (495) | 545 |
| Balance at end of year | <u>5,427</u> | <u>5,019</u> |
| Represented by: | | |
| Quoted Securities | 4,304 | 3,116 |
| Fixed interest securities | 956 | 1,241 |
| Cash with investment managers | 139 | 634 |
| Works of art | 28 | 28 |
| | <u>5,427</u> | <u>5,019</u> |
| | | |
| 12. Stocks | 2017 £000 | 2016 £000 |
| Other stocks | <u>43</u> | <u>33</u> |
| | | |
| 13. Debtors | 2017 £000 | 2016 £000 |
| Members of the College | 213 | 200 |
| Other debtors | 2 | 1 |
| Prepayments and accrued income | 168 | 203 |
| | <u>383</u> | <u>404</u> |
| | | |
| 14. Cash | 2017 £000 | 2016 £000 |
| Bank deposits | 2,754 | 2,804 |
| Current accounts | 8 | 11 |
| | <u>2,762</u> | <u>2,815</u> |
| | | |
| 15. Creditors: Amounts Failing Due within one year | 2017 £000 | 2016 £000 |
| Bank Loan | 529 | 529 |
| Trade Creditors | 152 | 258 |
| Members of the College | 322 | 226 |
| Other creditors | 49 | 62 |
| Accruals & deferred income | 1,178 | 862 |
| | <u>2,230</u> | <u>1,937</u> |

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2017

16. Creditors: Amounts Falling Due after more than one year

| | 2017 £000 | 2016 £000 |
|------------|----------------------------|----------------------------|
| Bank loans | 6,489 | 7,018 |

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%.

17. Pension Liability Group and College

| | 2017 £000 | 2016 £000 |
|--|----------------------------|----------------------------|
| CCFPS | | |
| Balance at beginning of year | 251 | 239 |
| Movement in year: | | |
| Current service cost | 23 | 25 |
| Contributions | (19) | (22) |
| Finance Cost | 7 | 9 |
| Actuarial loss/(gain) | 76 | |
| Balance at end of year | <u>338</u> | <u>251</u> |
| USS | | |
| Balance at beginning of year | 117 | 139 |
| Movement in year: | | |
| Contributions | (14) | (8) |
| Change in the expected contribution | (16) | (19) |
| Finance Cost | 4 | 5 |
| Balance at end of year | <u>91</u> | <u>117</u> |
| Pension liabilities at beginning of year | <u>368</u> | <u>378</u> |
| Pension liabilities at end of year | <u>429</u> | <u>368</u> |

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2017

| 18. Endowments College | Unrestricted Permanent £000 | Restricted Permanent £000 | 2017 Total £000 | 2016 Total £000 |
|---|-----------------------------------|---------------------------------|-----------------------|-----------------------|
| Balance at beginning of year: | <u>13,637</u> | <u>1,575</u> | <u>15,212</u> | <u>14,332</u> |
| New endowments received | 735 | - | 735 | 718 |
| Net transfers | | (32) | (32) | |
| Increase in market value of investments | 162 | 93 | 255 | 162 |
| Balance at end of year | <u>14,534</u> | <u>1,636</u> | <u>16,170</u> | <u>15,212</u> |

Representing

| | | | | |
|--------------------|--|--|---------------|---------------|
| Fellowship Funds | | | 1,041 | 979 |
| Scholarship Funds | | | 103 | 97 |
| Prize Funds | | | 33 | 31 |
| Hardship Funds | | | 220 | 207 |
| Bursary Funds | | | 35 | 33 |
| Other Funds | | | 242 | 228 |
| General endowments | | | 14,496 | 13,637 |
| Group Total | | | <u>16,170</u> | <u>15,212</u> |

| 19. Restricted Expendable College | 2017 Total £000 | 2016 Total £000 |
|---|-----------------------|-----------------------|
| Balance at beginning of year | 1,230 | 1,577 |
| Income | 1,157 | 1,016 |
| Expenditure | (1,637) | (1,348) |
| Net transfer from/(to) Income and expenditure account | (480) | (332) |
| Transfers | 32 | (15) |
| Balance at end of year | <u>782</u> | <u>1,230</u> |

