Pembroke College, Cambridge

Recommended Cambridge College Accounts (RCCA)

For the year ended 30th June 2015

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Pembroke College
Contact Information

Address
Pembroke College
Trumpington Street
Cambridge CB2 1RF

Key officers
Master - Sir R. B. Dearlove (from 1st October 2015 Rt. Hon. Lord Smith of Finsbury)
Treasurer and Bursar – Dr. A. Cates
Senior Tutor – Dr. M. R. Wormald

Registered charity number
1137492

VAT number
214 2442 08

Professional advisors:

Actuaries
Cartwright Group Limited
Suite 7, 2nd Floor
The Hub
IQ Farnborough
Farnborough
Hants, GU14 7JP

Auditors
Peters Elworthy and Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

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

Principal solicitors
Mills & Reeve
Francis House
112 Hills Road
Cambridge CB2 1PH

Hewitsons
Shakespeare House
42 Market Road
Cambridge CB5 8EP

Principal property managers
Bidwells
Trumpington Road
Cambridge CB2 2LD

Cheffins Limited
Clifton House
1-2 Clifton Road
Cambridge
CB1 7EA

Pembroke College
Trustees of the charity

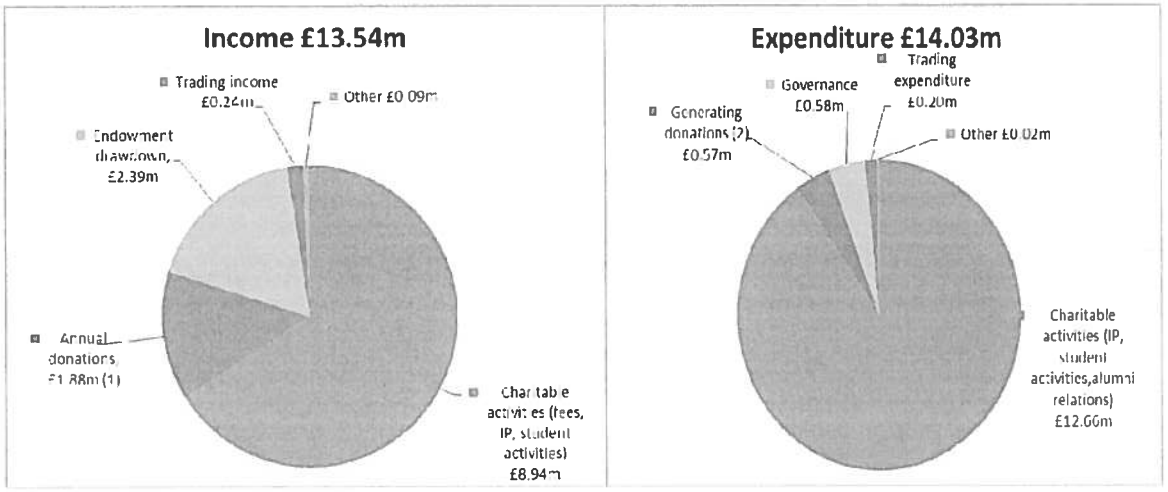
Sir RB Dearlove (Master – left 31st July 2015)
Professor NB Davies
Professor JM Maciejowski
Professor NA Fleck
Professor MC Payne
Professor CP Melville
Professor TRS Allan
Professor JP Parry
Dr MR Wormald
Dr D Robertson
Professor LR Gelsthorpe
Dr T Meissner
Professor RJM Franklin
Professor CJ Young
Dr SSS Cardoso
Professor S Huot
Mr NJ McBride
Professor N Cooper
Professor KGC Smith
Professor A Tunnacliffe (left 31st December 2014)
Dr L Kassell
Professor V Deshpande
Dr DT Tambakis
Dr N Datta
Professor JS Bell
Dr TJ Bussey
Professor AC Ferrari
Dr RP Blakesley
Dr AW Tucker
Dr AF Deuss (left 30th September 2015)
Dr S Learmount
Dr J Goncalves (left 31st December 2014)
Dr S Barrett
Dr A Shadrin
Revd Dr J Gardom
Dr K Ettenhuber
Mr M Mellor
Professor S O'Rahilly
Dr G Csanyi
Dr M Clatworthy
Professor A Venkitaraman
Dr D Huggins
Professor CM Lizieri
Dr A Houen
Dr R Gagne
Dr M Gorji
Dr C Burt
Dr S Nouwen
Dr K Koziol
Professor R Johnson
Dr T Matthiesen (left 30th September 2015)
Dr J Bellis (left 30th September 2015)
Professor C Loch
Professor C Grey
Dr M Abreu
Dr A Young (left 30th September 2015)
Dr C Nahum-Claudel
Dr S John
Dr W Galloway
Dr H Grunwald
Dr A Cates
Dr P Cavill
Dr J Durrell
Dr MJ Sternberg
Dr HGM Diemberger
Dr S Cottaar
Dr ACL Ashton (left 31st August 2015)
Dr AP Camozzi
Dr TT Weil
Dr DA Jarvis
Dr TG Miklem
Dr IRM Hussin
Dr W Yaqoob
Dr P Warde (started 1st January 2015)
Dr M Wyatt (started 1st January 2015)
Dr H Mumby (started 1st October 2015)
Miss E Jones (started 1st October 2015)
Dr A Madhavapeddy (started 1st October 2015)
Dr G Hennequin (started 1st October 2015)
Rt Hon Lord Smith of Finsbury (started 1st October 2015)
Dr G Rosso (started 1st October 2015)

Pembroke College
Operating and Financial Review
For the financial year ended 30 June 2015

Status
Mary 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, 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 endowment of assets, 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
The College Income and Expenditure account shows a deficit on continuing operations of £493k (2014 deficit £696k). This deficit is after depreciation of £860k and a prudent policy whereby most buildings maintenance is treated as expenditure in the year it is incurred. The College aims for a balanced budget in its Management Accounts, where a discretionary expenditure fund replaces depreciation. This aim was successfully achieved in 2014/15. Total donations, including endowment gifts, were £3.2m including operational gifts (2014 £6m). The Old Library was refurbished, with £381k included in expenditure for the year.



