

# **Pembroke College, Cambridge**

## **Recommended Cambridge College Accounts (RCCA)**

**For the year ended 30th June 2016**

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## **Pembroke College Contact Information**

### **Address**

Pembroke College  
Trumpington Street  
Cambridge CB2 1RF

### **Key officers**

Master - 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, 2<sup>nd</sup> 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**

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**

Rt Hon Lord Smith of Finsbury  
Sir RB Dearlove (Master – left 31<sup>st</sup> 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  
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 30<sup>th</sup> September 2015)  
Dr S Learmount  
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 30<sup>th</sup> September 2015)  
Dr J Bellis (left 30<sup>th</sup> September 2015)  
Professor C Loch  
Professor C Grey  
Dr M Abreu  
Dr A Young (left 30<sup>th</sup> September 2015)  
Dr C Nahum-Claudel  
Dr S John  
Dr W Galloway  
Dr H Grunwald  
Dr A Cates  
Dr P Cavill  
Dr MJ Sternberg  
Dr J Durrell  
Dr HGM Diemberger  
Dr S Cottaar  
Dr ACL Ashton (left 31<sup>st</sup> August 2015)  
Dr AP Camozzi  
Dr TT Weil  
Dr DA Jarvis (left 30<sup>th</sup> September 2016)  
Dr TG Miklem  
Dr IRM Hussin  
Dr W Yaqoob  
Dr P Warde  
Dr M Wyatt  
Dr H Mumby  
Miss E Jones  
Dr A Madhavapeddy  
Dr G Hennequin  
Dr G Rosso  
Dr RJH Webb (started 1<sup>st</sup> October 2016)  
Dr R Lammler (started 1<sup>st</sup> October 2016)  
Dr S Sehlkoglou (started 1<sup>st</sup> October 2016)  
Ms AV Corr (started 1<sup>st</sup> October 2016)  
Dr CJ Ness (started 1<sup>st</sup> October 2016)  
Dr D Passolt (started 1<sup>st</sup> October 2016)

# Pembroke College

## Operating and Financial Review

### For the financial year ended 30 June 2016

#### 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 has a new form of accounts in 2015/16 because of the adoption of Financial Reporting Standard 102. This change affects all Higher Education organisations including Cambridge Colleges. On page 19, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £35,905k (2015 £2,346k). 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 £710k for 2015/16 compared to £1,195k for 2014/15. The difference between that result and the one reported on the old format of accounts is shown in note 25 of the accounts. Expenditure for 2014/15 was increased by around £600k due the effect of changes in reporting of pension deficits and deferred capital. In addition, the College has included as a reduction in net assets an estimate of its share of the USS deficit of £0.9m and commitments to fund studentships of £0.8m.

The College management accounts for the year reported a surplus of £141k. The difference between that and the RCCA deficit of £710k is as follows:

	£k
<b>Management accounts surplus</b>	<b>141</b>
Add:	
Capital additions	378
Less:	
Depreciation	(899)
Pensions adjustments	(205)
Hall gift adjustment	(125)
<b>Deficit included in SOCIE</b>	<b>(710)</b>

The College aims for a balanced budget in its management accounts, where a discretionary expenditure fund replaces depreciation. This aim was successfully achieved in 2015/16. Total donations, including endowment gifts, were £3.3m including operational gifts (2015 £3.2m). The major projects were to replace heating systems at a cost of £531k and install a new cycle shed at a cost of £165k.

The Balance Sheet shows assets of £168.9m (2015 £133m), including an endowment of £74.3m (2015 £72.7m). Total assets include a debtor in respect of a gift of Dolby Laboratories shares which total £35m and will be paid to the College in quarterly instalments over the next 5 years. The gift is to use to support College buildings and gardens, primarily the proposed Mill Lane development. The gift also appears as a capital donation within the SOCIE.

Total return for the year was 3.4% (2015 5.9%). Total return includes income and capital growth but excludes donations to the endowment.

## **Pembroke College**

### **Operating and Financial Review (continued)**

#### **Students**

During the year, the College educated 452 (2015 455) undergraduate students and 233 (2015 231) 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 726 (2015 763)
- Arts 299 or 41% (2015 317 or 42%); Science 427 or 59% (2015 446 or 58%)
- Male 54%, female 46%
- Home/EU 84%; overseas 16%
- Office for Fair Access (OFFA \*\*\*) applicants – maintained sector 326 (67%); independent sector 161 (33%)

#### **Offers**

- Number of offers 151 (21% of applicants) (2015 161 or 21%)
- State educated 66%, independent educated 34% (of home offers)
- Male 48%, female 52%
- OFFA applicants – 77 offers to maintained sector students from 326 applicants (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 £837k 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 £252k of funding.

The College also provides substantial financial support to its' graduate students. This has amounted to £1m 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 2013 to June 2016, this support amounted to £263k. Prizes and scholarships of £273k 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 £132k of assistance in the past 3 years.

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

## Pembroke College

### Operating and Financial Review (continued)

Support	3 Year Total £k	2015/16 £k	2014/15 £k	2013/14 £k
Graduate studentships	1,006	362	328	316
Undergraduate studentships	252	96	96	60
Cambridge Bursaries	837	270	306	261
Other bursary/NSP support	352	123	143	86
Prizes and scholarships	273	84	107	82
Rent rebates	132	62	42	28
Book grants	28	10	9	9
Research expenses	89	37	25	27
Other awards	146	56	47	43
<b>Total awards</b>	<b>3,115</b>	<b>1,100</b>	<b>1,103</b>	<b>912</b>

#### Academic performance

In 2015/16, Pembroke College improved its' high ranking in the unofficial college tables for undergraduate examination results. Overall, the percentage of First class honours increased 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 £741k shown on page 24, £454k was spent on access activity in the year, a 9% increase.