Representing

| | | |
|--------------------|------------|--------------|
| Fellowship Funds | 162 | 159 |
| Scholarship Funds | 29 | 19 |
| Prize Funds | 12 | 11 |
| Hardship Funds | 84 | 79 |
| Bursary Funds | 2 | |
| Other Funds | 493 | 962 |
| Group Total | <u>782</u> | <u>1,230</u> |

Notes to the Accounts

Year Ended 30 June 2017

| Reconciliation of consolidated operating surplus to net cash inflow from operating activities | | | | | |
|--|--|----------------------------------|------------------------|---------------------------|----------------------------|
| 20. | | 2017 | | 2016 | |
| | | £000 | | £000 | |
| | Surplus/(deficit) on continuing operation | 429 | | 576 | |
| | Depreciation of tangible fixed assets | 677 | | 683 | |
| | Colleges Fund | (735) | | (718) | |
| | Investment Income | (176) | | (204) | |
| | Investment Asset appreciation | (255) | | (162) | |
| | Interest Payable | 455 | | 475 | |
| | Pension costs less contributions payable | 61 | | 11 | |
| | Non-Cash adjustment (management fee) | 36 | | 32 | |
| | Decrease/(increase) in Stocks | (10) | | 3 | |
| | Decrease/(increase) in Debtors | 21 | | 1,061 | |
| | Increase in Creditors | 293 | | 102 | |
| | Net cash inflow from operating activities | 796 | | 1,859 | |
| 21. | Cash flows | 2017 | | 2016 | |
| | | £000 | | £000 | |
| | Returns on investments and servicing of finance | | | | |
| | Endowment and investment income received | 176 | | 196 | |
| | Interest Paid | (455) | | (475) | |
| | | (279) | | (279) | |
| | Capital expenditure and financial investment | | | | |
| | Purchase of tangible fixed assets | (587) | | (377) | |
| | Purchase of investments | (189) | | (92) | |
| | New endowments received | 735 | | 718 | |
| | Net cash outflow from capital expenditure and financial investment | (41) | | 249 | |
| | Financing | | | | |
| | Repayment of long term loan | (529) | | (529) | |
| | Net cash outflow | (529) | | (529) | |
| 22. | Analysis of changes in net debt | | | | |
| | | At beginning of year £000 | Cash flows £000 | Other Changes £000 | At end of year £000 |
| | Cash at bank and in hand | 2,815 | (53) | - | 2,762 |
| | Debts due within one year | (529) | 529 | (529) | (529) |
| | Debts falling due after more than one year | (7,018) | - | 529 | (6,489) |
| | Net Funds | (4,732) | 476 | - | (4,256) |

24. Pension Schemes

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 £128,062 (2016: £138,504).

University Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). With effect from 1st 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 scheme's 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 FRS 102 "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 the income and expenditure account 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 in the income and expenditure account.

Critical accounting judgements

FRS102 makes the distinction between a group plan and a multi-employer 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 an 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 the income and expenditure account in accordance with section 28 FRS102. The Trustees 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.

Pension Costs

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.

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% |

24. Pension Schemes cont'd

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA 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 |

Scheme Assets

| | | |
|-----------------------------|---------|---------|
| Scheme Assets | £60.0bn | £49.8bn |
| Total scheme liabilities | £77.5bn | £58.3bn |
| FRS102 total scheme deficit | £17.5bn | £8.5bn |
| FRS102 total funding level | 77% | 85% |

The contribution rate payable by the College was 18% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme (CCPFS).

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

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

| | June 2017 | June 2016 |
|--|------------------|------------------|
| | % p.a. | % p.a. |
| Discount rate | 2.6 | 2.8 |
| Increase in salaries | 2.85 | 2.4 |
| RPI assumption | 3.35 | 2.9 |
| CPI assumption | 2.35 | 1.9 |
| Pension increased in payment (RPI Max 5% p.a.) | 3.25 | 2.7 |
| Pension increases in payment (CPI Max 2.5% p.a.) | 1.85 | 1.7 |