(1) Total donations, including endowment gifts on page 19 and a legacy in deferred capital grants on page 27, were £3.2m (2014 £6.0m)
(2) Generating donations includes the total cost of general fundraising and corporate programme activities.
(3) IP = International Programmes, i.e. academic courses for overseas students

The deficit on continuing operations of £493k was increased by the annual contribution to the Cambridge Colleges' Fund of £21k and £66k transferred to endowment funds, resulting in a net deficit of £580k. The transfer to endowment funds is required as the net increase in income does not represent part of operational activity and is transferred to reserves.

The Balance Sheet shows assets of £134.7m (2014 £131.9m), including an endowment of £72.7m (2014 £69.6m).

Total return for the year was 5.9% (2014 12.2%). Total return includes income and capital growth but excludes donations to the endowment.

Students
During the year, the College educated 455 (2014 444) undergraduate students and 231 (2014 257) graduate students. This includes all students up to the time they receive their degree, 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.

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 763 (2014 753)
- Arts 317 or 42% (2014 292 or 39%); Science 446 or 58% (2014 461 or 61%)
- State educated 67%, independent educated 33%
- Male 54%, female 46%
- Office for Fair Access (OFFA ***) applicants 490 (64%); Non-OFFA 273 (36%)

Offers
- Number of offers 161 (21% of applicants) (2014 145 or 19%)
- State educated 64%, independent educated 36% (of home offers)
- Male 54%, female 46%
- OFFA applicants 115 (24%)

*** OFFA applicants are defined broadly as UK resident citizens 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.

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, other Colleges and the Isaac Newton Trust, bursary support for those of limited financial means. That scheme is approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. In total £805k 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 £196k of funding.

The College also provides substantial financial support to its graduate students. This has amounted to £862k 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 2012 to June 2015, this support amounted to £240k. Prizes and scholarships of £242k have also been awarded over the same 3 year period. Individual prize awards have been increased during the year.

In addition to its other programmes, the College operates a hardship (rent rebate) scheme for students in financial hardship which has provided £123k 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	2014/15 £k	2013/14 £k	2012/13 £k
Graduate studentships	862	328	316	218
Undergraduate studentships	196	96	60	40
Cambridge Bursaries	805	306	261	238
Other bursary/NSP support	201	122	61	18
Maintenance contributions	63	21	25	17
Prizes and scholarships	242	107	82	53
Rent rebates	123	42	28	53
Book grants	30	9	9	12
Research expenses	80	25	27	28
Other awards	130	47	43	40
Total awards	**2,732**	**1,103**	**912**	**717**

Academic performance
In 2014/15, Pembroke College maintained its high ranking in the unofficial college tables for undergraduate examination results. Overall, the percentage of First class honours fell slightly. 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.

Broadening Access
To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to Pembroke, the College operates an outreach programme. This programme includes an extensive programme of visits to schools, visits by schools to the College, open days, admissions symposia for teachers as well as guidance and information on the College website for prospective applicants. Within total admissions and access costs of £673k shown on page 23, £415k was spent on access activity in the year, a 27% increase in part due to the recruitment of an additional Schools Liaison Officer.

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 73 (2014 71) excluding Life Fellows. The College also employs 166 other FTE members of staff to provide the professional and service support necessary to run the College. This figure compares with 160 in 2013/14.

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.

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

	2014-15	2013-14
Donations (including legacies)	20%	34%
Income from endowment drawdown	16%	13%
International Programmes and conference activities	24%	19%
Student fees	17%	14%
Student rooms	13%	10%
Other (including catering, properties)	10%	10%
Total	100%	100%

Note: due to two significant endowment gifts in 2013/14, the percentage of donations decreased significantly in the year.

Financial performance
The College manages its finances through a set of management accounts. During the year, the College managed its budget successfully with a small surplus.

Total donations and legacies reduced during the year to £3.2m (2014 £6m), although 2013/14 included two large endowment gifts totalling £3.8m. Fee income rose by 6% as more students were subject to the new fee regime and self-funded student fees increased. International Programmes income rose by 7% as student numbers rose on the largest programme. Pay increases were again modest at 2% and overall payroll costs rose by 7.5%. The increase related to new appointments in departments such as IT, Catering and Access, moving staff to the University single pay spine and the continued increase in pension membership. On the investment front markets were less resilient in the year although property values continued to rise, resulting in a 5.9% **total return**.

In 2012/13, the level of University fees rose to £9k p.a. per undergraduate student of which the College receives half. Pembroke College is increasing the support provided to students, with funds donated from the Cass Foundation, Vernon Trust and Merchant Taylors supporting fee reductions for students in financial need. The College has sought to raise funds to support five students per annum in their second and third years. Although National Scholarship Fund awards are to cease in the near future, College still intends to provide support for students from less well-off backgrounds. In addition, the College contribution towards the Cambridge Bursary scheme has increased, with total support to Pembroke students from the Newton Trust, University and College being £306k in the year. Graduate support has grown modestly in the year to £328k and will grow further in 2015/16.

During the year, the College's **net assets** increased in value by £2.7m or 2% (see page 20). Investment in the endowment of £1.3m in the year was below the stated aim of £2m p.a. Endowment assets grew by £3.1m, including new investment and capital growth. Operational assets fell slightly as depreciation exceeded additions.