#### 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 (2015 73) excluding Life Fellows. The College also employs 172 other FTE members of staff to provide the professional and service support necessary to run the College. This figure compares with 166 in 2014/15.

#### 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:

	2015-16	2014-15
Donations (including legacies but excluding capital gifts)	23%	20%
Income from endowment drawdown	16%	16%
International Programmes and conference activities	21%	24%
Student fees	17%	17%
Student rooms	12%	13%
Other (including catering, properties)	11%	10%
Total	100%	100%

#### 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.

## Pembroke College Operating and Financial Review (continued)

Total donations and legacies increased during the year to £3.4m (2015 £2.9m). As mentioned earlier, restricted fund donations include a capital gift of £35m which will provide part-funding for the Mill Lane project. Fee income rose by 3% due to an increased share of the combined graduate fee and self-funded student fees increased. International Programmes income fell by 8% as student numbers were consolidated at a lower level on the largest programme and three smaller programmes ended. Pay increases were again modest at 1% but overall payroll costs rose by 8%. The increase related to new appointments or additional pay in departments such as Catering, Housekeeping, Corporate Office and Library, moving staff to the University single pay spine, introduction of a Fellows housing allowance and the continued increase in pension membership. The College increased its spend on maintenance projects including a 25% rise in smaller projects plus additional works such as heating system improvements. On the investment front markets were similar to the previous year although property values were more cautiously valued after the BREXIT vote, resulting in a 3.4% **total return** overall.

During the year, the College's **net assets** increased in value by £35.9m or 27% (see pages 19 and 21). Investment in the endowment of £1.7m in the year was below the stated aim of £2m p.a. Investment assets grew by £1.6m, including new investment and capital growth.

College **income** increased from £13.9m in 2014/15 to £49.2m in 2015/16, largely because of the Dolby gift. The **Statement of Comprehensive Income and Expenditure** (see page 19), in the boxed section, reports a net deficit of £710k (2014/15 deficit £1,195k). **Depreciation** accounted for £899k (2014/15 £860k).

### Other financial issues of note from the RCCA are:

- Academic fees and charges remained at £2.8m. Nearly all home/EU students are now subject to the University fee of £9,000 p.a., where the College receives half.
- Total income from residences, catering, International Programmes and conferences (note 2) decreased from £6.4m to £6.2m. Conference and function income rose from £242k to £293k, after the Old Library refurbishment in 2015. Income from College Members accommodation remains largely unchanged at £2m. Student rents increased by RPI plus 3% but this was counteracted by taking rooms out of use for refurbishment. Catering income increased from £886k to £932k, due to increased servery and formal hall takings.
- International Programmes (vacation courses) income fell from £3.3m to £3m, as student numbers were capped on the largest programme and three smaller programmes were not run in summer 2015.
- Endowment drawdown increased to £2.5m in 2015/16. Drawdown from the 10-year weighted average endowment remained at 4.0%. Drawdown from actual endowment at 30<sup>th</sup> June 2015 was 3.5% (2015 3.5%) in the year. In 2016/17, the drawdown method will change to being based on the 4-year weighted average endowment which was felt by the College to be sustainable.
- Education costs rose from £5.8m to £5.9m. The education expenditure per student excluding research costs was £8,189 per undergraduate (2015 £7,625) and £5,637 per graduate student (2015 £4,934).
- The total costs of accommodation, catering and International Programmes (note 5) fell from £7m to £6.6m (a 6.3% fall). This was largely due to the reduction in International Programmes activity and a review of expenditure.
- The contribution to the Colleges' Fund was £18k on page 19 (14/15 £21k).

### Development activity

The total income from donations received in 2015/16 was £38.4m (2014/15 £3.2m). This includes income detailed on page 19 (donations, endowment gifts and capital donations). The breakdown is as follows:

	£k
Annual Fund and Avenue Society gifts	800
College legacies	112
Restricted fund annual gifts	286
Restricted fund endowment gifts	1,561
Unrestricted endowment gifts	44
Corporate donations	563
Corporate seminars and other income	25
Capital gifts – Mill Lane	35,056
<b>Total</b>	<b>38,447</b>

Within total College expenditure of £14.8m, a total of £1m was spent on fund-raising, corporate partnerships and alumni relations, similar to 2014/15.

## **Pembroke College**

### **Operating and Financial Review (continued)**

#### **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, with significant changes in presentation due to Financial Reporting Standard 102 meaning a pension deficit is included in the accounts in respect of USS and a change in reporting of the CCFPS deficit. Most new staff are auto-enrolled into the NOW:Pension Scheme (a defined contribution scheme).

Payroll costs (academic and non-academic) in note 6 were largely unchanged at £7m, although in reality the figures for 2014/15 included c £500k of additional pension costs due to FRS102. The underlying increase occurred because:

- Continued increase in pension costs due to auto-enrolment.
- Due to the cessation of contracting out of the State Second Pension, National Insurance costs rose from 1<sup>st</sup> April 2016.
- The impact of FRS102 pension costs in year.
- Introduction of housing allowances for Fellows
- Cover whilst Admissions Tutor on academic leave.
- Two Research Fellows left sooner than expected, reducing costs.
- Additional expenditure in Catering, Library, IT and Housekeeping.
- Continuing to move staff to the University single pay spine.

#### **Capital projects 2015/16 and future works/discretionary projects**

During the year, the College improved heating systems in phase one of a project at a cost of £531k which will be depreciated over 20 years. A new cycle shed was built for £165k and hostels were improved at a cost of £125k in addition to other repairs/re-decoration.

The major projects planned in 2016/17 include: further heating system works of £534k.

#### **Endowment**

The College endowment of £74.3m amounts 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. Raising the endowment will continue to remain a crucial part of fund-raising campaigns, including development of the Mill Lane site.

