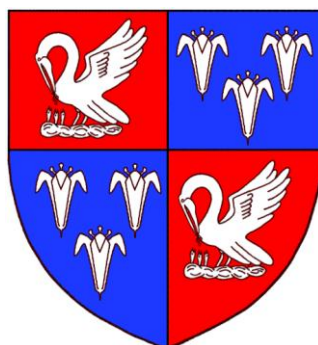




**Corpus Christi College
Cambridge**

**RECOMMENDED CAMBRIDGE COLLEGE ACCOUNTS
(RCCA)**

**For the financial year ended
30 June 2014**





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Governing Body / Trustees

Charity Registration Number 1137453
Charity Exemption Number X6457
VAT Number GB 214 2431 13

The College of Corpus Christi and the Blessed Virgin Mary in the University of Cambridge is a corporate body comprising the Master, the Fellows and the Scholars whose registered office is at Trumpington Street, Cambridge, CB2 1RH. The College is a registered charity and is subject to regulation by the Charity Commission for England and Wales. The charity trustees of the College are the members of the Governing Body, being its Official Fellows, appointed by the Governing Body in accordance with the Statutes of the College.

MEMBERS OF THE GOVERNING BODY AND TRUSTEES OF THE CHARITY

Master
Stuart Laing MA

| | |
|---|--|
| CJB Brookes MA, PhD | Tutor for Advanced Students, College Lecturer in Mathematics, <i>Affiliated Lecturer in the Faculty of Mathematics</i> |
| RA McMahon MA, PhD | President, <i>Senior Lecturer in Engineering</i> |
| Professor CJ Howe MA, PhD, ScD, FLS | <i>Professor of Plant and Microbial Biochemistry</i> |
| R Davis PhD (Princeton), BMus (London), LRAM, LTCL | <i>Reader in Ethnomusicology</i> |
| Professor AG Smith BSc (Bristol), PhD | <i>Professor of Plant Biochemistry</i> |
| Professor PC Hewett MA, PhD (Edinburgh) | Food and Wine Steward, <i>Professor of Observational Cosmology and Astrophysics</i> |
| NE Simmonds MA, LL.M, PhD | Dean of College, <i>Reader in Jurisprudence</i> |
| Professor M Warner FRS, MA, PhD (London) | <i>Professor of Theoretical Physics</i> |
| PNR Zutshi PhD, FSA | GB Secretary, Graduate Tutor, <i>Keeper of the University Archives</i> |
| Professor JG Haslam MLitt, BSc (Econ), PhD (Birmingham), FBA | <i>Professor of History of International Relations</i> |
| CM Kelly BA (Sydney), PhD, FSA | <i>Reader in Ancient History, Laurence Lecturer in Classics</i> |
| D Greaves MA, PhD | <i>Senior Lecturer in Computer Science</i> |
| Professor S Godsill MA, PhD | Tutor, <i>Professor of Statistical Signal Processing</i> |
| Professor EF Wilson MA, PhD | Tutor, <i>Professor of Contemporary French Literature and the Visual Arts</i> |
| HPC Robinson MA, PhD | <i>Senior Lecturer in Neuroscience</i> |
| Professor AC Harvey BA (York), MSc (LSE), FBA | <i>Professor of Econometrics</i> |
| DA Sneath BSc (Ulster), PhD | Graduate Tutor, <i>Reader in the Anthropology of Political Economy</i> |
| AN Williams MA (Hons), Dip TESL (Victoria), MDiv, MPhil, PhD (Yale) 30.09.13 | <i>Lecturer in Patristics and Medieval Theology</i> |
| CFR de Hamel Dphil (Oxford), LittD (Hon, St John's, Minnesota, USA), LittD (Hon, Otago NZ), FSA | Donnelley Fellow Librarian |
| KA Seffen MA, PhD, CMath | <i>Senior Lecturer in Engineering</i> |
| J Warren MA, MPhil, PhD | Tutor, Web Editor, <i>Reader in Ancient Philosophy</i> |
| JL Hallam Foster MA, MSc (LSE), PhD 30.09.13 | Tutor, Schools Liaison Officer |
| EJ Winter MA | Development and Communications Director |
| S Cain MA, MPhil | College Teaching Officer in English |
| M Sutherland BSc, MSc, PhD | Admissions Tutor, <i>Royal Society University Research Fellow</i> |
| P Cicuta Laurea (Milan), PhD | <i>Reader in Physics</i> |
| B Kushner BA, PhD | <i>Senior Lecturer in Modern Japanese History</i> |
| J Buxton BA (Hons), DipTH | Dean of Chapel, Warden of Leckhampton |
| Marina Frasca-Spada Laurea (Rome), PhD | Senior Tutor, <i>Affiliated Lecturer in the Department of History and Philosophy of Science</i> |



Governing Body / Trustees

Shruti Kapila BA, MA, PhD
SL Ainger-Brown MA, FCMA, FCMI, CGMA
A Weisl-Shaw MA, MPhil, PhD

P Bearcroft MA, MB, BChir, FRCP, FRCR
J Carr Bsc, PhD
E Spary BA, MA, PhD
J Hirst MA DPhil
T Land PhD
A Rao BSc, MSc, PhD 30.09.14
P Amaral BSc, MSc, PhD 30.09.14
J Betts BA, MPhil, MA, PhD
J Morgan MA(Oxon), PhD
J Kaminski PhD

N Chen PhD 30.09.13
P Rendahl PhD
B Pilgrim MChem, PhD
K Collis BA, DPhil
S Bohndiek PhD
E St John Smith MPharmacol, PhD
AG Milne BA, MA, PhD

E Kazamia BA, MSc, PhD
T Harvey-Samuel MA
A Rapport BA, PhD
A Davison BA, DPhil, MA, PhD

Lecturer in History
College Treasurer and Second Bursar
College Teaching Officer and Research Fellow in Modern
and Medieval Languages
Lecturer in Clinical Medicine
Graduate Tutor, *Reader in Plant Sciences*
Reader in History
Lecturer in Chemistry
Donnelley Research Fellow
Research Fellow in Physics
Non-Stipendiary Research Fellow in Natural Sciences
Research Fellow in History
Tutor, *Lecturer in Law*
Non-Stipendiary Research Fellow in Modern and Medieval
Languages
Microsoft Research Fellow
Lecturer in Economics
Research Fellow in Chemistry
Research Fellow in English
Graduate Tutor, *Lecturer in Physics*
Lecturer in Pharmacology
*Judith E Wilson Lecturer in Drama & Poetry, Faculty of
English*
Non-Stipendiary Research Fellow Plant Sciences
Bursar
Lecturer in Politics
Lecturer in Theology

The above lists Fellows of the College (in order of seniority and election to Fellowship) who are members of the Governing Body (see section 'College Governance'). During the year some Fellows left the fellowship, the dates of leaving fellowship are indicated after their name.

On appointment all Fellows are given copies of the Statutes and Ordinances of the College



Contact Information- Principal Professional Advisors

Actuaries

Cartwright Group Ltd
Suite 7, Second Floor
The Hub, IQ Farnborough
Hants GU14 7JP

Auditors

Peters Elworthy & Moore LLP
Salisbury House, Station Road
Cambridge CB1 2LA

Solicitors

Ashton KCJ
Chequers House
77-81 Newmarket Road
Cambridge CB5 8EU

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

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge CB4 0DP

Bankers

Barclays Bank plc (Corporate Banking)
PO Box 885, Mortlock House
Histon, Cambridge CB4 9DE

Property Managers and Valuers

Bidwells LLP
Trumpington Street
Cambridge CB2 2LD

Investment Advisors

Cambridge Associates Ltd
80 Victoria Street, Cardinal Place
London SW1E 5JL

Investment Advisors/Managers

JP Morgan
Finsbury Dials, 20 Finsbury Street
London EC2Y 9AQ

Martin Currie Investment Management Ltd
Ingham and Wilkinson Building
129 Front Street
Hamilton HM12
Bermuda

State Street Global Advisors Ltd
20 Churchill Place
Canary Wharf, London E14 5HJ

The Charities Property Fund
c/o Cordea Savills LLP
33 Margaret Street
London W1G 0JD

BlueBay Asset Management plc
77 Grosvenor Square
London W1K 3JR

Miura Global Management LLC
101 Park Avenue
New York NY10178

Waverton Investment Management Ltd
21 St James Square
London SW1Y 4HB

Heronbridge Investment Management LLP
1 Queen Street
Bath
BA1 1HE

Cantab Capital Partners
City House, 126-130 Hills Road
Cambridge CB2 1RE

Cambridge University Endowment Fund
Treasury & Investments, Finance Division
Greenwich House, Madingley Rise
Madingley Road, Cambridge CB3 0TX



Status

Founded in 1352, the College of Corpus Christi and the Blessed Virgin Mary in the University of Cambridge is the sixth oldest of the thirty-one colleges of Cambridge University. It is an autonomous, self-governing community of Fellows and scholars. The total community consists of the Master, 53 active Fellows (37 men and 16 women) and 469 junior members, of whom 268 are undergraduates (159 men and 109 women) and 204 are graduates (125 men and 79 women). Graduate students include those undertaking both full and part-time study. In addition, 104 members of staff (both full and part-time) support the College in achieving and maintaining its aims and objectives. The College is a registered charity (registered number 1137453) and is subject to regulation by the Charity Commission for England and Wales. The College is a charity within the meaning of the Taxes Act 1988, s506(1). Further information about the College can be found at www.corpus.cam.ac.uk.