College **income** increased from £12.5m in 2013/14 to £13.5m in 2014/15. The **income and expenditure account** (see page 18) reports a net deficit of £580k (2013/14 deficit £744k). **Depreciation** (net of capital grant release) accounted for £759k (2013/14 £829k).

Other financial issues of note from the RCCA are:
- Academic fees and charges increased from £2.6m to £2.8m. Nearly all home/EU students are now subject to the College fee of £4,500 p.a.
- Total income from residences, catering, International Programmes and conferences (note 2) increased from £6.2m to £6.4m. Conference and function income fell by £67k to £242k, mainly due to the Old Library being refurbished. Income from student rooms rose from £1.9m to £2.0m due to an inflationary rise in room rates. Catering income decreased by £54k to £886k, in part due to some price reductions made possible by making products in-house.
- International Programmes (vacation courses) income rose by £206k to £3.3m, with more student numbers on its largest programme. International Programmes activity resulted in expenditure of £3m, also increased from 2013/14.
- Endowment drawdown increased to £2.4m in 2014/15. Drawdown from the 10-year weighted average endowment reduced from 4.1% to 4.0%, reaching its intended target by 2014/15. Drawdown from actual endowment at 30th June 2014 was 3.5% in the year and will fall to 3.4% in 2015/16.
- Education costs rose from £5m to £5.4m. The education expenditure per student excluding research costs was £7,625 per undergraduate (2014 £7,042) and £4,934 per graduate student (2014 £4,626).
- The total costs of accommodation, catering and International Programmes (note 5) rose from £6.7m to £7.0m (a 4.5% rise). Accommodation costs rose from £2.6m to £2.7m. Catering costs were largely unchanged at £1.3m.
- The contribution to the Colleges' Fund was £21k on page 18, increased from £18k in 2013/14.

Development activity
The total income from donations received in 2014/15 was £3.2m (2013/14 £6m). This includes income detailed on page 18 of £1.9m and endowment gifts on page 19 of £1.3m. The breakdown is as follows:

	£k
Annual Fund and Avenue Society donations	793
College legacies	46
Trust fund donations and legacies	1,332
Corporate donations	555
Corporate seminars and other income	40
Endowment Campaign donations	303
Deferred capital grants release	101
Total	**3,170**

Within total College expenditure of £14.1m, a total of £1m was spent on fund-raising, corporate partnerships and alumni relations, a rise of 7.5% from 2013/14 (page 18). The total includes direct expenditure of £536k and an appropriate share of College overheads, such as maintenance, utilities and support from other departments (£496k). The Development Office directly manages an expenditure budget of £754k where approximately £415k relates to fundraising and corporate partnerships and £339k for alumni relations.

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. Most new staff are auto-enrolled into the NOW:Pension Scheme (a defined contribution scheme).

Payroll costs (academic and non-academic) rose by £459k (7.5%) over the year. There were several reasons for this:

- Increased pension costs due to auto-enrolment.
- The impact of FRS17 pension costs in year.
- Two new funded academic posts and a new Research Fellow.
- New posts in IT, Maintenance, Schools Liaison
- Moving some staff to University single pay spine.

Capital projects 2014/15 and future works/discretionary projects
During the year, the College renovated 10 Selwyn Gardens at a cost of £280k (an endowment property) and refurbished the Old Library (£477k), with the majority of those costs being treated as expenditure. A netball court was installed at the sportsground for £41k.

The major projects planned in 2015/16 are: 36/38 Panton Street renovation £140k, new cycle shed £120k, boiler replacement project £1m over 3 years plus sportsground storage, redecoration of GP/JP and Master's Lodge renovation.

Endowment
The College endowment of £72.7m amounts to over 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. Raising the endowment will continue to remain a crucial part of fund-raising campaigns, as the College moves into Phase 4 of its long term fundraising strategy.

Investment performance and cash management
The College endowment is reviewed at three meetings a year by the Investments Committee, which comprises five external and nine internal members. External managers are employed to manage specific elements of the endowment. The College has a challenging long-term target total return of CPI plus 5%, i.e. to support endowment drawdown plus educational inflation of 1% above CPI. During 2014/15, the endowment rose by £3.1m to £72.7m and generated a total return of 5.9%. This figure excludes the new investment of £1.3m but

includes £2.4m drawn down to fund expenditure. Over the same period, London stock markets fell by 3% (FTSE) and US markets rose 5% (Dow Jones). Equity returns were less predictable in 2014/15 although properties/property funds continued to perform well. College property was revalued upwards by around £1.5m, with agricultural land accounting for a significant proportion of that increase.

The College holds a well diversified portfolio covering most asset classes. The breakdown of assets in the endowment at 30 June 2015 and 30 June 2014 is as follows:

Endowment	Amount 2015 £m	% Of total	Amount 2014 £m	% Of total
Endowment assets (note 9)	**72.7**		**69.6**	
Managed cash (other than operating balance)	3.3	4.5	3.1	4.5
Corporate bonds	7.0	9.6	7.0	10.1
Equities	23.9	33.0	23.0	33.0
Alternative investments (hedge funds, derivatives)	4.9	6.7	5.2	7.5
Property funds	4.9	6.7	4.4	6.3
College property – shops, land and commercially held properties	25.8	35.5	24.3	34.9
Private equity, venture capital	2.0	2.8	1.9	2.7
Other investments	0.9	1.2	0.7	1.0
Total endowment	**72.7**	**100.0**	**69.6**	**100.0**
Overall endowment growth	4.5%		15.6%	
New investment	-1.9%		-7.1%	
Draw down for spending	3.3%		3.7%	
Total return	**5.9%**		**12.2%**	

The College has a target of ensuring the endowment 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 2014/15 was 4% of the 10-year weighted average endowment level (or 3.5% of the actual endowment at 30 June 2014). The level of income drawdown in 2015/16 is to be 4% of the 10-year weighted average endowment level.

