

Pembroke College, Cambridge

Recommended Cambridge College Accounts (RCCA)

For the year ended 30th June 2018

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Pembroke College Contact Information

Address

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Key officers

Master - Rt. Hon. Lord Smith of Finsbury
Treasurer and Bursar – Dr. A. Cates
Senior Tutor – Dr. A. W. Tucker

Registered charity number

1137492

VAT number

214 2442 08

Professional advisors:

Actuaries

Cartwright Group Limited
Suite 7, 2nd Floor
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Auditors

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Cambridge
CB1 2LA

Bankers

Barclays Bank Plc
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Cambridge
CB2 3AA

Principal solicitors

Hewitsons
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Cambridge CB5 8EP

Principal property managers

Bidwells
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Cambridge CB2 2LD

Cheffins Limited
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1-2 Clifton Road
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Pembroke College Trustees of the charity

Rt Hon Lord Smith of Finsbury
Professor NB Davies
Professor JM Maciejowski (left 31 October 2018)
Professor NA Fleck
Professor MC Payne
Professor CP Melville (left 30 September 2018)
Professor TRS Allan
Professor JP Parry
Dr MR Wormald
Dr D Robertson
Professor LR Gelsthorpe
Dr T Meissner
Professor RJM Franklin
Professor CJ Young
Professor SS Cardoso
Professor S Huot
Mr NJ McBride
Professor N Cooper
Professor KGC Smith
Professor L Kassell
Professor V Deshpande
Dr DN Tambakis
Dr N Datta
Professor JS Bell
Professor TJ Bussey (left 30 September 2018)
Professor AC Ferrari
Professor RP Blakesley
Dr AW Tucker
Dr S Learmount
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Mr M Mellor
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Dr A Houen
Dr R Gagne
Dr M Gorji
Dr C Burt
Dr S Nouwen

Professor R Johnson
Professor C Loch
Professor C Grey
Dr M Abreu
Dr S John
Dr H Grunwald (left 30 September 2018)
Dr A Cates
Dr P Cavill
Dr MJ Sternberg
Dr J Durrell
Dr HGM Diemberger
Dr S Cottaar
Dr AP Camozzi (left 30 September 2018)
Dr TT Weil
Dr TG Micklem
Dr IRM Hussin
Dr W Yaqoob
Dr P Warde
Professor M Wyatt
Dr H Mumby
Dr A Madhavapeddy
Dr G Hennequin
Dr G Rosso
Dr RCH Webb
Dr R Lammle
Dr S Sehlkoglou
Dr CJ Ness
Dr D Passolt
Dr N Kindersley
Dr A Fryxell
Dr P Epstein
Dr J Bausch
Dr N Burton
Dr N Jones
Professor G Hayward
Dr A Ashraf (started 1 October 2018)
Dr A Prorok (started 1 October 2018)
Dr M Arbabzadah (started 26 June 2018)
Dr M Halliday (started 1 October 2018)
Dr M Tointon (started 1 October 2018)
Dr J Maratsos (started 1 October 2018)
Ms C Tonooka (started 1 October 2018)
Professor M Hulme (started 1 October 2018)
Dr J Kromdijk (started 1 October 2018)

Pembroke College

Operating and Financial Review

For the financial year ended 30 June 2018

Status

Marie de St. Pol founded the College or Hall of Valence-Mary in the University of Cambridge, more commonly known as Pembroke College, in 1347. The College is an autonomous, self-governing community of scholars, and one of thirty one Colleges within the University of Cambridge. The College is a registered charity and its registered charity number is 1137492.

Aims and objectives

The College is an institution of higher education. Its purposes are the promotion of education, religion, learning, research and scholarship, and the personal and intellectual development of its members. The College admits (as junior members) undergraduate and graduate students matriculated in the University of Cambridge. It provides financial and other support to those of its members who require it in order to achieve its purposes, and it supports teaching and research in the University. In furtherance of its objectives, the College maintains and manages an investment portfolio, including properties. Besides financial and tutorial support, it provides accommodation, catering, and other services to its members and to others. Governance arrangements for the College are set out on page 9.

Overview of the Year

On page 19, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £7.0m (2017 £8.6m). The SOCIE is a statement of all movements of the net assets of the College between one year and the next. Therefore, it reports all operating income and expenditure, investment gains and losses and other adjustments, e.g. total return and pension adjustments. The boxed section on page 19 is, in effect, the operating result as reported for the year. Therefore, the College reported a deficit of £0.7m for 2017/18 compared to £1.1m for 2016/17. Investment performance was less strong in the year with an increase of £5.1m (2017 £8.5m). The CCFPS pension deficit decreased by £0.5m.

The College management accounts for the year reported a surplus of £64k (2017 deficit £526k). The difference between that and the RCCA deficit of £0.75m is as follows:

	£m
Management accounts surplus	0.06
Add:	
Capital additions	0.46
Less:	
Depreciation	(1.03)
Pensions/other adjustments	(0.24)
Deficit included in SOCIE	(0.75)

The College aims for a balanced budget in its management accounts, where a discretionary expenditure fund replaces depreciation. This aim was successfully achieved in several years up to 2015/16 but a higher than planned deficit occurred in 2016/17. The College produced a small surplus in 2017/18 of £64k.

The Balance Sheet shows net assets of £184.4m (2017 £177.5m), including investments of £88.4m (2017 £83.3m) and £10.3m relating to the private placement funds invested. The private placement of £10m is a 40-year placement at a rate of 2.62%. Total assets include short-term investments of £20m which consist of gifts (net of expenditure) to fund the Mill Lane project.

Total return for the year was 7.7% (2017 13.4%). Total return includes income and capital growth but excludes donations to the endowment.

Students

During the year, the College educated 462 (2017 465) undergraduate students and 257 (2017 245) graduate students. This includes all students up to the time they complete their studies, regardless of the time spent at the College.

The College admits as students those who have the greatest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background.

Pembroke College Operating and Financial Review (continued)

Undergraduate student applications are shown in the table below, showing the level of diversity of students attending Pembroke. About 15% of undergraduate students are from overseas (including EU) backgrounds:

Applicants

- Number of applicants 804 (2017 752)
- Arts 346 or 43% (2017 47%); Science 458 or 57% (2017 53%)
- Male 53%, female 47%
- Home/EU 79.9%; overseas 20.1%
- Office for Fair Access (OFFA ***) applicants – maintained sector 328 (63.7%); independent sector 192 (36.3%)

Offers

- Number of offers 163 (20% of applicants) (2017 166 or 22%)
- State educated 69.8%, independent educated 30.2% (of home offers)
- Male 48%, female 52%
- OFFA applicants – 88 offers to maintained sector students from 328 applicants (27%)

*** OFFA applicants are defined broadly as UK residents at state schools.

The College charges the following fees:

- College fees at externally regulated rates to undergraduates entitled to Student Support and to graduate students (with those undergraduate fees being paid by grant funding through arrangements approved by the Government), and a fee determined by the College annually to Overseas undergraduates and any Home/EU undergraduates not entitled to Student Support. Accommodation and meal charges at reasonable rates.