Aims and Objectives of the College

The College is an institution of higher education. It continues to promote its registered charitable statutory objectives “to maintain and support a College within the University of Cambridge for the advancement of education, research, learning and religion”. The College is a place of world-class education, and carries out its objectives by “providing grants to individuals, providing buildings, facilities, open space, services and sponsoring and undertaking research”. The College remains an independent foundation while, at the same time, forming part of an internationally renowned collegiate university. The College endorses the University’s mission and core values and views the partnership between University and College as central to Cambridge’s future development. The College will continue to play an active role in University bodies and in formulating University policy.

In pursuit of its objectives, the College admits (as junior members) undergraduates and graduate students matriculated in the University of Cambridge. It provides financial and other support to those members that require it and supports teaching and research in the University. In order to support the funding of its activities, the College maintains and manages an endowment of assets including properties. Besides educational, financial and tutorial support, the College supplies accommodation, catering and other services to its members and others.

Corpus Christi College has the following long term aims and objectives:

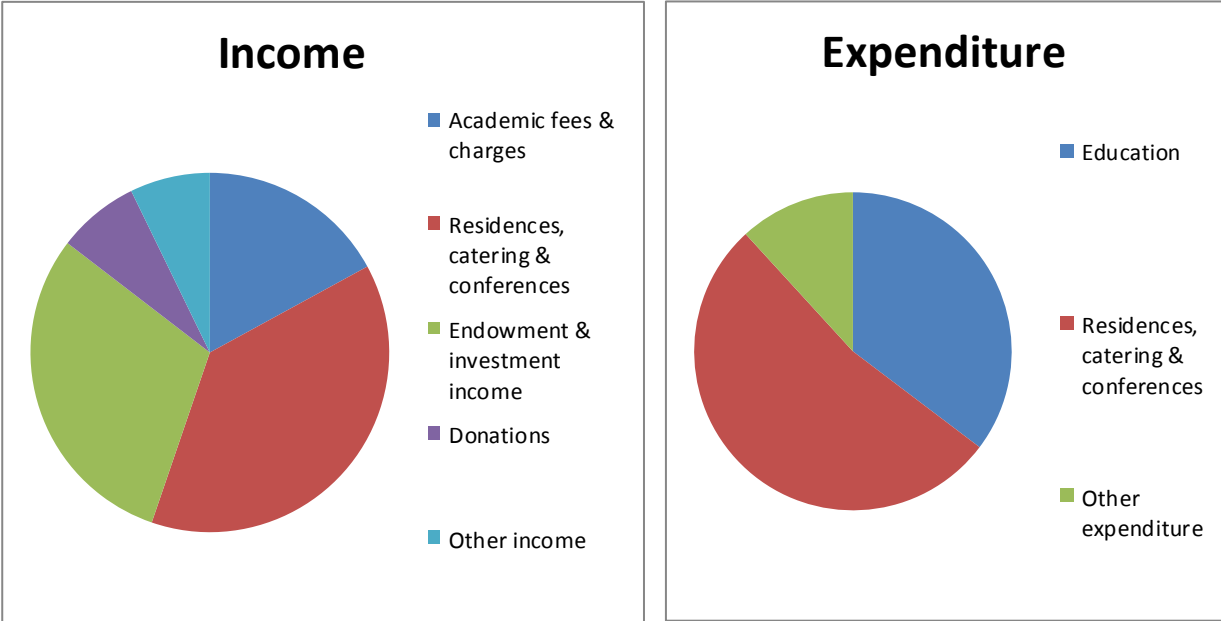
- A dedication and commitment to the pursuit of the highest standards and quality in teaching and research at undergraduate and graduate levels within a stimulating and supportive environment. It maintains the emphasis on the individual in academic and pastoral provision.
- To promote, foster, encourage and support excellence in academic research of the highest quality across a wide variety of disciplines.
- To support a community of Fellows, students and staff allowing the benefits of a large, internationally renowned university to be realised in a small-scale and close knit community.
- To foster and support a community of active alumni contributing to the life and future of the College.
- To manage, maintain, enhance and continually develop its endowments and benefactions, historic buildings and grounds for the benefit of current and future generations.

The College has regard to the Charity Commission’s guidance on public benefit and, inter alia, provides a number of free lectures, concerts and exhibitions for the benefit of the community both nationally and internationally. The College places particular emphasis on sharing its facilities with the local community, the College sports grounds are used by cricket and soccer clubs within the city and the College grounds at the heart of the city are open to the public for most of the year.



Financial Review – overview of the year

The College recorded its third consecutive surplus in 2013-14, a pleasing result which reflects continued prudent stewardship of our resources. A surplus of £753k was recorded. The principal areas of income and expenditure and their respective proportions are illustrated below:



Financial Results

The strengthening trend in the College’s financial results is set out in the table below. This improved efficiency of operations is grounded in a rigorous three year budgetary process which has improved visibility on income streams, allowed greater control of expenditure patterns and incorporates planning for significant capital expenditure.

| £m | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------------|------|------|------|-------|-------|-------|
| Income | 10.0 | 9.1 | 8.2 | 7.7 | 7.0 | 7.6 |
| Expenditure | 9.2 | 8.4 | 8.0 | 7.9 | 7.8 | 9.2 |
| Net Surplus/(Deficit) | 0.8 | 0.7 | 0.2 | (0.2) | (0.8) | (1.6) |

College Funding

Corpus is funded from several sources including fees, accommodation and catering revenues from the student body, donations, investment and conference incomes. The College (together with 17 other Colleges) took advantage of exceptionally low long term interest rates during 2013 and early 2014 to borrow £5m via a privately placed loan with split maturities of 30 and 40 years. The average interest rate is fixed at 4.4% for the life of the loan. This represents attractively priced long term capital which will enable the College to fund several capital projects. The College’s net assets at 30 June were £208.1m. It remains the College’s intention to run an extremely conservative balance sheet.

Academic Fees and Charges

Academic fees consist of the College fee and grants to support teaching and research. The sources of funding are tuition fees payable by or on behalf of undergraduates, the fee has been £9,000 since 2012 for Home/EU students of which £4,500 is passed onto the University. Private undergraduates pay tuition fees of £6,483 and the fee payable by a graduate student was £2,424.



Conferences and catering

Our conference and catering business continued to grow most satisfactorily. Revenue increased by 30% and has doubled over five years. The College has established a distinctive position in a highly competitive local conference market and has a growing portfolio of loyal clients across the academic, corporate and charitable sectors.

Donations, legacies and Benefactions

The College relies extensively on donations, legacies and benefactions to grow the capital value of its endowment and also to fund capital projects and educational activities (Fellowships, Bursaries and Access/Outreach programmes). These are a crucial source of capital and revenue for the College. In the year 2013-14 the College received £3.3m in aggregate donations and legacies. The College is profoundly grateful to all its donors for their extraordinary support. The College is fortunate to have a strong participation rate amongst alumni consistently between 15-20%, in the upper band of Cambridge Colleges.

Donations (including the recovery of Gift Aid where applicable) are reported in the Income and Expenditure account, the Statement of Recognised Gains and Losses and, if received for the purpose of funding fixed assets, as deferred capital grants

Endowment and Investment Performance

The capital value of the College's Endowment grew during the year under review by 11.6% from £78.2m to £87.3m. The return on investment for the year (i.e. total return less new donations) was 11.86%. This compares to our benchmark composite (compiled in association with Cambridge Associates) which returned 7.14%, the FTSE 100 which returned 12.4% and the ARC Balanced Asset Charity index which returned 6.9%. This result reflects improving performance in our property portfolio which showed strong growth as well as the material outperformance of certain of our fund managers across various asset classes, notably UK equities and convertible bonds. The Endowment remains extremely diversified both by asset class and manager-a characteristic enhanced during the year by the sale of two index tracking funds, the proceeds of which were reinvested in the Cambridge University Endowment Fund.

The College's Investment Committee meets regularly and consists of four external (five from October 2014) and seven internal members. It actively monitors and examines the performance of the professional advisers retained by the College. It also ensures the maintenance of an appropriate allocation and diversification of asset types and reviews risk and liquidity.

The College implemented a total return policy in July 2010 and adopted a Spending Rule of 4%, which will be reviewed in June 2015 bearing in mind the College's minimum target of maintaining the real value of the Endowment. It is exceptionally important for the College to continue to grow its resources so it can continue to provide education at the highest level, support research and maintain and improve its facilities. Our resources need to withstand (i) sustained pressure on our traditionally largest funding source from Government support in the form of grants and student fees, (ii) continuing inflation in the cost of educational provision and (iii) intense global competition for the best students and academics.