Operating cash levels increased in the year by £0.3m (page 21). Overall, cash is generally held at a low level, particularly so during the summer period from July to September, and requires careful management. Wherever possible, surplus cash is invested in various cash deposits.

Challenges Ahead

The College managed its operational resources well in 2014/15 although the investment markets were less stable than in the previous two years, in part due to the unstable situation in Greece. Discussions continue to take place to develop the Mill Lane site over the next five years which will provide much needed additional graduate student accommodation and office space. The College is providing increased bursary provision for undergraduates and has secured additional funding to support graduate students. The College is making an active attempt to increase maintenance of existing buildings. In addition, a major three year boiler replacement project is underway. Pension costs continue to rise and changes to the benefit structure are due for both USS and CCFPS in the next year. The College continues to review its benefit structure to ensure the best academic and staff support is provided to students.

Approved by: ..... **Dr A Cates (Treasurer and Bursar)**
Date of approval: 10th November 2015

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.

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:
Education:

- The provision, in conjunction with the University of Cambridge, of an education for some 670 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.

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

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

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes, the Statutes of the University of Cambridge and with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditors

As explained more fully in the Governing Body's Responsibilities Statement set out on page 11, the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 30th June 2015 and of its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to report by exception

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

- the information given in the Governing Body Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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

Date: 17th November 2015

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 income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 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 benefactions
Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

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

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

Total return
The College operates a total return policy with regard to its endowment assets (including property). The method of calculation altered on 1st July 2008. From the start of the financial year, the College calculated its income requirements (based on a percentage of the 10-year weighted average endowment value) and that amount was transferred to endowment income in the Income and Expenditure account. 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
College fee income is recognised in the period for which it is received and includes 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.

5. Pension schemes

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The College participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). 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 FRS 17 'Retirement Benefits'. As a result, the amount charged to the Income and Expenditure Account represents the amount calculated under FRS17 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.

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 endowment 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.

When land and buildings are acquired with the aid of restricted bequests or donations, that income is credited to a restricted deferred capital grant account and income released to the Income and Expenditure Account over the same period as the land or building to which it relates (see above).

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.

b) Maintenance of buildings

The cost of routine maintenance is charged to the Income and Expenditure Account 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)
Other furniture and equipment	10% p.a. (10 years)

When furniture and equipment is acquired with the aid of specific bequests or donations, that income is credited to a deferred capital grant account and income released to the Income and Expenditure Account over the same period as the furniture or equipment to which it relates (see above).

d) Heritage assets

In accordance with FRS30 (Heritage Assets), works of art, books and other valuable artefacts acquired since 1 July 2003 and valued at over £5k are capitalised and recognised in the balance sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage Assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

All heritage assets, unless on loan elsewhere, are maintained and conserved by College staff with access available for research purposes by permission of the College. The assets held are properly insured if appropriate, with records kept by those responsible for care of the assets.

Owing to the volume of items and valuation issues, e.g. age, origin and accuracy, it has been decided that it is neither practical nor beneficial to identify and value heritage assets acquired before 1 July 2003.

7. Investments

Endowment 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 historical cost less any provision for impairment in their 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 endowment assets. Such endowment assets are valued at market value once every five years by a professional valuer (Bidwells and Cheffins) and revalued on the balance sheet accordingly. The last formal valuation was carried out in June 2012.

8. Stocks

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

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. Endowment funds

Endowment funds are classified under three headings:

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

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

11. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

12. Taxation

The College is a registered charity (number 1137492) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

13. 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.

Pembroke College
Income and Expenditure Account

for the Year Ended 30 June 2015

	Note	2015 £k	2014 £k
Income			
Academic fees and charges	1	2,785	2,628
Residences, catering, and conferences	2	6,393	6,193
Endowment and investment income	3a	2,394	2,177
Donations and legacies	3c	1,878	1,450
Other income	3d	92	74
Total income		13,542	12,522
Expenditure			
Education	4	5,444	5,008
Residences, catering and conferences	5	6,962	6,696
Fundraising and corporate partnerships		567	526
Alumni relations		464	434
Governance		578	531
Other		20	23
Total expenditure		14,035	13,218
(Deficit) on continuing operations before Contribution under Statute G, II		(493)	(696)
Contribution under Statute G,II		(21)	(18)
(Deficit) on continuing operations after Contribution under Statute G, II		(514)	(714)
(Surplus) for the year transferred to accumulated income in endowment funds		(66)	(30)
(Deficit) for the year retained within general reserves		**(580)**	**(744)**

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

The difference between the results as disclosed in the income and expenditure account and the result on an unmodified historical cost basis is not material.

The notes on pages 22 to 33 form part of these accounts.

Pembroke College

Statement of Total Recognised Gains and Losses

for the Year Ended 30 June 2015

	Restricted Reserves	Unrestricted Reserves	**Total 2015**	**Total 2014**
	£k	£k	**£k**	**£k**
Increase in market value of endowment asset investments	948	810	1,758	4,853
Retained (deficit) for the year (page 18)	-	(580)	(580)	(744)
Re-invested trust fund receipts and income retained (see page 18)	66	0	66	30
Donations received for endowment investment	944	348	1,292	4,524
Transfers	7,377	(7,377)	-	-
	9,335	(6,799)	2,536	8,663
Actuarial gain/(loss) recognised in STRGL (page 32)	-	156	156	(588)
Total recognised gains for the year	**9,335**	**(6,643)**	**2,692**	**8,075**
Reconciliation:				
Opening reserves and endowments	30,333	96,461	126,794	118,719
Total recognised gains for the year	9,335	(6,643)	2,692	8,075
Closing reserves and endowments	**39,668**	**89,818**	**129,486**	**126,794**

The above figures exclude deferred capital grants of £5.2m (2014 £5.1m), shown on page 20.