Widening Participation

The College's work in the area of widening participation helps young people from backgrounds which are traditionally under-represented at Cambridge to have confidence in their ability and to consider applying to top universities, including Cambridge. It equips the students with information relevant to their stage in the student life cycle, and how to understand the additional elements of the application process at Cambridge. In particular we work to debunk myths about what we are looking for in successful applicants. The events that we deliver are targeted according to the stage participants are at; for example sixth formers benefit from sessions targeted at the application process and super curricular exploration, whilst key stage 4 students receive support on A level selection and early preparation. In addition, we work with teachers to help them more fully understand what we are looking for in applicants, and how our application process works, enabling them to better advise the students they are working with. Our programme includes both events that work with schools groups, and those with a focus on individual applicants. Team members from Pembroke, including the Admissions Tutor, make visits to schools and colleges across our Link areas, and host groups of school students and teachers in Pembroke. Our event programme is frequently updated and includes masterclasses, personal statement workshops, visit days, open days, remote interview sessions, and residential events – amongst other activities.. Within total admissions and access costs of £0.8m shown on page 24, £0.5m was spent on Access and Widening Participation activity in the year.

Student Support

In order to assist undergraduates entitled to Student Support, the College provides, through the Cambridge Bursary Scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. That scheme was approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. In total £1.1m has been provided to students through this and other College provision over the last three years as detailed in the table overleaf. The majority of bursary support is provided through the Cambridge Bursary Scheme. In addition, undergraduate studentships have been supported over the same period with £0.2m of funding.

The College also provides substantial financial support to its graduate students. This has amounted to £1.3m over the past three years and includes scholarships to fund fees and living costs, as well as 'top-up' funding to fill shortfalls in students' funding packages.

The College supports all students through a grant scheme to assist with the purchase of books and equipment, attendance at conferences, childcare support and travel grants. In the period June 2015 to June 2018, this support amounted to £0.3m. Prizes and scholarships of £0.3m have also been awarded over the same 3 year period.

Pembroke College Operating and Financial Review (continued)

In addition to its other programmes, the College operates a hardship (rent rebate) scheme for students in financial hardship which has provided £0.2m of assistance in the past 3 years.

The following table shows the awards made to students over the previous three years:

Support	3 Year Total £k	2017/18 £k	2016/17 £k	2015/16 £k
Graduate studentships	1,280	487	431	362
Undergraduate studentships	159	14	49	96
Cambridge Bursaries	715	249	196	270
Other bursary/student support	404	95	186	123
Prizes and scholarships	284	104	96	84
Rent rebates	246	88	96	62
Book grants	32	12	10	10
Research expenses	140	53	50	37
Other awards	179	67	56	56
Total awards	3,439	1,169	1,170	1,100

The College's aims in the area of student funding are to support academic excellence irrespective of financial background, in a diverse and interdisciplinary community. We wish to attract the most able students and enable them to reach their academic potential. This area is managed by the newly founded Student Finance Committee reflecting the growing complexity and budget of student funding. In order to achieve the greatest possible accountability the committee shall: 1) support strategic and budgetary planning; 2) allow for adaptability in light of changes to University and national/external funding policy landscape; and 3) respond to the needs of other sections of the College including, for example, the Admissions, Graduate, and Development Offices. What is covered by the student funding policy falls into three broad areas: 1) Means tested undergraduate student support, in partnership and in addition to the Cambridge Bursary scheme; 2) non-means tested graduate studentships awarded at entry in partnership with the University complemented by a Pembroke MPhil Scheme; 3) General support available to all students. General support for undergraduates includes vacation study grants and academic enrichment, hardship funds, counselling and medical fee support, general travel awards as well as subject specific expenses. Graduates have the opportunity to apply for research specific travel and conference support, as well as support-in-kind for Pembroke student led symposia/conferences in Cambridge, academic enrichment and hardship funds; counselling and medical fee support.

Academic performance

In 2017/18, Pembroke College continued its excellent performance for undergraduate examination results, increasing the number of First-class degrees. There is no comparable ranking for the performance of graduate students but a relatively large number continue to proceed to research fellowships and to other positions of academic distinction.

Employees

In order to fulfil its charitable purposes, the College employs as Fellows College Lecturers, Supervisors, Director of Studies, Tutors, Clergy and senior administrative officers, all of whom, along with the Master, serve as charity trustees through being members of the College's Governing Body. The employment of the Master and Fellows is undertaken with the intention of furthering the College's objectives and their employment directly contributes to the fulfilment of those aims. The benefit accruing to the Master and Fellows through salaries, stipends and employment related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the employment of Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge. The total number of Fellows in the year was 78 (2017 75) excluding Life Fellows. The College also employs 178 other FTE members of staff to provide the professional and service support necessary to run the College. This figure compares with 179 in 2016/17.

Internal Beneficiaries

The Master and Fellows of the College receive a number of benefits as beneficiaries. These include accommodation, loans, research grants, conference grants and book grants. These benefits are provided with the intention of furthering the College's aims and primarily that of advancing research. The amounts of the benefits provided are objectively reasonable, measured against the academic benefits made available to others in the sector.

Pembroke College Operating and Financial Review (continued)

Funding of the College

Pembroke College is funded from a series of sources. Including endowment gifts, the principal elements of income are as follows:

	2017-18	2016-17
Donations (including legacies but excluding capital gifts)	20%	24%
Income from investment drawdown	18%	17%
International Programmes and conference activities	20%	17%
Student fees	17%	18%
Student rooms	13%	13%
Other (including catering, properties)	12%	11%
Total	100%	100%

Financial performance

The College manages its finances through a set of management accounts. During the year, the College managed its budget with a surplus of £64k, slightly better than planned. The main variances were payroll costs £100k higher than budget offset by investment and conference income as well as lower discretionary spend.

Total donations and legacies decreased during the year to £3.3m (2017 £3.7m). International Programmes (IP) income rose significantly to £3.4m (2017 £2.7m) as prices on all programmes were raised to reflect market conditions, semester student numbers were increased and there were some PKP expenditure reductions. Pay increases were again modest at 1.7% but overall payroll costs rose to £7.8m (2017 £7.5m) or 4.2%. The increase related to new appointments or pay rises in Schools Liaison, Maintenance, Gardens, Housekeeping and particularly Catering. There were some short-term cost reductions in IT and the Porters Lodge. The College increased its spend on maintenance and IT projects. Maintenance projects included P&Q staircase and several hostels, whilst IT spend was directed at replacing virtual servers, new switches and system security. On the investment front markets were challenging in comparison to the previous year resulting in a 7.7% total return overall (slightly higher than the long-term target of CPI + 4%).

During the year, the College's **net assets** increased in value by £7.0m or 3.9% (see pages 19 and 21). Investment in the endowment of £1.7m in the year was made. Investment assets grew by £15.3m, including new investment and capital growth, although does include £10.3m relating to private placement funds invested.

College **income** increased from £15.9m in 2016/17 to £17.4m in 2017/18, largely because of IP income increasing and higher endowment income. The **Statement of Comprehensive Income and Expenditure** (see page 19), in the boxed section, reports a net deficit of £0.7m (2016/17 deficit £1.1m). **Depreciation** accounted for £1.0m in 2017/18 (2016/17 £0.9m).

Other financial issues of note from the RCCA are:

- Total income from residences, catering, International Programmes and conferences (note 2) increased to £7m (2017 £6.1m) substantially due to IP. Income from College Members accommodation increased to £2.4m (2017 £2.2m). Student rents increased by RPI plus 3% and more rooms were let, e.g. leased properties in Bateman Street.
- Investment drawdown increased to £3.1m in 2018 (2017 £2.8m). Drawdown is calculated on a 4-year weighted average investment portfolio at 4.0%. Drawdown from actual investments at 30th June 2017 was 3.6% (2017 3.7%) in the year.
- Education costs were £6.5m (2017 £6.1m). The education expenditure per student excluding research costs increased in the year to £8,414 per undergraduate (2017 £8,204) and £6,046 per graduate student (2017 £5,624).
- The total costs of accommodation, catering and International Programmes (note 5) increased to £7.2m (2017 £6.6m). The substantive increase was seen in IP, following the rise in income.
- The contribution to the Colleges' Fund was £47k on page 19 (16/17 £50k).