#### **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 2015/16, the endowment rose by £1.6m to £74.3m and generated a total return of 3.4%. This figure excludes the new investment of £1.7m but includes £2.5m drawn down to fund expenditure. Over the same period, London stock markets fell by 0.3% (FTSE) and US markets rose 1.8% (Dow Jones). Investment markets continued to be difficult to read, with uncertainties around a number of global and national issues. College property was revalued downwards as a temporary result of the BREXIT vote by around £0.8m, although agricultural land was valued upwards by £0.5m to partly counteract the reduction.

The College holds a well diversified portfolio covering most asset classes. The breakdown of assets in the endowment at 30 June 2016 and 30 June 2015 is as follows:

## Pembroke College Operating and Financial Review (continued)

Endowment	Amount 2016 £m	% Of total	Amount 2015 £m	% Of total
<b>Endowment assets (note 9)</b>	<b>74.3</b>		<b>72.7</b>	
Managed cash (other than operating balance)	10.2	13.7	3.3	4.5
Corporate bonds	7.2	9.7	7.0	9.6
Equities	21.9	29.5	23.9	33.0
Alternative investments (hedge funds, derivatives)	1.6	2.2	4.9	6.7
Property funds	5.0	6.7	4.9	6.7
College property – shops, land and commercially held properties	25.4	34.2	25.8	35.5
Private equity, venture capital	1.9	2.6	2.0	2.8
Other investments	1.1	1.4	0.9	1.2
<b>Total endowment</b>	<b>74.3</b>	<b>100.0</b>	<b>72.7</b>	<b>100.0</b>
Overall endowment growth	2.2%		4.5%	
New investment	-2.3%		-1.9%	
Draw down for spending	3.5%		3.3%	
<b>Total return</b>	<b>3.4%</b>		<b>5.9%</b>	

Liquid funds increased as the College holds more cash due to the risky investment environment and a desire to invest in property. A hedge fund is in the process of being closed hence a reduction in alternatives. 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 2015/16 was 4% of the 10-year weighted average endowment level (or 3.5% of the actual endowment at 30 June 2015). The level of income drawdown in 2016/17 is to be 4% of the 4-year weighted average endowment level.

Operating cash levels decreased in the year by £0.6m (page 22). Overall, operating 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 continues to manage its' operational resources well despite pressures on its' resources to invest in people and buildings. Discussions continue to take place to develop the Mill Lane site over the next six years which will provide much needed additional graduate student accommodation and office space. Funding of £35m has secured from the Dolby family to fund a proportion of the development and the remainder will be sought from a Campaign starting in 2017. The College is providing increased bursary provision for undergraduates and has secured additional funding to support graduate students. The College has succeeded in increasing maintenance expenditure on existing buildings but this challenge continues, with currently the project to replace heating systems a large investment of over £1m. Pension costs continue to rise and there have been changes to the benefit structure for USS members. National Insurance costs increased from 1<sup>st</sup> April 2016 and there will be a full year impact in 2016/17.

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

Date of approval: 8/11/16

## **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 risk register which is updated and reviewed regularly.

### **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.

## **Pembroke College Corporate Governance and Public Benefit Statement (continued)**

### 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 30<sup>th</sup> June 2016 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, 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 Financial Reporting Council'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 30<sup>th</sup> June 2016 and of its Statement of Comprehensive 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;

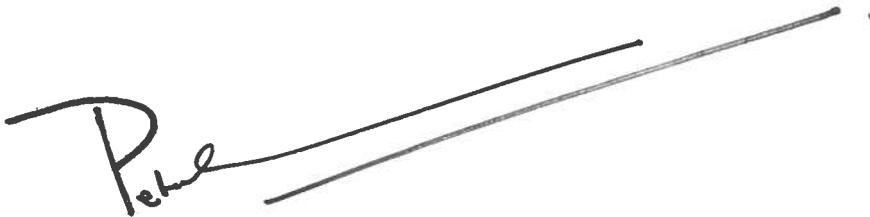
**Pembroke College  
Independent Auditors' Report to the Governing Body of Pembroke College, Cambridge  
(Continued)**

- 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: 22 November 2016

## **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 endowment assets (including property). The method of calculation altered on 1<sup>st</sup> 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***

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***

In 2015-16, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University.

However, to remain consistent with previous years' presentation as well as the system agreed for 2016-17 (where the College pays Cambridge Bursaries to eligible students and receives a contribution from the University), for 2015-16 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.

The net payment of £108k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£162k
Expenditure	£270k

## **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.

## **Pembroke College**

### **Statement of Principal Accounting Policies (continued)**

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.

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 1<sup>st</sup> July 2003 and 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 1<sup>st</sup> 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 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 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 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.

#### **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 the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 institution 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 Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income and Expenditure.

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. Transition to the 2015 RCCA**

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 26.