The notes on pages 22 to 33 form part of these accounts.

Pembroke College

Balance Sheet

as at 30 June 2015

	Note	2015 £k	2014 £k
Fixed assets			
Tangible Assets	8a, 8b	70,061	70,453
Investments	8c	5	5
Endowment assets			
Investments	9	72,724	69,606
Current assets			
Stock	10	608	633
Debtors	11	1,694	2,043
Cash	12	2,361	2,102
		4,663	4,778
Creditors: amounts falling due within one year	13a	(4,512)	(4,561)
Net current assets/(liabilities)		**151**	**217**
Creditors: amounts falling due after more than one year	13b	(4,861)	(4,948)
Net assets excluding pension liability		**138,080**	**135,333**
Pension liability	14	(3,420)	(3,422)
Net assets including pension liability		**134,660**	**131,911**

		Restricted Funds £k	Unrestricted Funds £k	Total 2015 £k	Total 2014 £k
Capital and reserves					
Deferred capital grants	15	**5,174**	**-**	**5,174**	**5,117**
Endowments	16				
Expendable endowments		4,158	-	4,158	3,725
Permanent endowments		35,510	33,054	68,564	65,881
		39,668	**33,054**	**72,722**	**69,606**
Reserves	17				
General reserves		-	60,184	60,184	60,610
Pension reserve		-	(3,420)	(3,420)	(3,422)
		-	**56,764**	**56,764**	**57,188**
Endowment and reserves sub-total		**39,668**	**89,818**	**129,486**	**126,794**
Total		**44,842**	**89,818**	**134,660**	**131,911**

The financial statements were approved by the Governing Body on 10 November 2015 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 22 to 33 form part of these accounts.

Pembroke College

Cash Flow Statement

for the Year Ended 30 June 2015

	Note	2015 £k	2014 £k
Operating activities			
Net cash inflow from operating activities	23	**1,698**	**1,433**
Returns on investments and servicing of finance			
Net investment income		(921)	(974)
Retained endowment income		66	30
Interest paid		(128)	(135)
Net cash (outflow) from returns on investments and servicing of finance		**(983)**	**(1,079)**
Capital expenditure and financial investment			
Purchase of tangible fixed assets	8a	(468)	(1,956)
Purchase of investment assets	8a	-	(5)
Purchase of endowment assets		(1,356)	(4,542)
Receipt of capital grants		158	-
Donations received		1,292	4,524
Net cash (outflow) from capital transactions		**(374)**	**(1,979)**
Net cash inflow/(outflow) before financing		**342**	**(1,625)**
Financing			
Loan advance		-	2,900
Bank loan repayment		(82)	(78)
Net cash (outflow)/inflow from financing		**(82)**	**2,822**
Increase in cash	23	**259**	**1,197**

The notes on pages 22 to 33 form part of these accounts.

Pembroke College

Notes to the accounts

1. Academic fees and charges	2015 £k	2014 £k
College fees		
Fee Income paid on behalf of undergraduates at the publicly-funded undergraduate rate (per capita fee £4,500 (2014 £4,500)/pre 12/13 students (2014 £4,068))	1,819	1,720
Privately-funded undergraduate fee income (per capita fee £5,985 (2014 £5,700))	232	187
Fee income received at the graduate fee rate (per capita fee £2,474 (2014 £2,424))	448	457
	2,499	2,364
Other income	86	76
Cambridge Bursary Scheme	200	188
Total	**2,785**	**2,628**

2. Residences, catering and conferences income		2015 £k	2014 £k
International Programmes		3,270	3,064
Accommodation	College members	1,995	1,880
	Conferences	105	146
Catering	College members	886	940
	Conferences	137	163
Total		**6,393**	**6,193**

3a. Endowment and investment income	2015 £k	2014 £k
Income from investments and donations:		
Income drawdown from endowment	2,362	2,155
Freehold land and buildings	10	8
Other interest receivable	22	14
	2,394	**2,177**
Summary of total return:		
Income from:		
Land and buildings	450	460
Quoted and other securities and cash	916	650
Profits/(losses) on endowment assets:		
Land and buildings	1,417	3,284
Quoted and other securities and cash	2,135	3,089
Costs in respect of:		
Land and buildings	(446)	(137)
Quoted and other securities and cash	(346)	(333)
Total return for the year	4,126	7,013
Income drawdown transferred to income and expenditure account (see above)	(2,368)	(2,160)
Appreciation of investment assets for the year recognised in the STRGL (page 19)	**1,758**	**4,853**

3b. Investment management costs	2015 £k	2014 £k
Quoted securities - equities	62	58
Fixed interest securities	23	26
Other investments	261	249
	346	**333**

3c. Donations and legacies

	2015 £k	2014 £k
Unrestricted donations	1,388	1,157
Restricted donations	389	194
Released from deferred capital grants	101	99
	1,878	**1,450**

3d. Other income

Other income of £92k (2014 £74k) includes income received from the sportsground and the sale of merchandise

4. Education expenditure

	2015 £k	2014 £k
Teaching	847	829
Tutorial	900	837
Admissions and Access	673	588
Scholarships and awards	594	522
Other educational facilities	1,221	1,189
Academic community	374	351
	4,609	4,316
Research	835	692
Total	**5,444**	**5,008**

Total expenditure on student support during the year included above was £1,103k (2014 £912k).