Development activity

The total income from donations received in 2017/18 was £5.1m (2017 £5.0m).

Pembroke College Operating and Financial Review (continued)

This includes income detailed on page 19 (donations, endowment gifts and capital donations). The breakdown is as follows:

Annual giving	£m
College legacies	0.8
Restricted fund annual gifts	0.4
Restricted fund endowment gifts	0.4
Unrestricted endowment gifts	1.3
Corporate donations	0.1
Capital gifts – Mill Lane	0.4
	1.7
Total	5.1

Within total College expenditure of £16.3m, a total of £1.1m was spent on fundraising, Campaign Launch, corporate partnerships and alumni relations, including £0.3m on general fundraising.

Staffing costs and pension schemes

The College makes pension-fund contributions on behalf of its employees to two defined-benefit schemes: the Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff, and the Universities Superannuation Scheme (USS) on behalf of academic and other staff. Notes in respect of pension schemes are shown on pages 30 to 33 of the accounts. Most new staff are auto-enrolled into the NOW:Pension Scheme (a defined contribution scheme).

Payroll costs (academic and non-academic) in note 6 rose to £7.8m (2017 £7.5m). The underlying increase occurred because of:

- A full year of two Schools Liaison Officers.
- Lower IT staff costs due to the full year impact of 16/17 staff changes and a vacancy for part of 17/18.
- Full year of College Recorder.
- Full year of Gardens apprentice.
- An increase in Housekeeping staff to support areas such as Bateman Street and the Hall.
- A move to cover Fire Officer duties within existing Porters Lodge staff.
- The full year impact of staff reductions in IP.
- Increase in Catering front of house staff plus more agency cover needed in kitchens.
- Staff salary increases in Maintenance.
- Increase in Research Fellows, although they are all funded.
- Roles to cover a Post-doctoral position and a JTO teaching need.

Capital projects 2017/18 and future works/discretionary projects

During the year, the main projects were to refurbish several student hostels and P&Q staircases, as well as spending £0.3m on IT equipment and completing work on the heating systems. Expenditure on the Mill Lane project in the year totalled £15.5m which included payments to lease Kenmare House/1 Mill Lane and to acquire the United Reformed Church building on that site (contracts exchanged early July 2018).

The major projects planned in 2017/18 include: Continued work to develop Mill Lane site – there is currently a commitment to spend £777k on contracted-for consultant fees. Also, work will be carried out to develop Kenmare House and 1 Mill Lane, where the cost will be clearly defined after a tender exercise. Budgets for 2018/19 include work to renovate S Staircase and several student hostels, as well as nearly £500k of discretionary spend to be used partly on Kenmare House and partly to develop rooms on the main site which become vacant when offices and Fellows move to Kenmare House.

Reserves policy

College unrestricted reserves total £70.9m (page 21). In addition, there are £38.8m of unrestricted endowment reserves (page 28, note 16). These reserves exist to support future generations of students, both through the provision of operational buildings and also income to partially support educational services. These reserves will be reviewed over the coming year to identify the level of any expendable reserves held. Furthermore, general investments of £88.4m (note 9) amount to around 7 times core expenditure (i.e. total expenditure minus IP and Development Office costs). In order to maintain its excellence in teaching and research in present and foreseeable circumstances, with admissions on merit alone, the College considers that this cover ratio needs to be raised substantially. Increasing the endowment will continue to remain a crucial part of fund-raising campaigns, including development of the Mill Lane site.

Pembroke College Operating and Financial Review (continued)

General investment performance and cash management

The College general investments are reviewed at two meetings a year by the Investments Committee. External managers are employed to manage specific elements of the investments portfolio. The College has a challenging long-term target total return of CPI plus 4%, i.e. to support investment drawdown plus educational inflation. During 2017/18, the investments rose by £5.1m to £88.4m and generated a total return of 7.7%. This figure excludes the new investment of £1.7m but includes £3.2m drawn down to fund expenditure. Over the same period, London stock markets rose by 5.8% (FTSE) and US markets rose 14.4% (Dow Jones). One area of agricultural land was sold for £4.7m (with £1.7m recognised as a profit in 2017/18) due to potential property development.

The College holds a well-diversified portfolio covering most asset classes. The breakdown of assets in the general investments portfolio at 30 June 2018 and 30 June 2017 is as follows (excluding private placement funds invested):

General Investments	Amount 2018 £m	% Of total	Amount 2017 £m	% Of total
Investment assets (note 9)	88.4		83.3	
Managed cash (other than operating balance)	6.8	7.7	5.3	6.4
Corporate bonds	2.6	3.0	3.0	3.6
Equities	31.8	36.0	27.9	33.4
Alternative investments (hedge funds, derivatives)	2.3	2.6	1.8	2.2
Property funds	12.5	14.1	11.0	13.2
College property – shops, land and commercially held properties	28.2	31.9	31.4	37.7
Private equity, venture capital	3.2	3.6	1.8	2.2
Other investments	1.0	1.1	1.1	1.3
Total investments	88.4	100.0	83.3	100.0
Overall investment growth	6.1%		12.1%	
New investment	-2.0%		-2.3%	
Drawdown for spending	3.6%		3.6%	
Total return	7.7%		13.4%	

Liquid funds increased as the College holds more cash due to the risky investment environment and funds from the sale of property. The College has a target of ensuring the investment portfolio has at least 5% invested in liquid funds (realisable in 0-10 days) and 9% in semi-liquid (realisable in 11 days to 6 weeks). The level of drawdown in 2017/18 was 4% of the 4-year weighted average investment level (or 3.6% of the actual investments at 30 June 2017).

Challenges Ahead

The College achieved a balanced budget in 2017/18. A significant reason for that was the increase in income from International Programmes. This is expected to continue during 2018/19 when the semester programmes expand and the Pembroke-Kings Programme reduces from an 8 to a 6 week programme. An increase in discretionary funds will be provided over the next three years. Staff costs are approximately 50% of total spend and these must continue to be closely controlled. In recent years National Insurance and pension costs have risen significantly. Pension costs continue to rise and there are proposed increases in USS contributions in 2019. CCFPS costs rose from 1st July 2018, although this scheme is closed to new members. Investment in IT and Maintenance has been made, and this will continue into 2018/19. Some investment will also be needed in the Porters Lodge once the new Head Porter has reviewed requirements. Following the 2017 Campaign Launch ("The Time and the Place"), fundraising to develop the Mill Lane site is a priority to build on the generous Dolby bequest. Acquisitions of space on the Mill Lane site have now been made and building renovations will take place before June 2019. This will present opportunities in re-designating the use of other College space as individuals and departments move to the Mill Lane site. The main Mill Lane site redevelopment is expected in the subsequent six years. The greatest challenge the College faces is creating the vision of the Mill Lane site in a cost effective way, managing expectations and doing so within the funds available from gifts and other sources.