Capital Expenditure and Building works

The College has continued with a vigorous programme of refurbishment and improvement on its operational property. In the year under review the College completed the total refurbishment of the 23 rooms and public area at 6-8 Trumpington Street at a maintenance cost of c.£340k. 88-90 Barton Road has also been expanded and renovated at a cost of c.£526k in Corpus Developments Ltd (total project cost £800k). This property is ready for occupation for the academic year commencing in October 2014 and will comprise 14 bedrooms and one flat. The property will be extremely energy efficient, having 16 solar PV panels installed. Both Trumpington Street and Barton Road projects completed on or ahead of schedule and on budget. There have been extensive re-roofing projects at 19, 21 and 23 Cranmer Road at a cost of c.£140k, this allowed the opportunity to upgrade insulation and remove redundant water tanks. Smaller projects were completed at the main College site including upgrade of fire doors.

The College also made significant investments in upgrading its information technology. This has resulted in improved student IT provision, administrative server infrastructure, and administrative desktop resources. The student provision has been enhanced with campus wide Wi-Fi provision and updates to the facilities available within the student computer rooms. The server infrastructure has been updated with a high density virtual server implementation.

The College's operational properties are recorded within the tangible assets of the balance sheet. The maintenance of these beautiful buildings (most of which are Grade I or II listed) imposes a significant burden on the College's finances. An appropriate level of expenditure on the College's operational buildings is deemed to be 1.5% pa of the insurance replacement value. While this has broadly been maintained for the last three years, the College is still compensating for a significant period of under investment in the estate in the two prior decades.

The College has a wholly owned operating subsidiary, Corpus Developments Ltd which develops property on behalf of the College and makes Gift Aided donations to the College from its pre-tax profits. Corpus Developments' accounts are filed separately at Companies House and have been consolidated in the College accounts.

Future Capital projects

The College completed a strategic review during the year. It was concluded that growth in the undergraduate community from the current level of 260-270 to a size of 280-300 was desirable. The increasing number of four year courses will deliver some of this growth naturally and the remainder will come from modest growth in our intake so as to have fewer subjects where the annual cohort size is one or two. The College will seek to develop its estate so as to continue to offer accommodation to all undergraduates and is reviewing a number of options to achieve this.

In the year 2014-15 we shall continue the programme of improvement and refurbishment of our operational property. 19 Cranmer Road will be refurbished so as to provide 12 rooms and 1 flat. We shall also plan and start the execution of a project to refurbish the Leckhampton kitchen (which is overdue) and to extend the dining hall. The predicted steady growth in our graduate community in line with the University's 2% annual target-and the increased graduate accommodation within Leckhampton (56 extra places built and planned between 2012 and 2015) render this necessary.

We continue to review options for the refurbishment of Old House kitchens, a complex and costly project which is increasingly necessary. The redesign will allow us to use the space with greater efficiency as well as improving our equipment to reflect the significant technological and environmental improvements since the previous refurbishment in the late 1970's.



Staff Costs, Employment policy, Pensions and Equal Opportunities

Employment costs comprised 38% of total costs in the year under review and are the College's largest category of overhead. Wage inflation over recent years has been modest and this trend continued in 2013-14. The College has decided to adopt the Living Wage as of August 2014 (one of the first Cambridge Colleges to do so). The Remuneration and Benefits Committee (which includes external members) is tasked with ensuring good governance and compliance with Charity Commission guidelines.

The College makes pension fund contributions on behalf of its employees to four schemes: two defined benefit schemes, the Cambridge Colleges Federated Pension Scheme (CCFPS) and the Universities Superannuation Scheme (USS) and two defined contribution schemes (Aviva and NEST).

The College's share of the CCFPS deficit was £1129k vs £728k in the prior year. A renegotiation of contributions is due to take effect from June 2015 for CCFPS and from April 2016 for USS in order to address the deficits of both schemes. It is likely that the College's contributions will increase and that pension contributions will continue to be a volatile element within the College's results.

The College successfully implemented auto enrolment during the year under review

The College is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. During 2013-14 the College has further developed its policy of employing Apprentices, with 4 apprentices employed at 30 June 2014.



Reserves Policy

The College's unrestricted funds and reserves amount to £181.4 million and are represented in the balance sheet by the College's operational buildings, which are used for teaching and residential purposes. The restricted funds amount to £26.6 million, represented by part of the investment portfolio.

The College intends to continue to pursue its objects in perpetuity and takes a long term view of the investment portfolio using a total return basis for deciding on the appropriate amount to draw down each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and those of future generations. Any new donations or bequests received during the year are added to unrestricted funds unless the donor has made it clear that the funds are to be spent on a specific project.

Environmental Policy

The College aims to manage its activities, buildings and estates to promote environmental sustainability, conserve natural resources and prevent environmental pollution and to bring about a continual improvement in its environmental performance.

The College has an environmental policy statement which is regularly reviewed and endorsed by the Governing Body and is displayed in the College.

The College is committed to reducing its carbon emissions, water consumption and waste footprint. The College is participating in the Carbon Reduction Commitment Energy Efficiency Scheme, and is actively promoting environmental awareness throughout the college.

Risk Management and Assessment

The major risks to which the College is exposed are reviewed regularly by College Committees and these are reported to the Governing Body. Systems are in place and reviewed regularly in order to mitigate all identified risks. Relevant Committees and individuals in College are charged with responsibility for evaluating risks within their areas of responsibility and advising the Governing Body on the probability of occurrence, nature and likely severity of impact, together with the steps taken in mitigation. It must be recognised that the College is faced with numerous risks (extending from owning and operating historic operational buildings, IT, legislation and regulation, academic and pastoral care, financial management etc.), not all of which can be mitigated through insurance. The College Health and Safety Policy Statement is reviewed regularly, endorsed by the Governing Body and is displayed in College.

Financial Outlook and Plans for the Future

The College continues to operate itself at improving levels of efficiency versus our peer group; this has enabled us to run a modest surplus for a third consecutive year. The importance of our donors' support cannot be overstated. In an environment where inflation is likely to outstrip increases in tuition fees, their generosity will be ever more critical in order to enable Corpus to support our students with outstanding teaching (and financial assistance where necessary) while broadening access.

The College has intensified its access and outreach activity in the year under review. In addition to school visits a programme of summer schools and masterclasses has been undertaken to provide promising candidates from all educational backgrounds with direct experience of a Cambridge education. This has resulted in a c.35% increase in applications for the October 2015 admissions round with the College receiving record application numbers. We plan to intensify this programme in 2015 and are very grateful to the Old Members who have kindly made donations to support this initiative.

The strategic review undertaken in 2013/14 sets a clear path for Corpus which requires investment in teaching, student support, accommodation and infrastructure over the next decade. Each of these areas is receiving significant investment in 2014/15 and beyond (as described herein) in order to meet our goals. We must achieve this while maintaining the prudent stewardship of our resources which underpins our financial capacity to fulfil our purpose.



Statement of Corporate Governance

The Master and Fellows constitute the Governing Body of the College, to whose meetings are invited Junior Member representatives (for open business). The Fellows of the Governing Body are the Trustees of the charity and responsible for ensuring compliance with charity law. The Governing Body is constituted and regulated in accordance with the College Statutes and Ordinances which together also govern the activities of the College. The Governing 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 eight times a year under the chairmanship of the Master. The Governing Body acknowledges its responsibility to act with prudence and care to ensure the College complies with relevant laws and regulations. The Governing Body elects all Fellows of the College. There is a Register of Interest for all Trustees, this is updated annually. Declarations of interest are made at each meeting.

The Executive Body supports the Governing Body. The Executive Body consists of 8 elected members and no more than 4 ex-officio members. It is responsible for the control and management of the College's affairs as delegated by the Governing Body. There are also a range of committees including: Audit, Development, Estates and Finance, Fellowship, Investment, Buildings and Remunerations and Benefits, and Staff.

Public Benefit Statement

In the founding charter and the College statutes and ordinances, the College's charitable purposes are clearly articulated. These are the advancement of education, research, learning and religion for the public benefit by the provision, support and maintenance of the College in the University of Cambridge. The Governing Body is satisfied that the activities as described in these Reports and Accounts meet the public benefit requirements of a registered charity. The full public benefit statement has been lodged with the Charities Commission but can be summarised as follows:-

Education

The provision (with other Colleges of Cambridge and the University of Cambridge) of an education for undergraduate and graduate students which are recognised internationally as being of the very highest ability. Education and teaching is provided in small groups which allows for strong pastoral, administrative and academic support through the tutorial and graduate mentoring systems. The College provides a residential community with social, cultural, musical, recreational and sporting facilities being available to all students. These facilities allow them the opportunity to realise their full academic and personal potential whilst studying at the College. Accommodation and catering is provided at reasonable rates. The College provides bursaries and studentships when needed to both undergraduate and graduate members of limited means. The general public are also able to attend various educational activities in the College.

Research

The College provides and advances research in a number of ways. It provides Research Fellowships to outstanding academics at an early stage of their careers, this enables them to develop and focus on their research in this formative period before undertaking a full academic post. It supports research work pursued by its Fellows through promoting interaction across disciplines, providing facilities and grants for national and international conferences, research trips and research materials. It encourages the publication of research by members of the College through papers, journals or other suitable means. Visiting Fellowships are available to encourage overseas academics to take a period of research leave from their institutions and work in Cambridge.