#### **16. 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 2016**

	Note	2016			2015				
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
<b>Income</b>									
Academic fees and charges	1	2,666	163	-	2,829	2,578	207	-	2,785
Residences, catering and conferences	2	6,243	-	-	6,243	6,393	-	-	6,393
Investment income	3a	44	1	1,340	1,385	32	1	1,366	1,399
Endowment return transferred	3a	1,140	1,368	(2,513)	(5)	1,082	1,280	(2,368)	(6)
Other income		263	8	-	271	58	34	-	92
<b>Total income before donations and endowments</b>		<b>10,356</b>	<b>1,540</b>	<b>(1,173)</b>	<b>10,723</b>	<b>10,143</b>	<b>1,522</b>	<b>(1,002)</b>	<b>10,663</b>
Donations		1,388	286	-	1,674	1,388	389	-	1,777
New endowments		-	92	1,626	1,718	-	131	1,161	1,292
Other capital donations for Mill Lane project		-	35,056	-	35,056	-	158	-	158
<b>Total income</b>		<b>11,744</b>	<b>36,974</b>	<b>453</b>	<b>49,171</b>	<b>11,531</b>	<b>2,200</b>	<b>159</b>	<b>13,890</b>
<b>Expenditure</b>									
Education	4	4,061	1,870	-	5,931	3,906	1,845	-	5,751
Residences, catering and conferences	5	6,615	-	-	6,615	7,058	-	-	7,058
Other expenditure		1,760	-	459	2,219	1,741	-	792	2,533
Contribution under Statute G,II		18	-	-	18	21	-	-	21
<b>Total expenditure</b>		<b>12,454</b>	<b>1,870</b>	<b>459</b>	<b>14,783</b>	<b>12,726</b>	<b>1,845</b>	<b>792</b>	<b>15,363</b>
<b>(Deficit)/Surplus before other gains and losses</b>		<b>(710)</b>	<b>35,104</b>	<b>(6)</b>	<b>34,388</b>	<b>(1,195)</b>	<b>355</b>	<b>(633)</b>	<b>(1,473)</b>
Gain/(loss) on investments	3a	-	(5)	1,553	1,548	-	99	3,453	3,552
<b>Surplus/(deficit) for the year</b>		<b>(710)</b>	<b>35,099</b>	<b>1,547</b>	<b>35,936</b>	<b>(1,195)</b>	<b>454</b>	<b>2,820</b>	<b>2,079</b>
<b>Other comprehensive income</b>									
Actuarial (loss)/gain in respect of pension schemes	14	(31)	-	-	(31)	267	-	-	267
<b>Total comprehensive income/(expenditure) for the year</b>		<b>(741)</b>	<b>35,099</b>	<b>1,547</b>	<b>35,905</b>	<b>(928)</b>	<b>454</b>	<b>2,820</b>	<b>2,346</b>

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

**Pembroke College**  
**Statement of Changes in Reserves**  
**Year ended 30th June 2016**

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
<b>Balance at 1 July 2015</b>	<b>60,078</b>	<b>6,521</b>	<b>66,363</b>	<b>132,962</b>
Transfer from endowment to restricted	-	302	(302)	-
Surplus/(deficit) from income and expenditure statement	(710)	35,099	1,547	<b>35,935</b>
Other comprehensive (expenditure)/income	(31)	-	-	(31)
<b>Balance at 30 June 2016</b>	<b>59,337</b>	<b>41,922</b>	<b>67,608</b>	<b>168,867</b>
		(note 16)	(note 15)	

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
<b>Balance at 1 July 2014</b>	<b>57,184</b>	<b>6,067</b>	<b>63,543</b>	<b>126,794</b>
Prior year adjustment: inclusion of deferred capital	5,117	-	-	<b>5,117</b>
Other prior year adjustments (see note 25)	(1,295)	-	-	(1,295)
Surplus/(deficit) from income and expenditure statement	(1,195)	454	2,820	<b>2,079</b>
Other comprehensive income	267	-	-	<b>267</b>
<b>Balance at 30 June 2015</b>	<b>60,078</b>	<b>6,521</b>	<b>66,363</b>	<b>132,962</b>
		(note 16)	(note 15)	

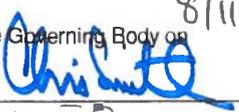
The notes on pages 23 to 34 form part of these accounts

**Pembroke College  
Balance Sheet  
as at 30th June 2016**

	Note	2016 £000	2015 £000
<b>Non-current assets</b>			
Fixed assets	8a	69,984	69,969
Heritage assets	8b	103	93
Investments	9	74,311	72,716
<b>Current assets</b>			
Stock	10	634	608
Trade and other receivables	11	35,943	1,694
Cash and cash equivalents	12	1,783	2,374
		<u>38,360</u>	<u>4,676</u>
<b>Creditors: amounts falling due within one year</b>	13a	(4,324)	(4,969)
<b>Net current assets/(liabilities)</b>		<u>34,036</u>	<u>(293)</u>
<b>Total assets less current liabilities</b>		<b>178,434</b>	<b>142,485</b>
Creditors: amounts falling due after more than one year	13b	(5,136)	(5,228)
		<u>173,298</u>	<u>137,257</u>
<b>Provisions</b>			
Pension provisions	14	(4,431)	(4,295)
<b>Total net assets</b>		<u>168,867</u>	<u>132,962</u>
<b>Restricted reserves</b>			
Income and expenditure reserve - endowment reserve	15	67,608	66,362
Income and expenditure reserve - restricted reserve	16	41,922	6,521
		<u>109,530</u>	<u>72,883</u>
<b>Unrestricted reserves</b>			
Income and expenditure reserve - unrestricted reserve		59,337	60,079
		<u>59,337</u>	<u>60,079</u>
<b>Total reserves</b>		<u>168,867</u>	<u>132,962</u>

The financial statements were approved by the Governing Body on 8/11/16 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 2016**

	Note	2016 £000	2015 £000
Cash flows from operating activities	22	(2,055)	(1,394)
Cash flows from investing activities	23	1,681	1,873
Cash flows from financing activities	24	(217)	(212)
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>		<b><u>(591)</u></b>	<b><u>267</u></b>
Cash and cash equivalents at beginning of the year		2,374	2,107
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<b><u>1,783</u></b>	<b><u>2,374</u></b>