Approved by: AT Cates Dr A Cates (Treasurer and Bursar)

Date of approval:

7/11/18

Pembroke College Corporate Governance and Public Benefit Statement

Governance

The Master and Fellows constitute the Governing Body of the College, to whose meetings are invited Junior Member representatives (for open business). The Governing Body is constituted and regulated in accordance with the College Statutes. The body is responsible for the strategic direction of the College, for its on-going administration, and for the management of its finances and assets. Meetings are held ten times a year under the chairmanship of the Master. Supporting the Governing Body is a range of committees including: Finance, Development, Planning, Fellowship, Investment, Consultative, Teaching, Buildings, International Programmes and General Policy. Responsibilities of the Governing Body are more fully described on page 11.

The Governing Body members are also the Trustees of the charity and are listed on page 2. The principal officers are listed on page 1. There are Registers of Interests of Trustees and declarations of interest are made systematically at meetings.

Risk assessment

The major risks to which the College is exposed are reviewed regularly by the various College committees named above and reported to the Governing Body. Systems are in place, or are in the process of being established, to mitigate identified risks. The College Health & Safety Policy Statement is reviewed regularly and endorsed by the Governing Body and is displayed throughout the College. As part of this policy, the process for reporting accidents at work is described. The College maintains a general risk register which is updated and reviewed regularly with consideration of the necessary controls to mitigate those risks. The College also carries insurance against key business and financial risks. College departments have also carried out their own risk analysis with assistance from an outside consultant, which includes a review of critical systems and allowable recovery times. Furthermore, the project management of the Mill Lane project also includes a detailed risk register. Aside from the Mill Lane project, examples of (among many) key risk areas include:

- Academic performance.
- Future of home/EU tuition fees.
- Attracting the best, most able students.
- The degree of reliance on International Programmes income.
- Recruitment and retention of staff and Fellows.
- Pension provision for staff and Fellows.
- Availability of accommodation.
- Building projects being completed on time.
- Success of fundraising and alumni relations.

Environmental policy

In achieving excellence in teaching and research, Pembroke College manages its activities, buildings and estates to promote environmental sustainability, conserves and enhances natural resources and prevents environmental pollution to bring about a continual improvement in its environmental performance. The College has an environmental policy statement which is reviewed regularly and endorsed by the Governing Body and is displayed in the College.

Equal opportunities

Many matters relating to recruitment and employment matters are covered in the Staff Handbook. The College is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. The College's employment policy seeks to ensure that no job applicant or employee receives less favourable treatment on any grounds that are unjustified in terms of equality of opportunities for all.

Public benefit statement

In accordance with its Founding Charter and Statutes, the College's charitable purpose is to advance education, religion, learning and research for the public benefit by the provision, support and maintenance of a College in the University of Cambridge. A full statement of the public benefit it provides has been lodged with the Charity Commission. It is summarised as follows:

Pembroke College

Corporate Governance and Public Benefit Statement (continued)

Education:

- The provision, in conjunction with the University of Cambridge, of an education for some 719 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 provision of teaching facilities and individual or small group supervisions, as well as pastoral, administrative and academic support through its tutorial systems.
- Social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

Research:

- The provision of Research Fellowships to outstanding academics at an early stage of their careers, enabling them to focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post.
- Supporting the research work of its other Fellows by promoting interaction across disciplines, providing facilities and grants for conferences, research trips, and materials.
- Encouraging visits from outstanding academics from abroad.
- Encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College also 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, it maintains and supports a Chapel and holds services which are open to the general public and visitors. Through the College Dean of Chapel, it supports the emotional, mental and spiritual well-being of all members of the College whatever their faith tradition or none. It is also the Patron of 14 parishes and maintains its historic link with Pembroke House, in Walworth, South London, a Charity whose aims overlap with those of Pembroke College, working in an area of high deprivation.

The College maintains an extensive library, so providing a valuable resource for members of Pembroke, other Colleges, and the University of Cambridge more widely as well as external scholars and researchers and the public through regular exhibitions.

The resident members of the College, both students and academic staff, are the primary beneficiaries and are directly engaged in education, learning or research. However, beneficiaries include students and academic staff from other Colleges in Cambridge and from Cambridge University more widely, visiting academic staff from other higher education institutions and visiting school children who have an opportunity to attend educational events at the College or use its academic facilities. The general public are also able to attend educational activities in the College such as exhibitions.

Development

The College has a Development and Corporate Partnership team of around 12 FTE which includes permanent staff and student telephone fundraisers. This team provides support for all fundraising, alumni relations and corporate partnership activities of the College. A Development Committee consisting of Fellows oversees Development activities and meets twice a term. There is also a Campaign Board which includes up to 20, mainly external, members and meets once per term. The College uses an external organisation to assist with the annual telephone fundraising campaign. On a less formal basis, the College also has a number of Alumni Chapters around the world which helps to support and promote the College. In addition, the College will soon create a number of Campaign Ambassadors to assist with networking and develop prospects around the world.

Pembroke College

Responsibilities of the Governing Body

The Governing Body is responsible for the administration and management of the College's affairs.

The Governing Body presents audited financial statements for each financial year. These are prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards, including the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions', as interpreted by the University of Cambridge in their Recommended Cambridge College Accounts.

With reference to the above provisions, the Governing Body is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

In causing the financial statements to be prepared, the Governing Body has sought to ensure that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

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

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

Pembroke College

Independent auditors' report to the Governing Body of Pembroke College, Cambridge

Opinion

We have audited the financial statements of Pembroke College (the 'College') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the 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 2018 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 Auditors' 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 Governing Body are responsible for the other information. The other information comprises the information included in the Operating and Financial Review other than the financial statements and our auditors' report thereon. 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:

Independent auditors' report to the Governing Body of Pembroke College, Cambridge (continued)

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

Responsibilities of the Governing Body

As explained more fully in the responsibilities of the Governing Body statement set out on page 11, the Governing Body 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 Governing Body 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 Governing Body 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.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 auditors' report.

Use of our report

This report is made solely to the College's Governing Body as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed



PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
Date: 12/11/18

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

Pembroke College Statement of Principal Accounting Policies

1. 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 Institutions' (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 7.

2. 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.

3. Basis of consolidation

The activities of student societies have not been consolidated.

4. Recognition of income

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the 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.

Grant income

Grants received from non-government sources (including research grants from non-government sources) are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance related conditions have been met.

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

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.

Pembroke College Statement of Principal Accounting Policies (continued)

Total return

The College operates a total return policy with regard to its investment assets (including property). The method of calculation altered on 1st July 2016. From the start of the financial year, the College calculated its income requirements (based on a percentage of the 4-year weighted average investment value) and that amount was transferred to investment income in the Statement of Comprehensive Income and Expenditure. The income is stated net of investment management and property fees. All returns from cash or property held in respect of operating assets are treated as income as received.

Academic fees

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

Other income

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

Cambridge Bursary Scheme

The Cambridge Bursary Scheme (CBS) administration operates as follows:

- SLC (Student Loans Co) assesses the students for CBS eligibility.
- SLC pays the student direct for the CBS payment and then takes the money from the College by direct debit.
- At end of term, the University provides College with a list of students and how much their and the College's contribution is.

The College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges", although strictly speaking this was not a College transaction for this year.

5. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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.

6. Fixed assets

a) Land and buildings

College land and buildings used for operational purposes (to house College Members) are stated at depreciated replacement cost, as determined by professional valuers. Gerald Eve valued main site buildings in April 2003 when RCCA was introduced. Subsequently, Bidwells valued off-site houses in 2007 when those properties were transferred into operational assets from investment assets. All operational College buildings (except the following) are depreciated on a straight-line basis over 100 years: Foundress Court, the sports ground and the boathouse are depreciated on a straight-line basis over 50 years. Freehold land is not depreciated. Assets under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

When land and buildings are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is described in accounting policy 4 above.