5. Residences, catering and conferences expenditure

		2015 £k	2014 £k
International Programmes		2,964	2,799
Accommodation	College Members	2,638	2,433
	Conferences	79	137
Catering	College Members	1,158	1,191
	Conferences	123	136
Total		**6,962**	**6,696**

6. Staff and Fellows

	College Fellows and Trustees 2015 £k	College Other academic 2015 £k	College Staff 2015 £k	Total 2015 £k	Total 2014 £k
Staff & Fellows payroll costs					
Emoluments	1,295	40	3,847	5,182	4,815
Social security costs	110	3	235	348	337
Other pension costs (see note 21 (d))	286	10	727	1,023	942
	1,691	**53**	**4,809**	**6,553**	**6,094**
Average staff no.s (full time equivalent)					
Fellows	73	-	-	73	71
Staff	-	2	164	166	160
	73	**2**	**164**	**239**	**231**

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

	2015	2014
£110,000 - £119,999	1	1

Of the 73 (2014 71) College Fellows and Trustees declared above, 21 (2014 19) are stipendiary. The trustees receive no emoluments in their role as trustees of the charity.

7a. Analysis of expenditure by activity 2015

	Staff & Fellows payroll costs (note 6) £k	Other operating expenses £k	Depreciation £k	Total 2015 £k
Education (Note 4)	2,632	2,653	159	5,444
Residences, catering, and conferences (Note 5)	2,951	3,362	649	6,962
Fundraising and alumni relations	629	358	44	1,031
Governance	333	238	7	578
Other	8	11	1	20
	6,553	6,622	860	14,035

Loan interest payable for the year to 30th June 2015 was £129k.

7b. Analysis of expenditure by activity 2014

	Staff & Fellows payroll costs (note 6) £k	Other operating expenses £k	Depreciation £k	Total 2014 £k
Education (Note 4)	2,370	2,466	172	5,008
Residences, catering, and conferences (Note 5)	2,803	3,205	688	6,696
Fundraising and alumni relations	594	309	57	960
Governance	318	206	7	531
Other	9	12	2	23
	6,094	6,198	926	13,218

Loan interest payable for the year to 30th June 2014 was £135k.

7c. Auditors' remuneration

	2015 £k	2014 £k
Other operating expenses include (excluding VAT):		
Audit fees payable to the College's external auditors	17	16
Other fees payable to the College's external auditors	3	6

8a. Fixed assets

Tangible assets

	College site Buildings £k	Assets in Course of Construction £k	College site Foundress Court £k	Houses for College Members £k	Sportsground/ Boathouse £k	Land £k	Furniture & Equipment £k	Heritage Assets £k	Total 2015 £k
Cost/valuation									
At 1 July 2014	26,370	1,872	10,570	29,332	1,333	8,690	1,644	82	79,893
Additions	95	304	-	-	41	-	18	10	468
Disposals	-	-	-	-	-	-	-	-	-
Cost/valuation as at 30 June 2015	26,465	2,176	10,570	29,332	1,374	8,690	1,662	92	80,361
Depreciation									
At 1 July 2014	2,981	-	2,524	2,434	238	-	1,263	-	9,440
Provided for the year	265	-	211	280	27	-	77	-	860
Disposals	-	-	-	-	-	-	-	-	-
Depreciation at 30 June 2015	3,246	-	2,735	2,714	265	-	1,340	-	10,300
Net book value									
At 30 June 2015	**23,219**	**2,176**	**7,835**	**26,618**	**1,109**	**8,690**	**322**	**92**	**70,061**
At 30 June 2014	23,389	1,872	8,046	26,898	1,095	8,690	381	82	70,453

The insured value of freehold land and buildings as at 30 June 2015 was £143m (2014 £144m). All of the above assets are used for Collegiate purposes.

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:

	2015 £k	2014 £k	2013 £k	2012 £k	2011 £k
Acquisitions purchased with specific donations	7	-	-	-	8
Acquisitions purchased with College funds	3	8	15	-	-
Total cost of acquisitions purchased	10	8	15	-	8
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	**10**	**8**	**15**	**-**	**8**

8c. Fixed asset investments

	2015 £k	2014 £k
Balance 1 July	5	-
Additions	-	5
Balance 30 June	**5**	**5**
Investment in Cambridge Colleges Funding Plc	5	5

9. Endowment assets

	2015 £k	2014 £k
Balance at 1 July	69,606	60,198
Additions	2,428	6,724
Disposals	(940)	(5,463)
Appreciation in investments	1,436	5,632
Increase in cash held by investment managers	198	2,527
Less: change in amount owed to Pembroke House	(4)	(12)
Balance at 30 June	72,724	69,606

	2015 £k	2014 £k
Long-term investments:		
Commerical shops	2,505	2,355
Agricultural land	9,118	8,556
Residential property	14,160	13,390
Total investment properties	25,783	24,301
Equities	23,939	23,006
Other investments	18,956	18,514
Cash in hand and at investment managers	3,285	3,086
Equity loans to Fellows	50	200
Loans to Fellows	890	673
Less: amount owed to Pembroke House	(179)	(174)
	72,724	69,606

Accounting policy 7 on page 16 states that investment properties are formally revalued every 5 years. In June 2014, a desktop revaluation of investment properties was carried out by Bidwells and Cheffins to establish an updated value. These updated values have been included above.