Learning

The College maintains the Taylor Library, an extensive up to date library (including special collections) for all members and where publications and journals can be accessed with a catalogue integrated into that of the University. It provides a valuable resource for students and Fellows of the College, alumni, members of other Colleges and the University of Cambridge, external scholars and researchers. The Parker Library, an important manuscript library of international significance, it is open to scholars and researchers from Cambridge and globally. Frequent guided tours, public viewings and exhibitions are held in conjunction with the College Fellow Librarian, his team and the Cambridge Tourist Office.



Corporate Governance and Public Benefit - For the year ended 30 June 2014

The Fitzwilliam Museum has on exhibition the College's Lewis Collection which is on long term loan. Revd. Samuel Savage Lewis (1836-1891) left to the College a large collection of classical coins and other objects.

Religion

The College Chapel is regularly open to visitors whatever their faith tradition or none, there is no geographical, age or religious restriction for those attending the Chapel in the College. The chapel is maintained and supported by the College as a place of religious worship. The Dean of Chapel holds regular services in which the College choir participates; these services are available to the general public and visitors. The College supports, through the Dean of Chapel and others, the emotional, mental and spiritual well-being of all members of the College Community. The College offers choral and organ scholarships and instrumental awards. The College maintains its historic connections and links with other churches and parishes through its involvement as Patron of several parishes. The College has established links with local cultural foundations and seeks to develop them further.

The College within the community

The College makes a particular point of sharing and extending the use of its facilities with the local community and local organisations. The College sports ground and boathouse are used by rounder's, cricket, soccer and rowing clubs in the city. The College grounds in the heart of the city are open to the public for most of the year. The College hosts local events and functions throughout the year and supports the Corpus Playroom (a small theatre space) whose daily operations are run by the ADC Theatre.

Responsibilities of the Governing Body and Internal Control

The arrangements for governance of the College are set out in its Statutes. The Master as Head of House has statutory powers of governance and is also Chairman of the Governing Body. The Bursar is accountable to the Governing Body and has overall responsibility for the finances, operations and general administration of the College. The Senior Tutor, also accountable to the Governing Body, has overall responsibility for admissions, education and welfare of undergraduate students. The Tutor for Advanced Students has particular responsibility for graduate students. The Warden of Leckhampton has responsibility for Leckhampton, the College's graduate centre in West Cambridge.

Membership of the Governing Body during the financial year is included within this report.

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

From a financial perspective, members of the Governing Body are responsible for ensuring that there is an effective and sufficient system of internal controls and those financial records are accurately maintained. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Governing Body has satisfied itself and ensured that:

- Suitable accounting policies are selected and applied consistently
- Judgments 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 financial statements are prepared on the going concern basis and the Governing Body are satisfied the College has adequate resources to continue in operation for the foreseeable future



Corporate Governance and Public Benefit - For the year ended 30 June 2014

Members of the Governing Body endeavor to act with integrity at all times and are required to consider the College's best interests, without regard to their own private interests. Members of the Governing Body are required to make best efforts to take appropriate steps to ensure that the ongoing affairs of the College are managed prudently and wisely, taking consideration to balance the short-term needs and longer-term strategic aims, governance and objectives.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the Colleges website (www.corpus.cam.ac.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The College has a policy for managing conflicts of interest, maintaining a register of interests and seeking declarations of potential conflicts at the start of any meeting.



Independent Auditors' Report to the Governing Body of Corpus Christi College For the year ended 30 June 2014

We have audited the financial statements of Corpus Christi College for the year ended 30 June 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. 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 TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating & Financial Review and the Corporate Governance & Public Benefit Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the College's affairs as at 30 June 2013 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.



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

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date:

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



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 UK Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (The SORP)

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in Note 7.

Basis of accounting

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

Bases of Consolidation

The Consolidated Financial Statements include the College and its subsidiary undertaking, Corpus Developments Ltd. Intra-group transactions are eliminated on consolidation. A separate balance sheet and related notes for the College only are not included because Corpus Developments Ltd is a design and build company and therefore the balance sheet of the College would not be materially different to the one included in the accounts. Details of the subsidiary are set out in Note 27.

The Consolidated Financial Statements do not include the activities of student societies as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no control.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Restricted grant income

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

Income from research grants

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

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.



Statement of Principal Accounting Policies - For the year ended 30 June 2014

Other income

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

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 invests its endowment investment portfolio and allocates a proportion of the related earnings and capital appreciation to the income and expenditure account in accordance with the total return investment concept. The allocation to income is determined by a spending rule, currently 4%, which is designed to stabilize annual spending levels from the endowment. The income transferred to the income and expenditure account on this total return basis is calculated using a formula that uses the weighted average value of the College's investment portfolio over a three year period up to the commencement of the current accounting year. Total Return was adopted as a methodology and first reported in the financial statements ended June 2011.

Gifts in kind

Properties, investments, and other fixed assets donated to the College are included as donation income at market value at the time of receipt.

Pension schemes

The College contributes to a number of defined benefit pension schemes and accounts for the costs in relation to these schemes in accordance with FRS17 (Retirement Benefits). The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The College also contributes to the Cambridge Colleges' Federated Pension Scheme (CCFPS), another defined benefit scheme. The assets of the scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The College's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service costs, being the actuarially determined present value of the pension value of the pension benefits earned by employees in the current period, are included within staff costs. Investment income includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and actual out-turn are reported on the statement of total recognised gains and losses.

The College contributes to some defined contribution schemes in order to meet its regulatory requirement under automatic enrolment. The staging date notified by the Pensions Regulator for Corpus was April 2014.

Foreign currency translation

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



Tangible Fixed Assets

Operational Freehold Land and Buildings

Land and Buildings held for operational purposes are stated at depreciated replacement cost as at 30 June 2003 with subsequent additions at cost. The valuation in June 2003 was carried out by Bidwells LLP, Chartered Surveyors.

Freehold buildings (including the cost of major renewals) are depreciated on a straight line basis over their expected useful economic life of 100 years.

Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of buildings are not 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.

Buildings under construction are valued at cost based on the value of architects' certificates and other direct costs incurred to 30th June. They are not depreciated until they are brought into use.

Maintenance and Renewal of Premises

The college has a maintenance plan, which is reviewed on an annual basis. The cost of any routine maintenance costing less than £10,000 is charged to the Income and Expenditure account as it is incurred. The cost of major refurbishment and maintenance costing more than £10,000 is capitalised and depreciated over the useful economic life of the asset concerned.

The college may also set aside sums to meet future maintenance costs, these being disclosed within general reserves.

Furniture, Fittings and Equipment

Furniture, fittings computer and general equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

| | |
|--------------------------------------|--------------------------|
| Furniture and Fittings | 10 years (10% per annum) |
| Motor Vehicles and General Equipment | 5 years (20% per annum) |
| Computer Equipment | 3 years (33% per annum) |

Heritage Assets

The College holds and conserves a number of collections, exhibits, artifacts and other assets of historical, artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 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.

Leased Assets

Rental costs under operating leases are charged to expenditure in equal amounts over the period of the leases.

Investments

Securities

Investments are included in the balance sheet at market value.



Investment properties

Investment properties are included in the balance sheet at open market value.

Endowment Funds

Endowment funds are classified under three headings:

- Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College, the fund is classified as an un-restricted permanent endowment.
- Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.
- Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the College must or may convert that donated sum into income, the fund is classified as a restricted expendable endowment.

Stocks

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

Provisions

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

Contingent Liabilities

The College participates in the Universities Superannuation Scheme (USS), with effect from 16 March 2007 USS positioned itself as a "last man standing" scheme so that in the event of an insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers

Taxation

The College is a registered charity (number 1137453) 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. The College is a partially exempt organisation for VAT purposes. With the approval of H M Revenue and Customs, it has adopted a methodology that enables it to recover part of the VAT on its expenses. Though recovered VAT exceeds the VAT previously recoverable under the old CVCP guidelines, input tax on purchases is, nevertheless, largely irrecoverable.

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.



**Consolidated Income and Expenditure Account
For the year ended 30 June 2014**

| | | 2014 | 2013 |
|--|------|------------------|------------------|
| | | £ | £ |
| Income | Note | | |
| Academic Fees and Charges | 1 | 1,698,668 | 1,597,533 |
| Residences, Catering and Conferences | 2 | 3,802,662 | 3,243,207 |
| Endowment and Investment Income | 3 | 3,003,513 | 2,791,645 |
| Donations | 4 | 733,159 | 804,574 |
| Release of Deferred Capital Grants | 4 | 438,369 | 437,847 |
| Other Income | | 280,641 | 257,815 |
| Total Income | | <u>9,957,012</u> | <u>9,132,621</u> |
| Expenditure | | | |
| Education | 5 | 3,247,480 | 3,130,170 |
| Residences, Catering and Conferences | 6 | 4,866,448 | 4,756,804 |
| Other Expenditure | | 1,086,304 | 484,555 |
| Total Expenditure | 7 | <u>9,200,232</u> | <u>8,371,529</u> |
| Surplus on Continuing Operations before Contribution under Statute G, II | | 756,780 | 761,092 |
| Contribution under Statute G,II | | <u>(51,000)</u> | <u>(52,000)</u> |
| Surplus on Continuing Operations after Contribution under Statute G, II | | 705,780 | 709,092 |
| Surplus/(Deficit) for the year transferred to Accumulated Income in Endowment Funds | | (47,361) | 43,009 |
| Surplus/(Deficit) for the year retained within General Reserves | | <u>753,141</u> | <u>666,083</u> |

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

Note of Historical Cost Surpluses and Deficits

The difference between the results as disclosed in the Income and Expenditure Account and the result on an unmodified cost basis is not material.