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

- Male age 65 now has a life expectancy of 22.1 years (previously 21.9 years)
- Female age 65 now has a life expectancy of 23.9 years (previously 23.9 years)
- Male age 45 now and retiring in 20 years would have a life expectancy the of 23.5 years (previously 23.2 years)
- Female age 45 now and retiring in 20 years would have a life expectancy the of 25.4 years (previously 25.4 years)

Notes to the Accounts

Year Ended 30 June 2017

24. Pension Schemes cont'd

Employee Benefit Obligations

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 Scheme liabilities | (1,032) | (865) |
| Market value of Scheme assets | 693 | 614 |
| Deficit in the Scheme | (339) | (251) |

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

| | 2017 | 2016 |
|--------------------------------|-------------|-------------|
| Current service cost | 23 | 25 |
| Interest on Scheme liabilities | 7 | 9 |
| Past service cost | - | - |
| Curtailement gain | - | - |
| Total | 30 | 34 |

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

| | 2017 | 2016 |
|--|--------------|-------------|
| Present value of plan liabilities at beginning of period | 865 | 763 |
| Current service cost including Employee contributions | 23 | 29 |
| Benefits paid | (20) | (26) |
| Interest on plan liabilities | 24 | 28 |
| Actuarial losses/(gains) | 140 | 71 |
| (Gain)/loss on plan changes | 0 | 0 |
| Curtailement (gain)/loss | 0 | 0 |
| Present value of Scheme liabilities at end of period | 1,032 | 865 |

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

| | 2016 | 2016 |
|---|-------------|-------------|
| Market value of Scheme assets at beginning of period | 614 | 524 |
| Contributions paid by the College | 20 | 22 |
| Employee contributions | 5 | 4 |
| Benefits paid | (27) | (26) |
| Interest on plan assets | 17 | 19 |
| Return on assets, less interest included in Profit & Loss | 65 | 71 |
| Market value of Scheme assets at end of period | 694 | 614 |
| Actual return on plan assets | 82 | 90 |

24. Pension Schemes cont'd

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

| | 2017 | 2016 |
|---|-------------|-------------|
| Equities | 67% | 59% |
| Bonds & Cash | 27% | 35% |
| Property | 6% | 6% |
| Market value of Scheme assets at end of period | 100% | 100% |

The plan 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 | 2016 |
|---|-------------|-------------|
| | £000 | £000 |
| Actual return less expected return on plan assets | 64 | 70 |
| Experience gains and losses arising on Scheme liabilities | (1) | 18 |
| Changes in assumptions underlying the present value of plan liabilities | (139) | (88) |
| Actuarial (loss)/gain recognized in OCI | (76) | 0 |

Movement in surplus/(deficit) during the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Surplus/(deficit) in plan at beginning of year | (251) | (239) |
| Recognised in Profit and Loss | (30) | (34) |
| Contributions paid by the College | 19 | 2 |
| Actuarial gain/(loss) recognised in OCI | (76) | - |
| Deficit in plan at the end of the year | (338) | (271) |

Funding Policy

Funding 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 as at 31 March 2014. This showed that the plan'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 plan's Schedule of Contributions dated 4 March 2016 and are as follows:

- Annual contributions of not less than £2,597 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.

25. 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 historic activity was 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.

26. Future Capital Commitment

No capital commitments existed at the year end.

26. Contingent liability

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

27. Contingent Financial commitment

Mount Pleasant House

The College entered into an "Agreement for Lease" dated 31 March 2017 which includes the commitment, when the building is complete, of entering into a finance lease of Mount Pleasant House with the option to acquire the freehold after 47 years. The Agreement for Lease includes the agreed form of Lease which the College would enter into as a Tenant when the building was complete, and Sub-lease to a third party intended to be for a period of 15-20 years.

In addition to the requirement for vacant possession of the completed building by a target date of 1 August 2019 there are a number of other conditions as part of the agreement (including amended planning permission) which were unfulfilled as at 30th June 2017.

The building will comprise 272 rooms and at the time of entering into the lease, a sub-lease for 15-20 years for 72 rooms will be granted. The initial annual rent for the whole building will be subject to an annual review.

At the commencement of the lease term, the college will recognise its rights of use and obligations under the finance lease as assets and liabilities in the Balance Sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, determined at the inception of the lease.