10. Stock

	2015 £k	2014 £k
Kitchen	13	13
Cellar wine	592	617
Bar	3	3
	608	633

11. Debtors

	2015 £k	2014 £k
Trade debtors	76	28
Members of the College	155	159
Debtors and prepayments - International Programmes	733	1,139
Debtors and prepayments - Other	730	715
	1,694	2,041
Debtors due after more than one year - Members of the College	-	2
	1,694	**2,043**

12. Cash

	2015 £k	2014 £k
Current accounts	334	454
Bank deposits	2,045	1,657
Cash	1	1
Less: cash related to trust fund income balances	(19)	(10)
	2,361	**2,102**

13a. Creditors: amounts falling due within one year

	2015 £k	2014 £k
Bank loan	88	83
Trade creditors	663	471
Members of the College	329	346
Accruals and deferred income - International Programmes	2,595	2,833
Accruals and deferred income - Other	521	478
University fees	2	2
Contribution to Colleges Fund	21	18
Taxes and social security	143	133
Other creditors	150	197
	4,512	**4,561**

13b. Creditors: amounts falling due after more than one year

	2015 £k	2014 £k
Bank loan	1,961	2,048
Other loan	2,900	2,900
	4,861	**4,948**

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, 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.

14. Pension liabilities

	2015 £k	2014 £k
Deficit in scheme in beginning of the year	**(3,422)**	**(2,704)**
Movement in year:		
Current service cost including Life Assurance	(312)	(305)
Contributions paid by the College	192	215
Finance cost	(34)	(40)
Actuarial profit/(loss) recognised in the STRGL	156	(588)
Deficit in scheme at end of the year (see note 21b)	**(3,420)**	**(3,422)**

15. Deferred capital grants

	Total 2015 £k	Total 2014 £k
Balance at beginning of the year	5,117	5,216
Grants and donations received	158	-
Released to income and expenditure account	(101)	(99)
Balances at end of the year (page 20)	**5,174**	**5,117**

16. Endowments

	Restricted Permanent £k	Unrestricted Permanent £k	Total Permanent £k	Restricted Expendable £k	Total 2015 £k	Total 2014 £k
Balance at beginning of year:						
Capital	24,828	39,136	63,964	3,538	67,502	58,124
Unspent income	1,780	137	1,917	187	2,104	2,074
	26,608	39,273	65,881	3,725	69,606	60,198
New endowments received	813	348	1,161	131	1,292	4,524
Income receivable from endowment asset investments	1,144	-	1,144	136	1,280	1,104
Restricted expendable donations	63	-	63	326	389	256
Other income	36	-	36	7	43	-
Expenditure	(1,082)	-	(1,082)	(564)	(1,646)	(1,330)
Net transfer from income and expenditure account	161	-	161	(95)	66	30
Increase in market value of investments	848	810	1,658	100	1,758	4,853
Transfers	7,080	(7,377)	(297)	297	-	-
Balance at end of year (page 20)	**35,510**	**33,054**	**68,564**	**4,158**	**72,722**	**69,606**
Comprising of:						
Capital	33,424	33,054	66,478	4,074	70,552	67,502
Unspent income	2,086	-	2,086	84	2,170	2,104
	35,510	**33,054**	**68,564**	**4,158**	**72,722**	**69,606**
Representing:						
Fellowship Funds	10,039	-	10,039	2,352	12,391	12,039
Scholarship Funds	8,941	-	8,941	269	9,210	8,407
Prize Funds	609	-	609	20	629	598
Hardship Funds	4,168	-	4,168	1	4,169	4,022
Bursary Funds	3,694	-	3,694	6	3,700	3,529
Travel Grant Funds	656	-	656	52	708	675
Other Funds	7,403	-	7,403	1,458	8,861	8,439
General endowments	-	33,054	33,054	-	33,054	31,897
Total	**35,510**	**33,054**	**68,564**	**4,158**	**72,722**	**69,606**

17. Reserves

	Total 2015 £k	Total 2014 £k
Balance at beginning of the year	**57,188**	**58,520**
(Deficit) retained for the year	(580)	(744)
Actuarial profit/(loss)	156	(588)
Balance at end of the year (page 20)	**56,764**	**57,188**

18. Memorandum of unapplied total return

	2015 £k	2014 £k
Balance as at 1 July	29,335	24,482
Total return of funds during the year	4,120	7,008
Less: transfer to income	(2,362)	(2,155)
Balance as at 30 June	**31,093**	**29,335**

19. Policy on management reserves

The College endowment and general reserves are shown on page 20 and total £129.5m. Endowment reserves are equivalent to endowment assets (page 25) and general reserves include mainly fixed and current assets and liabilities. The endowment reserves include unrestricted and restricted elements, whereby restricted endowment reserves can only be spent on purposes set down by the donor. All unrestricted legacies and endowment campaign donations received are reinvested in the unrestricted endowment reserves. It is the College's objective to increase in total its endowment assets and reserves (unrestricted and restricted) by £2m p.a. The endowment is necessary to ensure the College has an income of 4% of the 10-year weighted average endowment level. This income is allocated on a unit basis between unrestricted and restricted funds.

20. Capital commitments

	2015 £k	2014 £k
Capital commitments contracted for at 30th June	**1,120**	**-**

Other commitments

The College has committed to invest in various private equity/venture capital funds over the next few years. Over approximately the five years to 30 June 2016 investments will be made, if called upon to do so at any point in time over that period, up to a total of £1.6m. During the year, the College has paid £39k, and it is now likely that any remaining commitments are funded by distributions. Commitments were £179k at 30th June 2015.