The notes on pages 22 to 41 form part of these accounts.



**Consolidated Statement of Total Recognised Gains and Losses
For the year ended 30 June 2014**

| | Note | Restricted Funds £ | Unrestricted Funds £ | Total Funds 2014 £ | Total Funds 2013 £ |
|---|------|-----------------------|-------------------------|--------------------------|--------------------------|
| Surplus/(deficit) on income and expenditure account | | - | 753,141 | 753,141 | 666,083 |
| Unspent endowment fund income | | (47,361) | - | (47,361) | 43,009 |
| Increase/(decrease) in market value of investments: | | | | | |
| Investment portfolio | 10 | 1,448,135 | 1,404,051 | 2,852,186 | 4,057,255 |
| Investment properties | 10 | - | 4,487,500 | 4,487,500 | 1,375,750 |
| Surplus of transfer of investment properties | 10 | | | | - |
| Release of unapplied total return | | (143,954) | (375,655) | (519,609) | (438,551) |
| Surplus on sale of investment properties | | - | - | - | - |
| Surplus on sale of operational properties | | | | | - |
| Movement through Deferred Capital | 18 | | - | - | (3,406,636) |
| Increase/(decrease) in assets under construction b/f | 20 | | - | - | (10,035) |
| New endowments | 19 | 2,284,390 | - | 2,284,390 | 2,479,729 |
| Actuarial (loss)/gain in respect of pension schemes | 17 | - | (451,435) | (451,435) | (364,488) |
| Total recognised gains/(losses) relating to the year | | <u>3,541,210</u> | <u>5,817,602</u> | <u>9,358,812</u> | <u>4,402,116</u> |
| Reconciliation | | | | | |
| Opening reserves and endowments | | 23,060,939 | 162,924,393 | 185,985,332 | 181,583,216 |
| Total recognised gains/(losses) for the year | | 3,541,210 | 5,817,602 | 9,358,812 | 4,402,116 |
| Closing reserves and endowments | | <u>26,602,149</u> | <u>168,742,387</u> | <u>195,344,536</u> | <u>185,985,332</u> |

The notes on pages 23 to 44 form part of these accounts.



Consolidated Balance Sheet
As at 30 June 2014

| | Note | 2014 £ | 2013 £ | | |
|--|------|-----------------------------------|-------------------------------------|-----------------------------|-----------------------------|
| Fixed Assets | | | | | |
| Tangible Assets | 9 | 119,427,508 | 120,104,786 | | |
| Investments | 10 | <u>10,344,956</u> | <u>9,763,189</u> | | |
| | | <u>129,772,464</u> | <u>129,867,975</u> | | |
| Endowment Assets | 11 | 79,564,978 | 71,106,640 | | |
| Current Assets | | | | | |
| Stock | 12 | 171,064 | 142,333 | | |
| Debtors | 13 | 1,079,743 | 984,136 | | |
| Cash | 14 | <u>9,024,211</u> | <u>2,323,080</u> | | |
| | | <u>10,275,018</u> | <u>3,449,549</u> | | |
| Creditors: amounts falling due within one year | 15 | (2,314,181) | (1,948,123) | | |
| Net Current Assets | | <u>7,960,837</u> | <u>1,501,426</u> | | |
| Creditors: amounts falling due after more than one year | 16 | (8,110,450) | (3,134,258) | | |
| Net Assets excluding Pension Asset/(Liability) | | <u>209,187,829</u> | <u>199,341,783</u> | | |
| Pension Asset/(Liability) | 17 | (1,129,056) | (727,525) | | |
| Net Assets including Pension Asset/(Liability) | | <u>208,058,773</u> | <u>198,614,258</u> | | |
| Capital and Reserves | | | | | |
| | | Restricted Funds £ | Unrestricted Funds £ | 2014 Total £ | 2013 Total £ |
| Deferred Capital Grants | 18 | <u>-</u> | <u>12,714,237</u> | <u>12,714,237</u> | <u>12,628,926</u> |
| Endowments | | | | | |
| Expendable endowments | 19 | 2,874,109 | - | 2,874,109 | 2,634,258 |
| Permanent endowments | 19 | <u>23,737,884</u> | <u>52,952,984</u> | <u>76,690,868</u> | <u>68,472,382</u> |
| | 19 | <u>26,611,993</u> | <u>52,952,984</u> | <u>79,564,977</u> | <u>71,106,640</u> |
| Reserves | | | | | |
| General reserves excluding pension reserve | 20 | - | 116,908,615 | 116,908,615 | 115,606,217 |
| Pension reserve | 20 | - | <u>(1,129,056)</u> | <u>(1,129,056)</u> | <u>(727,525)</u> |
| | 20 | - | <u>115,779,559</u> | <u>115,779,559</u> | <u>114,878,692</u> |
| | | <u>26,611,993</u> | <u>168,732,543</u> | <u>195,344,536</u> | <u>185,985,332</u> |
| Total | | <u>26,611,993</u> | <u>181,446,780</u> | <u>208,058,773</u> | <u>198,614,258</u> |

These financial statements were approved by the trustees on 24 November 2014 and are signed on their behalf by:

T Harvey-Samuel
Bursar

The notes on pages 23 to 44 form part of these accounts.

Corpus Christi College, Cambridge



Consolidated Cash Flow Statement For the year ended 30 June 2014

| | | 2014 £ | 2013 £ |
|---|----|-------------------------|-------------------------|
| Net cash outflow from operating activities | 21 | (1,052,685) | (116,302) |
| Returns on investments and servicing of finance | 22 | 2,483,904 | 2,353,094 |
| Capital expenditure and financial investment | 22 | (2,082,044) | (1,107,438) |
| Contribution to Colleges Fund | | (51,000) | (52,000) |
| Increase/(Decrease) in cash in the year | | <u>(701,825)</u> | <u>1,077,354</u> |
| Reconciliation in Net Cash Flow to Movement in Net Funds | | | |
| Increase/(Decrease) in cash in the year | | 1,700,354 | 2,473,054 |
| Other loans advanced in year | | 5,000,000 | - |
| Increase in cash held at investment managers | | (1,054,632) | (1,395,699) |
| Movement in net funds in the year | | <u>5,645,723</u> | <u>1,077,354</u> |
| Net Funds at beginning of year | | 3,457,538 | 2,380,184 |
| Net Funds at end of year | 23 | <u><u>9,103,261</u></u> | <u><u>3,457,538</u></u> |

The notes on pages 23 to 44 form part of these accounts.



Notes to the Accounts
For the year ended 30 June 2014

1 Academic Fees and Charges

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| College fees: | | |
| Fee income paid on behalf of undergraduates at the Publicly-funded Undergraduate rate (per capita fee £4,500 or £4,068) (2013: £4,500 or £3,951) | 1,009,620 | 983,653 |
| Privately-funded Undergraduate fee income (per capita fee £6,483) (2013: £6,116) | 197,865 | 185,520 |
| Fee income received at the Graduate fee rate (per capita fee £2,424) (2013: £2,349) | 484,443 | 418,127 |
| Other fee income | 6,740 | 10,233 |
| | <u>1,698,668</u> | <u>1,597,533</u> |
| Total | <u>1,698,668</u> | <u>1,597,533</u> |

2 Income from Residences, Catering and Conferences

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Residential Accommodation: College Members | 1,811,724 | 1,575,120 |
| Conferences | 669,364 | 516,897 |
| Catering: College Members | 891,791 | 825,347 |
| Conferences | 429,783 | 325,843 |
| | <u>3,802,662</u> | <u>3,243,207</u> |
| Total | <u>3,802,662</u> | <u>3,243,207</u> |

3 Endowment and Investment Income

3a Analysis

| | Total | Total |
|---|------------------|------------------|
| | 2014 | 2013 |
| | £ | £ |
| Total return contribution (see Note 3b) | 3,003,513 | 2,791,645 |
| Other interest receivable | - | - |
| | <u>3,003,513</u> | <u>2,791,645</u> |
| Total | <u>3,003,513</u> | <u>2,791,645</u> |