Pembroke College Statement of Principal Accounting Policies (continued)

Finance costs that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

b) Maintenance of buildings

The cost of routine maintenance is charged to the Statement of Comprehensive Income and Expenditure as it is incurred.

c) Furniture and equipment

Furniture and equipment is not capitalised if an individual item costs less than £5k. Such expenditure is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Computer equipment/photocopiers	33% p.a. (3 years)
Boats	7% p.a. (15 years)
Heating systems	5% p.a. (20 years)
Other furniture and equipment	10% p.a. (10 years)

When furniture and equipment is acquired with the aid of specific bequests or donations, the policy for accounting for that income is described in accounting policy 4 above.

d) Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1st July 2003 or with a cost below £5k have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1st July 2003 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

7. Investments

Non-current investment assets are included in the balance sheet at market value. Investments that are not listed on a recognised stock exchange (except estate properties) are carried at net asset value.

While College hostels and other properties treated as operational assets are re-valued as stated in 6a) above, other properties and agricultural land held for their investment value are treated and valued as investment assets. Such investment assets are valued annually, at least by desktop valuation, by a professional valuer (Bidwells and Cheffins) and revalued on the balance sheet accordingly. Every five years, a full valuation is carried out.

8. Stocks

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

Pembroke College

Statement of Principal Accounting Policies (continued)

9. Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

10. Taxation

The College is a registered charity (number 1137492) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 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.

11. 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.

12. Pension schemes

The College participates in Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of 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 Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. 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 therefore an expense is recognised.

The College participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and until 31 March 2016 was contracted out of the State Second Pension (S2P). As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by Section 28 Employee Benefits of FRS 102 'Retirement Benefits'. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the amount calculated under FRS102 guidelines.

The College operates a defined contribution pension scheme and the pension charge represents the amounts payable by the College to the fund in respect of the year.

13. Contingent liabilities and assets

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly

Pembroke College

Statement of Principal Accounting Policies (continued)

within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

14. Employment benefits

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

15. 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.

17. Critical accounting judgements

FRS102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into 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 profit or loss. The Governing Body are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

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

Pembroke College
Statement of Comprehensive Income and Expenditure
Year ended 30th June 2018

	Note	2018			2017				
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	3,037	53	-	3,090	2,907	170	-	3,077
Residences, catering and conferences	2	7,017	-	-	7,017	6,101	-	-	6,101
Investment income	3a	49	198	1,869	2,116	12	1	1,614	1,627
Endowment return transferred	3a	1,346	1,699	(3,052)	(7)	1,236	1,533	(2,776)	(7)
Other income		55	23	-	78	58	20	-	78
Total income before donations and endowments		11,504	1,973	(1,183)	12,294	10,314	1,724	(1,162)	10,876
Donations		1,272	413	-	1,685	1,195	609	-	1,804
New endowments		-	-	1,664	1,664	-	-	1,946	1,946
Other capital donations for Mill Lane project		-	1,714	-	1,714	-	1,300	-	1,300
Total income		12,776	4,100	481	17,357	11,509	3,633	784	15,926
Expenditure									
Education	4	4,324	2,176	-	6,500	4,037	2,055	-	6,092
Residences, catering and conferences	5	7,206	-	-	7,206	6,647	-	-	6,647
Other expenditure		1,978	(0)	569	2,547	1,858	-	547	2,405
Contribution under Statute G,II		15	32	-	47	19	31	-	50
Total expenditure		13,523	2,208	569	16,300	12,561	2,086	547	15,194
Surplus/(deficit) before other gains and losses		(747)	1,892	(88)	1,057	(1,052)	1,547	237	732
Gain on investments	3a	267	185	4,885	5,337	-	459	8,025	8,484
Surplus/(deficit) for the year		(480)	2,077	4,797	6,394	(1,052)	2,006	8,262	9,216
Other comprehensive income									
Actuarial profit/(loss) in respect of pension schemes	15	579	-	-	579	(576)	-	-	(576)
Total comprehensive income/(expenditure) for the year		99	2,077	4,797	6,973	(1,628)	2,006	8,262	8,640

The notes on pages 23 to 34 form part of these accounts.

Pembroke College
Statement of Changes in Reserves
Year ended 30th June 2018

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
Balance at 1 July 2017	57,709	44,325	75,473	177,506
Transfer from endowment to restricted	-	229	(229)	0
Surplus/(deficit) from income and expenditure statement	(480)	2,077	4,797	6,395
Other comprehensive income	579	-	-	579
Release of restricted capital funds spent in the year	13,108	(13,108)	-	-
Balance at 30 June 2018	70,916	33,523	80,041	184,480
		(note 17)	(note 16)	

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
Balance at 1 July 2016	59,337	41,922	67,608	168,867
Transfer from endowment to restricted	-	397	(397)	(0)
Surplus/(deficit) from income and expenditure statement	(1,052)	2,006	8,262	9,215
Other comprehensive (expenditure)	(576)	-	-	(576)
Balance at 30 June 2017	57,709	44,325	75,473	177,506
		(note 17)	(note 16)	

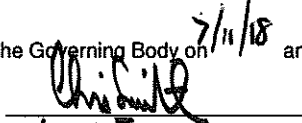
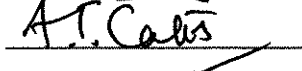
The notes on pages 23 to 34 form part of these accounts

**Pembroke College
Balance Sheet
as at 30th June 2018**

	Note	2018 £000	2017 £000
Non-current assets			
Fixed assets	8a	80,562	70,577
Heritage assets	8b	136	136
Investments	9	98,624	83,295
Current assets			
Stock	10	672	644
Trade and other receivables	11	6,418	8,034
Cash and cash equivalents	12	2,798	633
Short-term investments	13	19,932	29,078
		<u>29,820</u>	<u>38,389</u>
Creditors: amounts falling due within one year	14a	(5,315)	(4,893)
Net current assets		<u>24,505</u>	<u>33,496</u>
Total assets less current liabilities		203,827	187,504
Creditors: amounts falling due after more than one year	14b	(14,902)	(4,960)
		<u>188,925</u>	<u>182,544</u>
Provisions			
Pension provisions	15	(4,445)	(5,037)
Total net assets		<u>184,480</u>	<u>177,507</u>
Restricted reserves			
Income and expenditure reserve - endowment reserve	16	80,041	75,473
Income and expenditure reserve - restricted reserve	17	33,523	44,325
		<u>113,564</u>	<u>119,798</u>
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		70,916	57,709
		<u>70,916</u>	<u>57,709</u>
Total reserves		<u>184,480</u>	<u>177,507</u>

The financial statements were approved by the Governing Body on 7/11/18 and signed on its behalf by:

Approved by:

Rt Hon Lord Smith of Finsbury (Master)

Dr. A Cates (Treasurer and Bursar)

The notes on pages 23 to 34 form part of these accounts.

**Pembroke College
Cash Flow Statement
for the Year Ended 30th June 2018**

	Note	2018 £000	2017 £000
Cash flows from operating activities	23	10,255	(1,907)
Cash flows from investing activities	24	(17,795)	975
Cash flows from financing activities	25	9,705	(218)
(Decrease) in cash and cash equivalents in the year		<u>2,165</u>	<u>(1,150)</u>
Cash and cash equivalents at beginning of the year		633	1,783
Cash and cash equivalents at end of the year	12	<u>2,798</u>	<u>633</u>

The notes on pages 23 to 34 form part of these accounts.