21. Pension schemes

(a) Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £680k (2014: £622k) as shown in note 21(d). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation is not yet finalised and is under consultation in order to agree a recovery plan which will include a reduction in future benefits and an increase in employer contributions. It is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

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

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

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

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

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

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

21. Pension schemes

(b) Cambridge Colleges Federated Pension Scheme

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

		30 June 2015	30 June 2014
Discount rate		3.70%	4.20%
Expected long-term rate of return on Scheme assets		3.70%	6.20%
Increase in salaries	1.5% in 2015 and 2016 and 2.75% thereafter	2.75%	2.80%
Inflation assumption (RPI)		3.25%	3.30%
Inflation assumption (CPI)		2.25%	2.30%
LPI pension increases		3.05%	3.10%

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI 2014 projection and a target long-term improvement rate of 1% p.a. (2014: S1 tables and an allowance for improvements using the 2013 projection table with a long term improvement rate of 1%). This results in the following life expectancies:

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

Employee Benefit Obligations

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

	30 June 2015 £k	30 June 2014 £k
Total market value of assets	6,234	5,615
Present value of scheme liabilities	(9,654)	(9,037)
Net pension liability	(3,420)	(3,422)

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

	30 June 2015 £k	30 June 2014 £k
Current service cost	312	305
Interest on scheme liability	378	371
Expected return on assets	(345)	(331)
Total	345	345
Actual return on Scheme assets	771	328

21. Pension schemes

(b) Cambridge Colleges Federated Pension Scheme (continued)

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

	30 June 2015 £k	30 June 2014 £k
Present value of Scheme liabilities at beginning of period	9,037	8,078
Service cost including Employee contributions	327	322
Interest cost	378	371
Actuarial losses	271	585
Benefits paid	(359)	(319)
Present value of Scheme liabilities at end of period	**9,654**	**9,037**

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

	30 June 2015 £k	30 June 2014 £k
Market value of Scheme assets at beginning of period	5,615	5,375
Expected return	345	331
Actuarial gains/(losses)	427	(3)
Contributions paid by the College	192	214
Employee contributions	14	17
Benefits paid	(359)	(319)
Market value of Scheme assets at end of period	**6,234**	**5,615**

The expected contributions to be paid by the College for the forthcoming year are;

- From 1 July 2015 to 31 March 2016 21.88% of Contribution Pay for non salary sacrifice members (29.99% of Contribution Pay for salary sacrifice members);

- From 1 April 2016 to 30 June 2016 19.94% of Contribution Pay for non salary sacrifice members (27.08% of Contribution pay for salary sacrifice members),

Plus Recovery Plan payments of £99,290; plus £13,237 to cover expenses. The above rates exclude PHI and are subject to review at future actuarial valuations.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	30 June 2015	30 June 2014
Equities and hedge funds	69%	70%
Bonds and cash	25%	23%
Property	6%	7%
Total	**100%**	**100%**

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

21. Pension schemes

(b) Cambridge Colleges Federated Pension Scheme (continued)

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

	30 June 2015 £k	30 June 2014 £k
Actual return less expected return on Scheme assets	427	(3)
Experience gains and losses arising on the Scheme liabilities	79	(48)
Changes in assumptions underlying the present value of the Scheme liabilities	(350)	(537)
Actuarial (loss) recognised in STRGL (page 19)	**156**	**(588)**

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

	30 June 2015 £k	30 June 2014 £k
Cumulative actuarial (loss) at the beginning of the period	(3,399)	(2,811)
Recognised during the period	156	(588)
Cumulative actuarial (loss) at the end of the period	**(3,243)**	**(3,399)**

Movement in (deficit) during the 12 months ending 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	30 June 2015 £k	30 June 2014 £k
Deficit in scheme in beginning of the year	**(3,422)**	**(2,704)**
Movement in year:		
Service cost (employer only)	(312)	(305)
Contributions paid by the College	192	215
Finance cost	(34)	(40)
Actuarial (loss)	156	(588)
Deficit in scheme at end of the year	**(3,420)**	**(3,422)**

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

	30 June 2015 £k	30 June 2014 £k	30 June 2013 £k	30 June 2012 £k	30 June 2011 £k
Present value of scheme liabilities	(9,654)	(9,037)	(8,079)	(7,467)	(6,504)
Market value of scheme assets	6,234	5,615	5,375	4,813	5,482
(Deficit) in the scheme	**(3,420)**	**(3,422)**	**(2,704)**	**(2,654)**	**(1,022)**
Actual return less expected return on scheme assets	427	(3)	320	(965)	178
Experience (loss)/profit arising on scheme liabilities	79	(48)	(13)	(132)	26
Change in assumptions underlying present value of scheme liabilities	(350)	(537)	(312)	(659)	400

(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 £24k (2014 £4k) of which £21k (2014 £4k) 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 2015.

(d) Summary of pension costs

	30 June 2015 £k	30 June 2014 £k
Universities Superannuation Scheme	680	622
Cambridge Colleges Federated Pension Scheme	319	316
NOW:Pension Scheme	24	4
Total pension costs	**1,023**	**942**

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 Endowment Assets on page 25:

	2015 £k	2014 £k
Loans to Fellows	890	673
Equity share arrangements	50	200

23. Cash flow statement

	2015 £k	2014 £k
The net cash outflow from operating activities is derived as follows:		
Operating (deficit) before tax	(580)	(746)
Add:		
Depreciation (note 8)	860	927
Decrease/(Increase) in debtors	349	(439)
Interest payable	129	135
Less:		
Net investment income	920	974
Capital grants released in year	(101)	(99)
FRS 17 adjustments (note 21b)	154	131
Decrease/(Increase) in stocks	24	(9)
(Decrease)/Increase in creditors	(54)	571
Pembroke House revaluation of investment	(4)	(12)
Net cash inflow from operating activities	1,698	1,433

Analysis of cash and bank balances

	At beginning of year £k	Cash flows £k	At end of year £k
Cash at bank and in hand	2,102	259	2,361
Long term loans	(5,031)	82	(4,949)
Net funds	(2,929)	341	(2,588)

	2015 £k	2014 £k
Reconciliation of net cash flow to movement in net liquid funds		
Increase in cash in the year	259	1,197
Movement in long term loans	82	(2,822)
Net change in debt	341	(1,625)
Net debt brought forward	(2,929)	(1,304)
Net debt carried forward	(2,588)	(2,929)