Notes to the Accounts
For the year ended 30 June 2014

3b Summary of Total Return

| | 2014 £ | 2013 £ |
|---|--------------------------|--------------------------|
| Income from: | | |
| Investment portfolio and investment properties | 2,449,782 | 2,371,218 |
| Gains/(losses) on endowment assets: | | |
| Investment portfolio and investment properties | 7,339,686 | 5,433,006 |
| Realised gains on investment properties | - | - |
| Investment management costs | (137,482) | (135,251) |
| Total return for year | <u>9,651,986</u> | <u>7,668,973</u> |
| Total return transferred to Income and Expenditure Account (see note 3a) | (3,003,513) | (2,791,645) |
| Unapplied total return for year included within Statement of Total Recognised Gains and Losses | 6,648,473 | 4,877,328 |
| Unapplied Total Return at beginning of year | 52,319,400 | 47,442,072 |
| Unapplied Total Return at end of year | <u><u>58,967,872</u></u> | <u><u>52,319,400</u></u> |

4 Donations

| | 2014 £ | 2013 £ |
|--|-------------------------|-------------------------|
| Unrestricted donations | 283,159 | 794,872 |
| Restricted donations | 450,000 | 9,702 |
| | <u>733,159</u> | <u>804,574</u> |
| Release from deferred capital grants (see note 18) | 438,369 | 437,847 |
| Total | <u><u>1,171,528</u></u> | <u><u>1,242,421</u></u> |

5 Education Expenditure

| | 2014 £ | 2013 £ |
|------------------------------|-------------------------|-------------------------|
| Teaching | 1,194,673 | 1,163,496 |
| Tutorial | 507,309 | 470,963 |
| Admissions | 175,229 | 174,796 |
| Research | 238,241 | 228,865 |
| Scholarships and Awards | 390,007 | 381,637 |
| Other Educational Facilities | 742,021 | 710,413 |
| Total (note 8) | <u><u>3,247,480</u></u> | <u><u>3,130,170</u></u> |



Notes to the Accounts
For the year ended 30 June 2014

6 Residences, Catering and Conferences Expenditure

| | | 2014 £ | 2013 £ |
|----------------------------|-----------------|------------------|------------------|
| Residential Accommodation: | College Members | 2,833,634 | 2,911,050 |
| | Conferences | 697,948 | 636,868 |
| Catering: | College Members | 1,010,276 | 957,658 |
| | Conferences | 324,590 | 251,228 |
| Total | | <u>4,866,448</u> | <u>4,756,804</u> |

7 Analysis of Expenditure by Activity

7a Analysis of 2013/14 Expenditure by Activity

| | Staff Costs (note 8) £ | Other Operating Expenses £ | Depreciation £ | Total £ |
|--|------------------------------|-------------------------------------|-------------------|------------------|
| Education (note 5) | 1,599,602 | 1,258,860 | 389,018 | 3,247,480 |
| Residences, Catering and Conferences (note 6) | 1,757,380 | 1,826,187 | 1,282,881 | 4,866,448 |
| Other | 98,338 | 987,966 | - | 1,086,304 |
| | <u>3,455,320</u> | <u>4,073,013</u> | <u>1,671,899</u> | <u>9,200,232</u> |

Expenditure includes fundraising costs of £200,830. This expenditure includes the costs of alumni relations.

7b Analysis of 2012/13 Expenditure by Activity

| | Staff Costs (note 8) £ | Other Operating Expenses £ | Depreciation £ | Total £ |
|--|------------------------------|-------------------------------------|-------------------|------------------|
| Education (note 5) | 1,778,073 | 86,729 | 1,265,368 | 3,130,170 |
| Residences, Catering and Conferences (note 6) | 1,252,851 | 3,066,106 | 437,847 | 4,756,804 |
| Other (note 7) | - | 484,555 | - | 484,555 |
| | <u>3,148,771</u> | <u>3,957,390</u> | <u>1,265,368</u> | <u>8,371,529</u> |

Expenditure includes fundraising costs of £216,006. This expenditure includes the costs of alumni relations.



Notes to the Accounts
For the year ended 30 June 2014

7c Auditors' remuneration

| | 2014 £ | 2013 £ |
|---|---------------|---------------|
| Other operating expenses include: | | |
| Audit fees payable to the College's external auditors | 16,400 | 27,000 |
| | <u>16,400</u> | <u>27,000</u> |

8 Staff Costs

| | College Fellows £ | Non- Academic £ | Total 2014 £ | Total 2013 £ |
|-----------------------|-------------------------|-----------------------|--------------------|--------------------|
| Staff Costs | | | | |
| Emoluments | 941,339 | 2,068,032 | 3,009,371 | 2,710,387 |
| Social Security Costs | 56,525 | 147,624 | 204,149 | 187,237 |
| Other Pension Costs | 88,180 | 153,620 | 241,800 | 251,147 |
| | <u>1,086,044</u> | <u>2,369,276</u> | <u>3,455,320</u> | <u>3,148,771</u> |

**Average Staff Numbers
(Full-time Staff Equivalents)**

| | | |
|--------------|------------|------------|
| Academic | 57 | 52 |
| Non-Academic | 88 | 87 |
| Total | <u>145</u> | <u>139</u> |

The Governing Body comprises 53 Fellows, of which the 24 declared above are stipendiary.

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

During the year, emoluments paid to trustees in their capacity as College Fellows was £1,086,044 (2013: £1,068,557). The trustees receive no emoluments in their capacity as trustees of the College.



Notes to the Accounts
For the year ended 30 June 2014

9 Fixed Assets

9a Tangible Fixed Assets

Group and College

| | Freehold Land & Buildings £ | Fixtures & Fittings £ | Assets Under Construction £ | 2014 Total £ | 2013 Total £ |
|--------------------------|--------------------------------------|-----------------------------|--------------------------------------|--------------------|--------------------|
| Cost or valuation | | | | | |
| At beginning of year | 131,769,395 | 3,494,953 | - | 135,264,348 | 134,068,048 |
| Additions | 470,942 | - | 523,680 | 994,622 | 1,196,300 |
| Transfers | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At end of year | <u>132,240,337</u> | <u>3,494,953</u> | <u>-</u> | <u>136,258,970</u> | <u>135,264,348</u> |
| Depreciation | | | | | |
| At beginning of year | 13,210,067 | 1,949,495 | - | 15,159,562 | 13,456,347 |
| Charge for the Year | 1,322,404 | 349,495 | - | 1,671,929 | 1,703,215 |
| Eliminated on disposals | - | - | - | - | - |
| At end of year | <u>14,532,471</u> | <u>2,298,990</u> | <u>-</u> | <u>16,831,461</u> | <u>15,159,562</u> |
| Net Book value | | | | | |
| At end of year | <u>117,707,866</u> | <u>1,195,963</u> | <u>523,680</u> | <u>119,427,508</u> | <u>120,104,786</u> |
| At beginning of year | <u>118,559,328</u> | <u>1,545,458</u> | <u>-</u> | <u>120,104,786</u> | <u>120,611,701</u> |

The insured value of freehold Land and Buildings at 30 June 2014 was £169,017,070 (2013: £165,208,510).

The cost to the group of freehold buildings and assets in construction consists of the costs incurred by the College less the amount gift added as recorded in the accounts of Corpus Developments Ltd, a subsidiary undertaking, and eliminated on consolidation.



Notes to the Accounts
For the year ended 30 June 2014

9 Tangible fixed assets (continued)

Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. Most of these are housed within the main College building and archive library, those items not on general display can be accessed by the wider public by prior arrangement. On occasion, objects may be loaned to other institutions for public display.

The objects within College care are preserved, conserved and managed in accordance with recognised national standards. The College acquires heritage assets principally through donation. Depending on restrictions and subject to the approval of the Trustees, the College may dispose of objects held.

As stated in the Statement of Principal Accounting Policies, heritage assets acquired since 1 July 1999 are capitalised. Currently, all of the assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result, no heritage assets have been included in the Balance Sheet.

10 Investments

| Group and College | 2014 £ | 2013 £ |
|--|-------------------|-------------------|
| Balance at beginning of year | 78,235,571 | 71,992,173 |
| Additions | 8,421,923 | 8,759,009 |
| Disposals | (5,643,064) | (6,052,917) |
| Appreciation | 7,339,686 | 5,433,005 |
| (Decrease)/increase in cash balances held at fund managers | (1,054,632) | (1,895,699) |
| Balance at end of year | <u>87,299,484</u> | <u>78,235,571</u> |
| Represented by: | 2014 £ | 2013 £ |
| Property | 41,298,500 | 36,828,000 |
| Quoted Securities | 45,921,157 | 40,273,112 |
| Cash in hand and at investment managers | 79,827 | 1,134,459 |
| Debtor | - | - |
| Total | <u>87,299,484</u> | <u>78,235,571</u> |
| Represented on the balance sheet as: | | |
| Endowment assets (note 11) | 76,954,528 | 68,472,382 |
| Other | <u>10,344,956</u> | <u>9,763,189</u> |
| Total | <u>87,299,484</u> | <u>78,235,571</u> |

Investments held by the College also include an additional £1 (2013: £1) investment in the College's wholly owned subsidiary undertaking, Corpus Developments Ltd (see note 27).