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

**Pembroke College**  
**Notes to the accounts**  
**For the year ended 30th June 2016**

<b>1. Academic fees and charges</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>College fees</b>		
Fee income received at the Regulated Undergraduate rate	1,792	1,819
Fee income received at the Unregulated Undergraduate rate	290	232
Fee income received at the Graduate rate	497	448
	<hr/>	<hr/>
	2,579	2,499
Other income	88	86
Cambridge Bursary Scheme	162	200
	<hr/>	<hr/>
<b>Total</b>	<b>2,829</b>	<b>2,785</b>
<b>2. Income from residences, catering and conferences income</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
International Programmes	3,004	3,270
Accommodation	2,014	1,995
College members	119	105
Conferences	932	886
Catering	174	137
College members		
Conferences		
	<hr/>	<hr/>
<b>Total</b>	<b>6,243</b>	<b>6,393</b>
<b>3a. Endowment and investment income</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Income from investments and donations:		
Income drawdown from endowment	2,508	2,362
Freehold land and buildings	24	10
Other interest receivable	21	22
	<hr/>	<hr/>
	<b>2,553</b>	<b>2,394</b>
<b>Summary of total return:</b>		
Income from:		
Land and buildings	498	450
Quoted and other securities and cash	841	916
Gains/(losses) on endowment assets:		
Land and buildings	(333)	1,417
Quoted and other securities and cash	1,881	2,135
Investment management costs in respect of:		
Land and buildings	(200)	(446)
Quoted and other securities and cash	(259)	(346)
	<hr/>	<hr/>
<b>Total return for the year</b>	<b>2,428</b>	<b>4,126</b>
<b>Total return transferred to income and expenditure reserve (see above)</b>	<b>(2,513)</b>	<b>(2,368)</b>
<b>Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (page 19)</b>	<hr/> <b>(85)</b> <hr/>	<hr/> <b>1,758</b> <hr/>
<b>3b. Investment management costs</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Quoted securities - equities	67	62
Fixed interest securities	38	23
Other investments	154	261
	<hr/>	<hr/>
<b>Total</b>	<b>259</b>	<b>346</b>

**Pembroke College**  
**Notes to the accounts**  
**For the year ended 30th June 2016**

4. Education expenditure	2016 £000	2015 £000
Teaching	957	913
Tutorial	1,018	966
Admissions and Access	741	699
Scholarships and awards	612	594
Other educational facilities	1,316	1,287
Academic community	377	392
	<u>5,021</u>	<u>4,851</u>
Research	910	900
Total	<u>5,931</u>	<u>5,751</u>

Total expenditure on student support during the year included above was £1,099k (2015 £1,103k).

5. Residences, catering and conferences expenditure	2016 £000	2015 £000
International Programmes	2,581	2,982
Accommodation	2,588	2,690
College Members		
Conferences	79	84
Catering	1,216	1,179
College Members		
Conferences	151	123
Total	<u>6,615</u>	<u>7,058</u>

6. Staff and Fellows	College Fellows and Trustees 2016 £000	College Other academic 2016 £000	College Staff 2016 £000	Total 2016 £000	Total 2015 £000
<b>Staff &amp; Fellows payroll costs</b>					
Emoluments	1,507	56	4,165	5,728	5,436
Social security costs	125	4	276	405	348
Other pension costs (see note 20 (d) )	214	9	666	889	1,272
	<u>1,846</u>	<u>69</u>	<u>5,107</u>	<u>7,022</u>	<u>7,056</u>
<b>Average staff no.s (full time equivalent)</b>					
Academic	69	-	-	69	69
Non-academic	4	2	170	176	170
	<u>73</u>	<u>2</u>	<u>170</u>	<u>245</u>	<u>239</u>

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

	2016	2015
£100,000 - £109,999	1	0
£110,000 - £119,999	0	1

Of the 73 (2015 73) College Fellows and Trustees declared above, 17 (2015 21) 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:

	2016 £000	2015 £000
Aggregate emoluments	<u>1,552</u>	<u>1,327</u>

**Pembroke College**  
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**7a. Analysis of expenditure by activity 2015/16**

	Staff & Fellows payroll costs (note 6) £000	Other operating expenses £000	Depreciation £000	Total 2016 £000
Education (Note 4)	2,998	2,766	167	5,931
Residences, catering, and conferences (Note 5)	3,006	2,930	679	6,615
Other expenditure (see below)	1,018	1,147	54	2,219
Contribution under Statute G,II	0	18	0	18
	<b>7,022</b>	<b>6,861</b>	<b>900</b>	<b>14,783</b>

Loan interest payable for the year to 30th June 2016 was £125k.  
Other expenditure includes governance, investment management fees, fundraising and alumni relations expenditure.

**7b. Analysis of expenditure by activity 2014/15**

	Staff & Fellows payroll costs (note 6) £000	Other operating expenses £000	Depreciation £000	Total 2015 £000
Education (Note 4)	2,931	2,661	159	5,751
Residences, catering, and conferences (Note 5)	3,045	3,364	649	7,058
Other expenditure	1,080	1,401	52	2,533
Contribution under Statute G,II	0	21	0	21
	<b>7,056</b>	<b>7,447</b>	<b>860</b>	<b>15,363</b>

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

**7c. Auditors' remuneration**

	2016 £000	2015 £000
Other operating expenses include (excluding VAT):		
Audit fees payable to the College's external auditors	21	17
Other fees payable to the College's external auditors	-	3

**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 2016 £000
<b>Cost/valuation</b>								
At 1 July 2015	26,465	2,176	10,570	29,332	1,374	8,690	1,662	80,269
Additions	162	148	-	125	31	-	448	914
Disposals	-	-	-	-	-	-	(10)	(10)
Transfers	2	(104)	-	-	1	-	100	(0)
Cost/valuation as at 30 June 2016	<b>26,629</b>	<b>2,220</b>	<b>10,570</b>	<b>29,457</b>	<b>1,406</b>	<b>8,690</b>	<b>2,200</b>	<b>81,172</b>
<b>Depreciation</b>								
At 1 July 2015	3,246	-	2,735	2,714	265	-	1,340	10,300
Provided for the year	266	-	211	293	28	-	96	894
Disposals	-	-	-	-	-	-	(6)	(6)
Depreciation at 30 June 2016	<b>3,512</b>	<b>-</b>	<b>2,946</b>	<b>3,007</b>	<b>293</b>	<b>-</b>	<b>1,430</b>	<b>11,188</b>
<b>Net book value</b>								
At 30 June 2016	<b>23,117</b>	<b>2,220</b>	<b>7,624</b>	<b>26,450</b>	<b>1,113</b>	<b>8,690</b>	<b>770</b>	<b>69,984</b>
At 30 June 2015	<b>23,219</b>	<b>2,176</b>	<b>7,835</b>	<b>26,618</b>	<b>1,109</b>	<b>8,690</b>	<b>322</b>	<b>69,969</b>