Pembroke College
Notes to the accounts
For the year ended 30th June 2018

1. Academic fees and charges	2018	2017
	£000	£000
College fees		
Fee income received at the Regulated Undergraduate rate	1,850	1,838
Fee income received at the Unregulated Undergraduate rate	387	335
Fee income received at the Graduate rate	666	640
	<u>2,903</u>	<u>2,813</u>
Other income	134	95
Cambridge Bursary Scheme	53	169
Total	<u>3,090</u>	<u>3,077</u>
2. Income from residences, catering and conferences income	2018	2017
	£000	£000
International Programmes	3,346	2,663
Accommodation		
College members	2,358	2,220
Conferences	150	118
Catering		
College members	967	924
Conferences	196	176
Total	<u>7,017</u>	<u>6,101</u>
3a. Endowment and investment income	2018	2017
	£000	£000
Income from investments and donations:		
Income drawdown from endowment	3,045	2,769
Freehold land and buildings	13	9
Other interest receivable	10	5
	<u>3,068</u>	<u>2,783</u>
Summary of total return:		
Income from:		
Land and buildings	570	536
Quoted and other securities and cash	1,299	1,077
Gains on endowment assets:		
Land and buildings	1,683	3,417
Quoted and other securities and cash	3,654	5,067
Investment management costs in respect of:		
Land and buildings	(326)	(336)
Quoted and other securities and cash	(243)	(211)
Total return for the year	<u>6,637</u>	<u>9,550</u>
Total return transferred to income and expenditure reserve (see above)	(3,052)	(2,776)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (page 19)	<u>3,585</u>	<u>6,774</u>
3b. Investment management costs	2018	2017
	£000	£000
Quoted securities - equities	152	110
Fixed interest securities	15	19
Other investments	76	82
	<u>243</u>	<u>211</u>

Pembroke College
Notes to the accounts
For the year ended 30th June 2018

4. Education expenditure	2018 £000	2017 £000
Teaching	1,048	988
Tutorial	1,137	1,097
Admissions and Access	782	805
Scholarships and awards	705	556
Other educational facilities	1,366	1,246
Academic community	410	395
	<u>5,448</u>	<u>5,087</u>
Research	1,052	1,005
	<u>6,500</u>	<u>6,092</u>

Total expenditure on student support during the year included above was £1.17m (2017 £1.17m).

5. Residences, catering and conferences expenditure	2018 £000	2017 £000
International Programmes	2,731	2,413
Accommodation	2,842	2,710
College Members	85	83
Conferences	1,346	1,266
Catering	202	175
College Members		
Conferences		
	<u>7,206</u>	<u>6,647</u>

6. Staff and Fellows	College Fellows and Trustees 2018 £000	College Other academic 2018 £000	College Staff 2018 £000	Total 2018 £000	Total 2017 £000
Staff & Fellows payroll costs					
Emoluments	1,761	25	4,629	6,415	6,144
Social security costs	155	2	362	519	502
Other pension costs (see note 21 (d))	262	5	584	851	867
	<u>2,178</u>	<u>32</u>	<u>5,575</u>	<u>7,785</u>	<u>7,513</u>
Average staff no.s (full time equivalent)					
Academic	74	-	-	74	71
Non-academic	4	1	177	182	183
	<u>78</u>	<u>1</u>	<u>177</u>	<u>256</u>	<u>254</u>

The number of officers and employees of the College, including the Head of House, who received emoluments in the following ranges was:

	2018	2017
£100,000 - £109,999	1	1

Of the 78 (2017 75) College Fellows and Trustees declared above, 21 (2017 20) are stipendiary. 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. This includes aggregated emoluments paid to key management personnel.

During the year, emoluments paid to Trustees in their capacity as Key Management Personnel were:

	2018 £000	2017 £000
Aggregate emoluments	<u>1,827</u>	<u>1,701</u>

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7a. Analysis of expenditure by activity 2017/18

	Staff & Fellows payroll costs (note 6) £000	Other operating expenses £000	Depreciation £000	Total 2018 £000
Education (Note 4)	3,326	2,992	182	6,500
Residences, catering, and conferences (Note 5)	3,308	3,109	789	7,206
Other expenditure (see below)	1,151	1,336	59	2,546
Contribution under Statute G,II	-	47	-	47
	7,785	7,484	1,030	16,299

Loan interest payable for the year to 30th June 2018 was £195k.

Other expenditure includes governance, investment management fees, fundraising and alumni relations expenditure.

Fundraising costs were £328k.

7b. Analysis of expenditure by activity 2016/17

	Staff & Fellows payroll costs (note 6) £000	Other operating expenses £000	Depreciation £000	Total 2017 £000
Education (Note 4)	3,206	2,718	168	6,092
Residences, catering, and conferences (Note 5)	3,157	2,783	707	6,647
Other expenditure	1,150	1,201	54	2,405
Contribution under Statute G,II	-	50	-	50
	7,513	6,752	929	15,194

Loan interest payable for the year to 30th June 2017 was £120k.

Other expenditure includes governance, investment management fees, fundraising and alumni relations expenditure.

Fundraising costs were £308k.

7c. Auditors' remuneration

	2018 £000	2017 £000
Other operating expenses include (excluding VAT):		
Audit fees payable to the College's external auditors	22	21
Other fees payable to the College's external auditors	1	-

8a. Fixed assets

	College site Buildings £000	Assets in Course of Construction £000	College site Foundress Court £000	Houses for College Members £000	Sportsground/ Boathouse £000	Land £000	Furniture & Equipment £000	Total 2018 £000
Cost/valuation								
At 1 July 2017	26,647	2,828	10,570	29,623	1,474	8,690	2,849	82,681
Additions	99	10,286	-	111	-	-	520	11,016
Disposals	-	-	-	-	-	-	(142)	(142)
Transfers	-	-	-	-	-	-	-	-
Cost/valuation as at 30 June 2018	26,746	13,114	10,570	29,734	1,474	8,690	3,227	93,555
Depreciation								
At 1 July 2017	3,779	-	3,157	3,303	323	-	1,542	12,104
Provided for the year	268	-	211	297	30	-	224	1,030
Disposals	-	-	-	-	-	-	(141)	(141)
Depreciation at 30 June 2018	4,047	-	3,368	3,600	353	-	1,625	12,993
Net book value								
At 30 June 2018	22,699	13,114	7,202	26,134	1,121	8,690	1,602	80,562
At 30 June 2017	22,868	2,828	7,413	26,320	1,151	8,690	1,307	70,577

The insured value of freehold land and buildings as at 30 June 2018 was £157m (2017 £146m). All of the above assets are used for Collegiate purposes.

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8b. Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2003 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for those on a cost-benefit basis, they have not been capitalised. As a result, the total cost included in the balance sheet is partial.