Notes to the Accounts
For the year ended 30 June 2014

11 Endowment Assets

| Group and College | 2014 £ | 2013 £ |
|---|--------------------------|--------------------------|
| Long term investments: | | |
| Property | 41,298,500 | 36,828,000 |
| Quoted securities | 35,576,201 | 30,509,923 |
| Cash in hand and at investment managers | 79,827 | 1,134,459 |
| Debtors | - | - |
| Total Long term investments (note 10) | <u>76,954,528</u> | <u>68,472,382</u> |
| Loans to General Reserves (note 16) | 2,610,450 | 2,634,258 |
| Total | <u><u>79,564,978</u></u> | <u><u>71,106,640</u></u> |

12 Stocks and work in progress

| | Group 2014 £ | Group 2013 £ |
|-------------------|-----------------------------|-----------------------------|
| Goods for resale: | | |
| Catering | 15,213 | 16,964 |
| Fellows Wine | 155,851 | 125,369 |
| Total | <u>171,064</u> | <u>142,333</u> |

13 Debtors

| | Group 2014 £ | Group 2013 £ |
|--------------------------------|-----------------------------|-----------------------------|
| Members of the College | 22,974 | 20,006 |
| Rents | 252,421 | 303,555 |
| Prepayments and accrued income | 341,738 | 328,215 |
| Other debtors | 462,610 | 332,360 |
| Total | <u>1,079,743</u> | <u>984,136</u> |

14 Cash and bank balances

| | Group 2014 £ | Group 2013 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Short-term money market investments | 7,218,458 | - |
| Bank deposits | 1,804,976 | 2,322,683 |
| Cash in hand | 777 | 397 |
| Total | <u>9,024,211</u> | <u>2,323,080</u> |



Notes to the Accounts
For the year ended 30 June 2014

15 Creditors: amounts falling due within one year

| | Group 2014 £ | Group 2013 £ |
|-------------------------------|--------------------|--------------------|
| Bank overdraft | - | - |
| Trade creditors | 682,786 | 425,185 |
| Members of the College | 79,904 | 68,615 |
| University Fees | 26,704 | 10,009 |
| Contribution to Colleges fund | 51,000 | 52,000 |
| Other creditors | 683,773 | 581,491 |
| Accruals and deferred income | 790,014 | 810,823 |
| Total | <u>2,314,181</u> | <u>1,948,123</u> |

16 Creditors: amount falling due after one year

| | Group 2014 £ | College 2013 £ |
|----------------------------|--------------------|----------------------|
| Loans from Endowment funds | 2,610,450 | 2,634,258 |
| Other loans | 5,000,000 | |
| Bank loan | 500,000 | 500,000 |
| Total | <u>8,110,450</u> | <u>3,134,258</u> |

A bank loan (500k) was advanced to the College on 15 February 2012 and is repayable in full on 15 February 2017. Interest is payable on the balance of the loan at a rate of 2.75%pa. The loan is unsecured.

During 2013-14, the College has borrowed from institutional investors, collectively with other Colleges, the College's share being £5 million. The loans are unsecured and repayable during the period 2043-2053 and are at fixed interest rates of c4.4%. The College has agreed a financial covenant of ratio of Borrowings to Net Assets, and has been in compliance with the covenant at all times since incurring the debt.

17 Pension liabilities – Cambridge Colleges Federated Pension Scheme

| Group and College | 2014 £ | 2013 £ |
|--|--------------------|------------------|
| Balance at beginning of year | (727,525) | (396,271) |
| Movement in year: | | |
| Current service cost including life assurance | (18,584) | (15,078) |
| Contributions | 14,697 | 18,682 |
| Other finance income/(cost) | 53,791 | 29,630 |
| Actuarial (loss)/gain recognised in Statement of Total Recognised Gains and Losses | (451,435) | (364,488) |
| Balance at end of year | <u>(1,129,056)</u> | <u>(727,525)</u> |

For full pension details refer to Note 26



Notes to the Accounts
For the year ended 30 June 2014

18 Deferred capital grants

| | 2014 £ | 2013 £ |
|--|-------------------|-------------------|
| Balance at beginning of year | 12,628,926 | 9,222,290 |
| Donations received | - | 760,445 |
| Transfers | 523,680 | 3,084,038 |
| Released to income and expenditure account | (438,369) | (437,847) |
| | <hr/> | <hr/> |
| Balance at end of year | <u>12,714,237</u> | <u>12,628,926</u> |

Deferred capital grants represent donations received towards major building projects which are released to the Income and Expenditure Account according to the accounting policy stated in these financial statements.



Notes to the Accounts
For the year ended 30 June 2014

19 Endowments

Group and College

| | Unrestricted Permanent £ | Restricted Permanent £ | Total Permanent £ | Restricted Expendable £ | 2014 Total £ | 2013 Total £ |
|---|--------------------------------|------------------------------|-------------------------|-------------------------------|--------------------|--------------------|
| Balance at beginning of year | | | | | | |
| Capital | 48,045,701 | 20,426,680 | 68,472,381 | 9,844 | 64,482,225 | 62,398,972 |
| Unspent Income | - | - | - | 2,624,415 | 2,624,415 | 2,144,260 |
| Reclassification of funds | - | - | - | 9,844 | 9,844 | - |
| | <u>48,045,701</u> | <u>20,426,680</u> | <u>68,472,381</u> | <u>2,644,103</u> | <u>71,116,484</u> | <u>64,543,232</u> |
| Income receivable from endowment asset investments | - | - | - | 1,187,565 | 1,187,565 | 671,716 |
| Expenditure | - | - | - | (1,234,926) | (1,234,926) | (628,707) |
| Unspent endowment fund income | - | - | - | (47,361) | (47,361) | 43,009 |
| New endowments received | - | 2,010,838 | 2,010,838 | 273,552 | 2,284,390 | 2,479,729 |
| Surplus on sale of investment properties | - | - | - | - | - | - |
| Increase/(decrease) in market value of investments | 5,221,544 | 1,442,755 | 6,664,299 | 5,380 | 6,669,679 | 4,424,548 |
| Release on unapplied total return | (314,261) | (142,389) | (456,650) | (1,565) | (458,215) | (383,878) |
| Invested in unitised portfolio | - | - | - | - | - | - |
| Balance at end of year | <u>52,952,984</u> | <u>23,737,884</u> | <u>76,690,868</u> | <u>2,874,109</u> | <u>79,564,977</u> | <u>71,106,640</u> |
| Comprising: | | | | | | |
| Capital | 52,952,984 | 23,737,884 | 76,690,868 | 263,659 | 76,954,527 | 68,482,225 |
| Unspent Income | - | - | - | 2,610,450 | 2,610,450 | 2,624,415 |
| Balance at end of year | <u>52,952,984</u> | <u>23,737,884</u> | <u>76,690,868</u> | <u>2,874,109</u> | <u>79,564,977</u> | <u>71,106,640</u> |



Notes to the Accounts
For the year ended 30 June 2014

19 Endowments (continued)

| Representing: | Unrestricted Permanent £ | Restricted Permanent £ | Total Permanent £ | Restricted Expendable £ | 2014 Total £ | 2013 Total £ |
|--------------------|--------------------------------|------------------------------|-------------------------|-------------------------------|--------------------|--------------------|
| Fellowship Funds | - | 11,601,859 | 11,601,859 | 580,944 | 12,182,803 | 10,436,978 |
| Scholarship Funds | - | 4,642,704 | 4,642,704 | 555,605 | 5,198,308 | 3,841,347 |
| Prize Funds | - | 1,043,489 | 1,043,489 | 151,938 | 1,195,427 | 1,130,362 |
| Hardship Funds | - | 2,887,895 | 2,887,895 | 247,652 | 3,315,547 | 2,979,198 |
| Bursary Funds | - | 1,080,228 | 1,080,228 | 342,502 | 1,422,730 | 1,345,797 |
| Travel Grant Funds | - | 826,640 | 826,640 | 244,432 | 1,071,073 | 1,006,509 |
| Other Funds | - | 1,655,070 | 1,655,070 | 751,036 | 2,406,106 | 2,320,748 |
| Corporate Capital | 52,952,984 | - | 52,952,984 | - | 52,952,984 | 48,045,701 |
| General Endowments | - | - | - | - | - | - |
| College Total | <u>52,952,984</u> | <u>23,737,884</u> | <u>76,690,868</u> | <u>2,874,109</u> | <u>79,564,977</u> | <u>71,106,640</u> |



Notes to the Accounts
For the year ended 30 June 2014

20 Reserves

| Group and College | 2014 Total £ | 2013 Total £ |
|--|--------------------|--------------------|
| Balance at beginning of year | 114,878,692 | 117,039,983 |
| Reclassification of funds | (9,452) | |
| | <u>114,869,240</u> | <u>117,039,983</u> |
| Surplus retained for the year | 753,141 | 666,083 |
| Increase/(decrease) in market value of investments | 670,007 | 1,008,458 |
| Release of unapplied total return | (61,394) | (54,673) |
| Realised gain on disposal of operational property | - | - |
| Increase/(decrease) in assets under construction | - | (10,035) |
| Transfer funds to Deferred Capital | - | (3,084,038) |
| Increase/(decrease) in deferred capital for prior year | - | (322,598) |
| Actuarial gain/(loss) | (451,435) | (364,488) |
| Balance at end of year | <u>115,779,559</u> | <u>114,878,692</u> |