The insured value of freehold land and buildings as at 30 June 2016 was £145m (2015 £143m). 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:

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
<b>Total value 1st July</b>	93	83	75	60	60
Acquisitions purchased with specific donations		7	-	-	-
Acquisitions purchased with College funds	10	3	8	15	-
<b>Total cost of acquisitions purchased</b>	<u>10</u>	<u>10</u>	<u>8</u>	<u>15</u>	<u>-</u>
Value of acquisitions by donation	-	-	-	-	-
<b>Total acquisitions capitalised in year</b>	<u>10</u>	<u>10</u>	<u>8</u>	<u>15</u>	<u>-</u>
<b>Total value 30th June</b>	<u>103</u>	<u>93</u>	<u>83</u>	<u>75</u>	<u>60</u>

**9. Investments**

	2016 £000	2015 £000
Balance at 1 July	72,716	69,606
Additions	5,845	2,428
Disposals	(12,743)	(940)
Gain	945	1,428
Increase in cash held by investment managers	7,548	198
Less: change in amount owed to Pembroke House	0	(4)
<b>Balance at 30 June</b>	<u>74,311</u>	<u>72,716</u>
	2016 £000	2015 £000
Long-term investments:		
Commerical shops	2,350	2,505
Agricultural land	9,590	9,118
Residential property	13,510	14,160
<b>Total investment properties</b>	<u>25,450</u>	<u>25,783</u>
Equities	25,939	24,005
Other investments	11,957	19,709
Cash in hand and at investment managers	9,999	2,452
Equity loans to Fellows	50	50
Loans to Fellows	1,089	890
Less: amount owed to Pembroke House	(173)	(173)
	<u>74,311</u>	<u>72,716</u>

**10. Stock**

	2016 £000	2015 £000
Kitchen	14	13
Cellar wine	616	593
Bar	4	2
	<u>634</u>	<u>608</u>

**Pembroke College**  
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11. Trade and other receivables	2016 £000	2015 £000
Trade debtors	34	76
Members of the College	171	155
Debtors and prepayments - International Programmes	191	733
Debtors and prepayments - Other	547	730
Debtors and prepayments - Mill Lane gift	12,000	-
Trade and other receivables due within one year	<u>12,943</u>	<u>1,694</u>
Debtors and prepayments - Mill Lane gift	23,000	-
Trade and other receivables due after one year	<u>23,000</u>	<u>-</u>
	<u><u>35,943</u></u>	<u><u>1,694</u></u>

The Dolby Foundation has pledged £35m towards the Mill Lane project subject to certain conditions, which at current market prices amount to a two fold coverage of the Pledge, concerning the share price of Dolby Laboratories and the exchange rate. A total of £8.2m was received in October 2016.

12. Cash and cash equivalents	2016 £000	2015 £000
Current accounts	512	334
Bank deposits	1,276	2,045
Cash	1	1
Less: amount owed to Pembroke House	(6)	(6)
	<u>1,783</u>	<u>2,374</u>

13a. Creditors: amounts falling due within one year	2016 £000	2015 £000
Bank loan	94	88
Trade creditors	227	663
Members of the College	792	743
Accruals and deferred income - International Programmes	2,160	2,595
Accruals and deferred income - Other	697	521
University fees	9	2
Contribution to Colleges Fund	18	21
Taxes and social security	167	143
Holiday pay accrual	43	43
Other creditors	117	150
	<u>4,324</u>	<u>4,969</u>

13b. Creditors: amounts falling due after more than one year	2016 £000	2015 £000
Bank loan	1,867	1,961
Members of the College	369	367
Other loan	2,900	2,900
	<u>5,136</u>	<u>5,228</u>

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 provisions	CCFPS £000	USS £000	2016 £000	2015 £000
(Deficit) in schemes in beginning of the year	(3,421)	(875)	(4,296)	(3,893)
Movement in year:				
Recognised in income and expenditure	(401)	(19)	(420)	(863)
Contributions paid by the College	316	-	316	193
Actuarial (loss)/profit recognised in the Statement of Comprehensive Income and Expenditure	(31)	-	(31)	267
(Deficit) in schemes at end of the year	<u>(3,537)</u>	<u>(894)</u>	<u>(4,431)</u>	<u>(4,296)</u>
	note 20b	note 20a		

**Pembroke College**  
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**15. Endowment funds**

	Restricted Permanent £000	Unrestricted Permanent £000	2016 Total £000	2015 Total £000
<b>Balance at beginning of year:</b>				
Capital	33,306	33,056	66,362	63,542
Less: transfers to restricted expendable	(302)	-	(302)	-
	<u>33,004</u>	<u>33,056</u>	<u>66,060</u>	<u>63,542</u>
 New donations and endowments	 1,470	 156	 1,626	 1,161
(Decrease)/Increase in market value of investments	(41)	(37)	(78)	1,659
<b>Balance at end of year (page 20)</b>	<b><u>34,433</u></b>	<b><u>33,175</u></b>	<b><u>67,608</u></b>	<b><u>66,362</u></b>
 <b>Representing:</b>				
Fellowship Funds	9,612	-	9,612	9,620
Scholarship Funds	9,000	-	9,000	8,223
Prize Funds	512	-	512	499
Hardship Funds	3,732	-	3,732	3,633
Bursary Funds	3,202	-	3,202	3,459
Travel Grant Funds	573	-	573	609
Other Funds	7,802	-	7,802	7,263
General endowments	-	33,175	33,175	33,056
<b>Total</b>	<b><u>34,433</u></b>	<b><u>33,175</u></b>	<b><u>67,608</u></b>	<b><u>66,362</u></b>
 <b>Analysis by asset:</b>				
Property	11,793	11,362	23,154	23,530
Investments	18,007	17,349	35,356	40,595
Cash	4,633	4,464	9,098	2,237
	<u>34,433</u>	<u>33,175</u>	<u>67,608</u>	<u>66,362</u>