Amounts for the current and previous four years were as follows:

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Total value 1st July	136	103	93	83	75
Acquisitions purchased with specific donations	-	13	-	7	-
Acquisitions purchased with College funds	-	20	10	3	8
Total cost of acquisitions purchased	-	33	10	10	8
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised in year	-	33	10	10	8
Total value 30th June	136	136	103	93	83

9. Investments

	2018 £000	2017 £000
Balance at 1 July	83,295	74,311
Additions	11,068	15,140
Disposals	(7,722)	(9,407)
Gain	3,450	7,984
Increase/(Decrease) in cash held by investment managers	8,552	(4,717)
Less: change in amount owed to Pembroke House	(19)	(16)
Balance at 30 June	98,624	83,295
General investments	88,357	83,295
Private placement investments	10,267	-
Balance at 30 June	98,624	83,295

Long-term investments:

	2018 £000	2017 £000
Commerical shops	2,585	2,535
Agricultural land	9,278	12,281
Residential property	16,390	16,471
Total investment properties	28,253	31,287
Equities	42,041	32,810
Other investments	13,717	12,968
Cash in hand and at investment managers	13,834	5,283
Loans to Fellows	987	1,136
Less: amount owed to Pembroke House	(208)	(189)
Total	98,624	83,295

Bidwells and Cheffins carried out a full market valuation of all investment properties in June 2018 in accordance with accounting policy 7 (page 16).

10. Stock

	2018 £000	2017 £000
Kitchen	19	18
Cellar wine	649	621
Bar	4	5
Total	672	644

Pembroke College
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For the year ended 30th June 2018

11. Trade and other receivables	2018	2017
	£000	£000
Trade debtors	143	156
Members of the College	196	207
Debtors and prepayments - International Programmes	202	315
Debtors and prepayments - Other	598	815
Debtors and prepayments - Purchase of building	5,279	-
Debtors and prepayments - Mill Lane gifts	-	6,541
Trade and other receivables due within one year	6,418	8,034

In 2015/16, the Dolby Foundation pledged £35m towards the Mill Lane project subject to certain conditions, which at market prices amounted to a two fold coverage of the Pledge, concerning the share price of Dolby Laboratories and the exchange rate. All sums have been received.

12. Cash and cash equivalents	2018	2017
	£000	£000
Current accounts	533	436
Bank deposits	2,263	200
Cash	2	3
Less: amount owed to Pembroke House	(0)	(6)
	2,798	633

13. Short-term investments	2018	2017
	£000	£000
Mill Lane deposits	18,928	28,651
Other investments - Mill Lane gift	1,004	427
	19,932	29,078

14a. Creditors: amounts falling due within one year	2018	2017
	£000	£000
Bank loan	100	99
Trade creditors	409	439
Members of the College	837	818
Accruals and deferred income - International Programmes	2,726	2,554
Accruals and deferred income - Other	787	593
University fees	19	12
Contribution to Colleges Fund	47	50
Taxes and social security	119	155
Holiday pay accrual	71	50
Other creditors	200	123
	5,315	4,893

14b. Creditors: amounts falling due after more than one year	2018	2017
	£000	£000
Bank loan	1,668	1,768
Members of the College	289	292
Accruals and deferred income - other	45	-
Other loans	12,900	2,900
	14,902	4,960

The original unsecured bank loan was for £2.3 million repayable over 20 years, at a floating rate of interest for the two years until 30 January 2012 and a fixed rate of 6.21% p.a. thereafter.

During 2013-14, the College borrowed from institutional investors, collectively with other Colleges, with the College's share amounting to £2.9 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets, and has been in compliance with the covenant at all times since incurring the debt.

During 2017-18, the College borrowed from institutional investors, collectively with other Colleges, with the College's share amounting to £10 million. The loans are unsecured and repayable during 2058, and are at a fixed interest rate of 2.62%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets, and has been in compliance with the covenant at all times since incurring the debt.

Pembroke College
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15. Pension provisions

	CCFPS £000	USS £000	2018 £000	2017 £000
(Deficit) in schemes in beginning of the year	(4,153)	(884)	(5,037)	(4,431)
Movement in year:				
Recognised in income and expenditure	(343)	101	(242)	(315)
Contributions paid by the College	255	-	255	285
Actuarial profit/(loss) recognised in the Statement of Comprehensive Income and Expenditure	579	-	579	(576)
(Deficit) in schemes at end of the year	(3,662)	(783)	(4,445)	(5,037)
	note 21b	note 21a		

16. Endowment funds

	Restricted Permanent £000	Unrestricted Permanent £000	2018 Total £000	2017 Total £000
Balance at beginning of year:				
Capital	38,886	36,587	75,473	67,608
	38,886	36,587	75,473	67,608
New donations and endowments	1,212	453	1,665	1,946
Transfer of endowment	(250)	20	(230)	(397)
Increase in market value of investments	1,432	1,701	3,133	6,316
Balance at end of year (page 20)	41,280	38,761	80,041	75,473
Representing:				
Fellowship Funds	11,665	-	11,665	11,837
Scholarship Funds	5,867	-	5,867	10,109
Prize Funds	922	-	922	1,102
Bursary/Hardship Funds	5,866	-	5,866	7,491
Travel Grant Funds	1,566	-	1,566	612
Graduate Funds	7,224	-	7,224	-
Other Funds	8,170	-	8,170	7,735
General endowments	-	38,761	38,761	36,587
Total	41,280	38,761	80,041	75,473
Analysis by asset:				
Property	11,825	11,104	22,929	28,349
Investments	23,664	22,220	45,884	42,338
Cash	5,791	5,437	11,228	4,786
	41,280	38,761	80,041	75,473

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17. Restricted reserves

	Capital grants unspent £000	Unspent Permanent £000	Restricted Expendable £000	2018 Total £000	2017 Total £000
Balance at beginning of year:					
Capital	-	-	4,798	4,798	3,939
Accumulated income	36,483	2,518	526	39,527	37,983
	<u>36,483</u>	<u>2,518</u>	<u>5,324</u>	<u>44,325</u>	<u>41,922</u>
Transfers between funds in year					
New endowments	-	(48)	278	230	397
Increase in market value of investments	-	-	185	185	459
Capital grants	1,714	-	-	1,714	1,300
Donations	-	-	413	413	609
Endowment return transferred	-	1,497	204	1,701	1,533
Other investment income	154	22	-	177	191
Expenditure	(32)	(1,378)	(703)	(2,113)	(2,086)
Capital grants utilised	(13,108)	-	-	(13,108)	-
Movement in the year	<u>(11,272)</u>	<u>93</u>	<u>377</u>	<u>(10,802)</u>	<u>2,403</u>
Balance at end of year	<u>25,211</u>	<u>2,611</u>	<u>5,701</u>	<u>33,523</u>	<u>44,325</u>
Balance at end of year:					
Capital	-	-	5,233	5,233	4,798
Accumulated income	25,211	2,611	468	28,290	39,527
	<u>25,211</u>	<u>2,611</u>	<u>5,701</u>	<u>33,523</u>	<u>44,325</u>
Representing:					
Fellowship Funds	-	567	2,258	2,825	2,755
Scholarship Funds	-	619	234	853	1,123
Prize Funds	-	60	-	60	166
Bursary/Hardship Funds	-	620	479	1,099	1,686
Travel Grant Funds	-	101	10	111	208
Graduate Funds	-	398	756	1,154	-
Other Funds	25,211	246	1,964	27,421	38,387
Total	<u>25,211</u>	<u>2,611</u>	<u>5,701</u>	<u>33,523</u>	<u>44,325</u>

18. Memorandum of unapplied total return

	2018 £000	2017 £000
Included within reserves the following amounts represent the unapplied total return of the College:		
Unapplied total return at the beginning of the year	37,782	31,008
Unapplied total return for the year (see note 3a)	3,585	6,774
Unapplied total return at end of year	<u>41,367</u>	<u>37,782</u>

19. Policy on management reserves

The College unrestricted endowment of £38.8m (note 16) and unrestricted general reserves £70.9m (page 20) provide total reserves of £109.7m. These reserves exist to support future generations of students, both through the provision of operational buildings and also income to partially support educational services. As the College is a long-term institution, reserves are held with a long-term view but an element of the unrestricted reserves could be spent as permissible by Statute and Ordinances. Restricted reserves total an additional £74.8m, which includes unspent Mill Lane gifts. The restricted reserves can only be spent on purposes set down by the donor. All unrestricted legacies and endowment donations received are reinvested in the unrestricted endowment reserves.