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**16. Restricted reserves**

	Capital grants unspent £000	Unspent Permanent £000	Restricted Expendable £000	2016 Total £000	2015 Total £000
<b>Balance at beginning of year:</b>					
Capital	-	-	3,677	3,677	3,574
Accumulated income	158	2,205	481	2,844	2,492
	<u>158</u>	<u>2,205</u>	<u>4,158</u>	<u>6,521</u>	<u>6,066</u>
Transfer from restricted permanent	-	-	302	302	-
New endowments	-	-	92	92	131
(Decrease)/Increase in market value of investments	-	-	(5)	(5)	99
Capital grants	35,056	-	-	35,056	158
Donations	-	23	263	286	389
Endowment return transferred	-	1,215	153	1,368	1,280
Other investment income	-	-	172	172	243
Expenditure	-	(1,115)	(755)	(1,870)	(1,845)
Capital grants utilised	-	-	-	-	-
Movement in the year	<u>35,056</u>	<u>123</u>	<u>222</u>	<u>35,401</u>	<u>455</u>
<b>Balance at end of year</b>	<b><u>35,214</u></b>	<b><u>2,328</u></b>	<b><u>4,380</u></b>	<b><u>41,922</u></b>	<b><u>6,521</u></b>
<b>Balance at end of year:</b>					
Capital	-	-	3,939	3,939	3,677
Accumulated income	35,214	2,328	440	37,982	2,844
	<u>35,214</u>	<u>2,328</u>	<u>4,380</u>	<u>41,922</u>	<u>6,521</u>
<b>Representing:</b>					
Fellowship Funds	-	422	2,239	2,661	2,771
Scholarship Funds	-	743	306	1,049	987
Prize Funds	-	121	20	141	129
Hardship Funds	-	559	0	559	536
Bursary Funds	-	249	271	520	241
Travel Grant Funds	-	66	99	165	98
Other Funds	35,214	168	1,445	36,827	1,759
<b>Total</b>	<b><u>35,214</u></b>	<b><u>2,328</u></b>	<b><u>4,380</u></b>	<b><u>41,922</u></b>	<b><u>6,521</u></b>

**17. Memorandum of unapplied total return**

	2016 £000	2015 £000
Included within reserves the following amounts represent the unapplied total return of the College:		
Unapplied total return at the beginning of the year	31,093	29,335
Unapplied total return for the year (see note 3a)	(85)	1,758
<b>Unapplied total return at end of year</b>	<b><u>31,008</u></b>	<b><u>31,093</u></b>

**18. Policy on management reserves**

The College unrestricted endowment of £33.2m (note 15) and unrestricted general reserves £59.3m (page 20) provide total reserves of £93.3m. Restricted reserves total an additional £41.3m. The restricted 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 4-year weighted average endowment level as from 1st July 2016 (previously took the 10-year average). This income is allocated on a unit basis between unrestricted and restricted funds.

**19. Capital commitments**

	2016 £000	2015 £000
Capital commitments contracted for at 30th June	<u>534</u>	<u>1,120</u>
<b>Other commitments</b>		

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 £903k. This includes a commitment to invest in the Cambridge Associates Fund II up to a total \$1m.

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**20. Pension schemes**

**(a) Universities Superannuation Scheme**

The total cost charged to the Statement of Comprehensive Income and Expenditure is £708k (2015 £1,072k) as shown in note 20d. The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	<b>2016</b>	<b>2015</b>
Discount rate	3.6%	3.3%
		3.5% in the first year and 4.0% thereafter
Pensionable salary growth	n/a	thereafter
Price increases (CPI)	2.2%	2.2%

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

Male members' mortality 98% of S1NA ["light"] YoB tables – No age rating  
 Female members' mortality 99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	<b>2016</b>	<b>2015</b>
Males currently aged 65 (years)	24.2	24.2
Females currently aged 65 (years)	26.3	26.3
Males currently aged 45 (years)	26.2	26.2
Females currently aged 45 (years)	28.6	28.6

	<b>2016</b>	<b>2015</b>
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

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**20. 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 for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2014 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 2016	30 June 2015
Discount rate	3.70%	4.20%
Increase in salaries	3.70%	6.20%
RPI assumption	2.75% *	2.8% **
CPI assumption	3.25%	3.30%
Pension increases in payment (RPI Max 5% p.a.)	2.25%	2.30%
Pension Increases in payment (CPI Max 2.5% p.a.)	3.05%	3.10%

\*1.5% in 2016, 2.4% thereafter \*\*1.5% in 2015 and 2016, 2.75% thereafter

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI\_2015 future improvement factors and a long-term rate of future improvement of 1% p.a. (2015: same base table with CMI\_2014 future improvement factors and a long-term future improvement rate of 1% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years.
- Female age 65 now has a life expectancy of 23.9 years.
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.2 years.
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.4 years.

**Employee Benefit Obligations**

The amounts recognised in the balance sheet as at 30 June 2016 (with comparative figures as at 30 June 2015) are as follows.