20. Capital commitments

	2018 £000	2017 £000
Capital commitments contracted for at 30th June	<u>777</u>	<u>120</u>
Other commitments		

The College has committed to invest in various private equity/venture capital funds over the next few years. Commitments, excluding distributions which may be made, total \$760k (c £580k). This includes a commitment to invest in the Cambridge Associates Fund II up to a total \$1m.

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21. Pension schemes

(a) Universities Superannuation Scheme

The total cost charged to the Statement of Comprehensive Income and Expenditure is £477k (2017 £553k) as shown in note 21d. The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is 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 but not yet completed. Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section 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. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the Scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018.

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Price increases (CPI)	2.0%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	98% of SAPS S1NA "light" YOB unadjusted for males. 99% of SAPS S1NA "light" YOB with a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS102 total scheme deficit	£8.4bn	£17.5bn
FRS102 total funding level	88%	77%

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21. Pension schemes

(b) 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. The liabilities of the plan have been calculated, at 30 June 2018, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme 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:

	30 June 2018	30 June 2017
Discount rate	2.70%	2.60%
Increase in salaries	2.75%	2.85%
RPI assumption	3.25%	3.35%
CPI assumption	2.25%	2.35%
Pension increases in payment (RPI Max 5% p.a.)	3.15%	3.25%
Pension increases in payment (CPI Max 2.5% p.a.)	1.80%	1.85%

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2017: same base table with CMI_2016 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 22.1 years).
- Female age 65 now has a life expectancy of 23.8 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.3 years (previously 23.5 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

	Male	Female
Active members - Option 1 benefits	65	63
Deferred members - Option 1 benefits	62	60

Allowance has been made at retirement for non-retired members to commute part of their pension for a lump sum on the basis of the current commutation factors in their calculations.

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2018 (with comparative figures as at 30 June 2017) are as follows.

	2018 £000	2017 £000
Total market value of assets	8,328	8,142
Present value of scheme liabilities	(11,990)	(12,295)
Net pension liability	(3,662)	(4,153)

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ended 30 June 2018 (with comparative figures for the year ended 30 June 2017) are as follows:

	2018 £000	2017 £000
Current service cost	221	212
Administration expenses	13	13
Interest on net defined benefit liability	109	100
Total	343	325

Changes in the present value of the Scheme liabilities for the year ending 30 June 2018 (with comparative figures for the year ended 30 June 2017) are as follows:

	2018 £000	2017 £000
Present value of plan liabilities at beginning of period	12,295	10,835
Current service cost	221	212
Employee contributions	11	12
Benefits paid	(369)	(416)
Interest on plan liabilities	318	300
Actuarial losses	(486)	1,352
Present value of plan liabilities at end of period	11,990	12,295

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21. Pension schemes

(b) Cambridge Colleges Federated Pension Scheme (continued)

Changes in the fair value of the plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £000	2017 £000
Market value of plan assets at beginning of period	8,142	7,298
Contributions paid by the College	255	285
Employee contributions	11	12
Benefits paid	(369)	(416)
Administration expenses	(24)	(24)
Interest on plan assets	210	200
Return on assets, less interest included in Comprehensive Income and Expenditure	103	787
Market value of plan assets at end of period	8,328	8,142
Actual return on plan assets	312	988

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2018 (with comparative figures for the year ended 30 June 2017) are as follows:

	2018 £000	2017 £000
Equities	64%	67%
Bonds and cash	30%	27%
Property	6%	6%
Total	100%	100%

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

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £000	2017 £000
Return on assets, less interest included in Comprehensive Income and Expenditure	103	787
Expected less actual plan expenses	(11)	(10)
Experience gains and losses arising on plan liabilities	8	(107)
Changes in assumptions underlying the present value of plan liabilities	479	(1,246)
Actuarial gain/(loss) recognised in OCI (page 19)	579	(576)

Movement in (deficit) during the 12 months ending 30 June 2018 (with comparative figures for the year ended 30 June 2017) are as follows:

	2018 £000	2017 £000
(Deficit) in plan at beginning of year	(4,153)	(3,537)
Recognised in Statement of Comprehensive Income and Expenditure	(343)	(325)
Contributions paid by the College	255	285
Actuarial gain/(loss) recognised in OCI	579	(576)
(Deficit) in plan at the end of the year	(3,662)	(4,153)

Funding Policy

Actuarial valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the actuarial valuation are different to those adopted under FRS102. The last such valuation was as at 31 March 2017. 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 28 June 2018 and are as follows:

- Annual contributions of not less than £120,220 p.a. payable for the period from 1 July 2018 to 31 March 2034.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

Pembroke College
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21. Pension schemes

(c) NOW:Pensions scheme

The College operates a defined contribution scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £119k (2017 £70k) of which £20k (2017 £16k) was outstanding at the year end. It should be noted that most of the outstanding contributions have been collected by NOW since the 30th June 2018.

(d) Summary of pension costs

	2018 £000	2017 £000
Universities Superannuation Scheme	477	553
Cambridge Colleges Federated Pension Scheme	255	244
NOW:Pension Scheme	119	70
Total pension costs (note 6)	851	867

22. Related party transactions

Due 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.

In addition, the College has provided loans to its Fellows for personal use, and also as part of equity share arrangements. The following amounts are included in Investments on page 26:

	2018 £000	2017 £000
Loans to Fellows	987	1,136

23. Reconciliation of surplus for the year to cash flows from operating activities

	2018 £000	2017 £000
Surplus for the year	6,394	9,216
Adjustment for non-cash items:		
Depreciation (note 8)	1,030	929
(Gain) on endowments, donations and investment property	(5,337)	(8,484)
(Increase) in stocks	(28)	(10)
Decrease in trade and other receivables	1,615	27,909
(Increase) in short-term investments	9,146	(29,078)
Increase in creditors	464	486
Pension costs less contributions payable	(13)	31
Adjustment for investing or financing activities		
Investment income	(2,116)	(1,627)
Investment costs	569	547
Interest payable	195	120
Endowment funds invested	(1,664)	(1,946)
Total cash flows from operating activities	10,255	(1,907)

Pembroke College
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24. Cash flows from investing activities

	2018	2017
	£000	£000
Non-current investment disposal	3,052	2,776
Investment income	246	14
Endowment funds invested	1,664	1,946
Payments made to acquire non-current assets	(22,757)	(3,761)
Total cash flows from investing activities	(17,795)	975

25. Cash flows from financing activities

	2018	2017
	£000	£000
Interest paid	(195)	(120)
Loan advanced in the year	10,000	-
Repayments of amounts borrowed	(100)	(98)
Total cash flows from financing activities	9,705	(218)

26. Lease obligations

At 30 June 2018 the College had annual commitments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Land and buildings:		
Expiring within one year	301	112
Expiring between two and five years	873	448
Expiring in over five years	-	112