	2016 £000	2015 £000
Total market value of assets	7,298	6,233
Present value of scheme liabilities	(10,835)	(9,654)
<b>Net pension liability</b>	<b>(3,537)</b>	<b>(3,421)</b>

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ended 30 June 2016 (with comparative figures for the year ended 30 June 2015) are as follows:

	2016 £000	2015 £000
Current service cost	273	312
Interest on net defined benefit (asset)/liability	127	145
<b>Total</b>	<b>400</b>	<b>457</b>

Changes in the present value of the Scheme liabilities for the year ending 30 June 2016 (with comparative figures for the year ended 30 June 2015) are as follows:

	2016 £000	2015 £000
Present value of plan liabilities at beginning of period	9,654	9,037
Current service cost (including Employee contributions)	285	327
Benefits paid	(322)	(359)
Interest on plan liabilities	357	378
Actuarial losses	861	271
<b>Present value of plan liabilities at end of period</b>	<b>10,835</b>	<b>9,654</b>

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**20. Pension schemes**

**(b) Cambridge Colleges Federated Pension Scheme (continued)**

Changes in the fair value of the plan assets for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016 £000	2015 £000
Market value of plan assets at beginning of period	6,234	5,615
Contributions paid by the College	315	192
Employee contributions	12	14
Benefits paid	(322)	(359)
Interest on plan assets	230	234
Return on assets, less interest included in Profit & Loss	829	538
<b>Market value of plan assets at end of period</b>	<b>7,298</b>	<b>6,234</b>
<b>Actual return on plan assets</b>	<b>1,059</b>	<b>771</b>

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2016 (with comparative figures for the year ended 30 June 2015) are as follows:

	2016 £000	2015 £000
Equities	59%	69%
Bonds and cash	35%	25%
Property	6%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016 £000	2015 £000
Actual return less expected return on plan assets	829	538
Experience gains and losses arising on plan liabilities	(5)	79
Changes in assumptions underlying the present value of plan liabilities	(855)	(350)
<b>Actuarial (loss)/gain recognised in OCI (page 18)</b>	<b>(31)</b>	<b>267</b>

Movement in (deficit) during the 12 months ending 30 June 2016 (with comparative figures for the year ended 30 June 2015) are as follows:

	2016 £000	2015 £000
(Deficit) in plan at beginning of year	(3,421)	(3,423)
Recognised in Statement of Comprehensive Income and Expenditure	(400)	(457)
Contributions paid by the College	315	192
Actuarial (loss)/gain recognised in OCI	(31)	267
<b>(Deficit) in plan at the end of the year</b>	<b>(3,537)</b>	<b>(3,421)</b>

**Funding Policy**

Funding valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102. The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall. These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 3 June 2015 and are as follows:

- Annual contributions of not less than £99,290 p.a. payable for the period from 1 July 2015 to 31 March 2034.

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

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**20. 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 £46k (2015 £24k) of which £7k (2015 £21k) 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**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Universities Superannuation Scheme	535	891
Cambridge Colleges Federated Pension Scheme	308	357
NOW:Pension Scheme	46	24
<b>Total pension costs (note 6)</b>	<b>889</b>	<b>1,272</b>

**21. 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:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Loans to Fellows</b>	<b>1,089</b>	<b>890</b>
<b>Equity share arrangements</b>	<b>50</b>	<b>50</b>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Surplus for the year	35,936	2,079
<b>Adjustment for non-cash items:</b>		
Depreciation (note 8)	895	859
(Gain) on endowments, donations and investment property	(1,548)	(3,552)
(Increase)/Decrease in stocks	(25)	24
(Increase)/Decrease in trade and other receivables	(34,248)	349
(Decrease) in creditors	(649)	(53)
Pension costs less contributions payable	104	670
<b>Adjustment for investing or financing activities</b>		
Investment income	(1,385)	(1,399)
Investment costs	459	792
Interest payable	125	129
Endowment funds invested	(1,718)	(1,292)
<b>Total cash flows from operating activities</b>	<b>(2,055)</b>	<b>(1,394)</b>

**Pembroke College**  
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**For the year ended 30th June 2016**

**23. Cash flows from investing activities**

	2016 £000	2015 £000
Non-current investment disposal	2,513	2,368
Investment income	44	33
Investment costs	-	-
Endowment funds invested	1,718	1,292
Payments made to acquire non-current assets	(2,594)	(1,819)
<b>Total cash flows from investing activities</b>	<b><u>1,681</u></b>	<b><u>1,874</u></b>

**24. Cash flows from financing activities**

	2016 £000	2015 £000
Interest paid	(125)	(129)
Repayments of amounts borrowed	(92)	(82)
<b>Total cash flows from financing activities</b>	<b><u>(217)</u></b>	<b><u>(212)</u></b>

**25. Transition to 2015 RCCA**

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the 2015 RCCA. The accounting policies set out have been applied in preparing the comparative information for the year ended 30th June 2015 and the opening financial position at 1st July 2014 resulting in a restatement of these figures.

In accordance with FRS 102 a reconciliation of opening balances is provided here

		At 30 June 2015 £000
<b>(Deficit) for the year as previously stated</b>		<b>(579)</b>
Revised treatment of deferred capital	(101)	
Adjustment for movement in pension deficit funding provision of USS	(406)	
Adjustment for amount reported in income and expenditure re CCFPS	(110)	
Adjustment for gains(losses) previously recognised in the Statement of Recognised Gains and losses	4,127	
Unapplied total return transferred to Endowment	<u>(2,368)</u>	1,759
Adjustment for surplus on restricted funds in the year		66
New endowments		1,292
Other capital grants for fixed assets		158
Actuarial profit in respect of pension schemes		<u>267</u>
<b>Total Comprehensive Income as restated</b>		<b><u>2,346</u></b>

**Reconciliation of reserves and balances**

	At 1 July 2014 £000	At 30 June 2015 £000
<b>Reserve balances as previously stated</b>	<b>126,793</b>	<b>129,488</b>
Revised treatment of deferred capital	5,117	5,174
Accrual of employee holiday compensation	(43)	(43)
Pension deficit funding provision	(471)	(877)
Studentship commitments	(782)	(782)
<b>Reserve balances restated</b>	<b><u>130,614</u></b>	<b><u>132,960</u></b>