21 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

| | 2014 £ | 2013 £ |
|---|--------------------|--------------------|
| Operating surplus | 756,780 | 761,092 |
| Depreciation of tangible fixed assets | 1,671,899 | 1,703,215 |
| Deferred capital grants released to income | (438,369) | (437,847) |
| Movement in pension deficit | (451,435) | (364,488) |
| Interest Payable | 170,232 | - |
| Investment income | (3,003,513) | (2,791,645) |
| | <u>(1,294,406)</u> | <u>(1,129,673)</u> |
| Decrease/(increase) in stocks | (28,731) | (15,312) |
| (Increase)/decrease in debtors | (95,607) | (449,773) |
| Increase/(decrease) in creditors | 366,058 | 1,478,456 |
| Net cash (outflow) from operating activities | <u>(1,052,685)</u> | <u>(116,302)</u> |



Notes to the Accounts
For the year ended 30 June 2014

22 Cash flows

| | 2014 £ | 2013 £ |
|--|--------------------|--------------------|
| Returns on investments and servicing of finance | | |
| Income from investments | 3,003,513 | 2,791,645 |
| Release on unapplied total return | (519,609) | (438,551) |
| Net cash inflow from returns on income and servicing of finance | <u>2,483,904</u> | <u>2,353,094</u> |
| Capital transactions | | |
| New endowments received (note 19) | 2,284,390 | 2,479,729 |
| Donations for deferred capital grant (note 18) | - | 760,445 |
| Receipts from sale of investment assets | 5,050,111 | 5,607,697 |
| Receipts from sale of operational assets | - | - |
| Total capital receipts | <u>7,334,501</u> | <u>8,847,871</u> |
| Payments to acquire investments assets | (8,421,923) | (8,759,009) |
| Purchase of operational tangible fixed assets | (994,622) | (1,196,300) |
| Net cash outflow from capital expenditure and financial investment | <u>(2,082,044)</u> | <u>(1,107,438)</u> |

23 Analysis of cash and bank balances

| | At Beginning of year £ | Cash Flows £ | At end of year £ |
|-------------------------------------|---------------------------------|------------------|---------------------------|
| Bank loans advanced | 500,000 | 5,000,000 | 5,500,000 |
| Cash at bank and in hand | 1,823,080 | 1,700,354 | 3,523,434 |
| Cash balances held at fund managers | 1,134,458 | (1,054,632) | 79,827 |
| Net Funds | <u>3,457,538</u> | <u>5,645,723</u> | <u>9,103,261</u> |

24 Capital commitments

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Capital commitments at 30 June 2014 are as follows | | |
| Authorised and contracted | - | - |
| Authorised but not yet contracted for | - | - |

25 Other Financial Commitments

At 30 June 2014, the College had no annual commitments under non-cancellable operating leases.



26 Pension Scheme

The College participates in two defined benefit schemes, the Universities Superannuation Scheme (USS), and the Cambridge Colleges' Federation Pension Scheme (CCFPS). The total pension cost for the year ended 30 June 2014 was as follows:

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| USS: Contributions | 199,589 | 233,768 |
| CCFPS: Charged to income and expenditure account | 16,637 | 18,682 |
| | 216,226 | 252,450 |

University 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 appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, the actuary carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

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

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

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



26 Pension Scheme (continued)

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

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

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

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

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

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

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

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

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries. Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.



26 Pension Scheme (continued)

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

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

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

Flexible Retirement: Flexible retirement options were introduced.

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

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

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

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

At 31 March 2014, USS had over 162,000 active members and the College had 58 active members participating in the scheme. The contribution rate payable by the College was 16% of pensionable salaries.



26 Pension Scheme (continued)

Cambridge Colleges' Federated Pension Scheme

The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation is being undertaken as at 31 March 2014 and updated to 30 June 2014 by a qualified independent Actuary.

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

| | 2014 %pa | 2013 %pa |
|--|---------------------------|---------------------------|
| Discount rate | 4.2 | 4.6 |
| Expected long-term rate of return on Scheme assets | 6.2 | 6.2 |
| Increase in salaries | 2.8** | 2.8* |
| Retail Price Index (RPI) assumption | 3.3 | 3.3 |
| Consumer Price Index (CPI) assumption | 2.3 | 2.3 |
| Pension increases (RPI linked) | 3.3 | 3.3 |

* 1.5% in 2013; 2.8% thereafter

** 1.5% in 2014 to 20156; 2.8% thereafter

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 2013 projection and a target long-term improvement rate of 1% p.a.(2013; S1 tables and an allowance for improvements using the 2012 projection table with a long term improvement rate of 0.75%p.a.). This results in the following life expectancies:

- Male aged 65 now has a life expectancy of 22.3 years (previously 22 years)
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 years (previously 25.3 years)

Employee Benefit Obligations

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

| | 2014 £ | 2013 £ |
|--------------------------------------|-------------------------|-------------------------|
| Present values of Scheme liabilities | (6,808,249) | (6,401,266) |
| Market value of Scheme assets | 5,679,193 | 5,673,741 |
| (Deficit)/surplus in the Scheme | (1,129,056) | (725,525) |

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



26 Pension Scheme (continued)

| | 2014 £ | 2013 £ |
|----------------------------------|-----------------|------------------|
| Current service cost | 18,584 | 15,078 |
| Interest on Scheme liabilities | 287,150 | 261,385 |
| Expected return on Scheme assets | (340,941) | (291,015) |
| Total | <u>(35,207)</u> | <u>(14,552)</u> |
| | | |
| Actual return on Scheme assets | <u>332,403</u> | <u>(614,101)</u> |

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

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Present value of Scheme liabilities at the beginning of the period | 6,401,266 | 5,664,045 |
| Service cost (including Employee contributions) | 30,979 | 35,240 |
| Interest cost | 287,150 | 261,385 |
| Actuarial losses/(gains) | 442,897 | 687,574 |
| Benefits paid | (354,043) | (246,978) |
| Present value of Scheme liabilities at the end of the period | <u>6,808,249</u> | <u>6,401,266</u> |

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

| | 2014 £ | 2013 £ |
|---|------------------|------------------|
| Present value of Scheme assets at the beginning of the period | 5,673,741 | 5,267,774 |
| Expected return | 340,941 | 291,015 |
| Actuarial (losses)/gains | (8,538) | 323,086 |
| Contributions paid by the College | 14,697 | 18,682 |
| Employee contributions | 12,395 | 20,162 |
| Benefits paid | (354,043) | (246,978) |
| Market value of Scheme assets at the end of the period | <u>5,679,193</u> | <u>5,673,741</u> |

The agreed contributions to be paid by the College for the forthcoming year are 7.05% of Contribution Pay plus £10,812 p.a. to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

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

| | 2014 | 2013 |
|--------------------------|-------------|-------------|
| Equities and Hedge Funds | 70% | 68% |
| Property | 23% | 24% |
| Bonds and cash | 7% | 8% |
| Total | <u>100%</u> | <u>100%</u> |



26 Pension Scheme (continued)

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

Analysis of amount recognisable in the Statement of Total Recognised Gains and Losses (STRGL) for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

| | 2014 | 2013 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Actual return less expected return on Scheme assets | (8,538) | 323,86 |
| Experience gains and losses arising on Scheme liabilities | (31,759) | (873) |
| Changes in assumptions underlying the present value of Scheme liabilities | <u>(411,138)</u> | <u>(686,701)</u> |
| Actuarial (loss)/gain recognised in STRGL | <u><u>(451,435)</u></u> | <u><u>(364,488)</u></u> |

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

| | 2014 | 2013 |
|---|---------------------------|---------------------------|
| | £ | £ |
| Cumulative actuarial gain/(loss) at beginning of period | (1,825,415) | (1,460,927) |
| Recognised during the period | (451,435) | (364,488) |
| Cumulative actuarial (loss) at end of period | <u><u>(2,276,850)</u></u> | <u><u>(1,825,415)</u></u> |

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

| | 2014 | 2013 |
|---|---------------------------|-------------------------|
| | £ | £ |
| (Deficit)/surplus in Scheme at beginning of year | (727,525) | (396,271) |
| Service cost (Employer Only) | (18,584) | (15,078) |
| Contributions paid by the College | 14,697 | 18,682 |
| Finance cost | 53,791 | 29,630 |
| Actuarial gain/(loss) | (451,435) | (364,488) |
| Surplus/(deficit) in Scheme at the end of the year | <u><u>(1,129,056)</u></u> | <u><u>(727,525)</u></u> |



26 Pension Scheme (continued)

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

| | 2014 £ | 2013 £ | 2012 £ | 2011 £ | 2010 £ |
|--|--------------------|------------------|------------------|----------------|-----------------|
| Present value of Scheme liabilities | (6,808,249) | (6,401,266) | (5,664,045) | (5,389,763) | (5,496,914) |
| Market value of Scheme assets | 5,679,193 | 5,673,741 | 5,267,774 | 6,127,127 | 5,485,904 |
| Surplus/(deficit) in the Scheme | (1,129,056) | (727,525) | (396,271) | 737,364 | (11,010) |
| Actual return less expected return on Scheme assets | (8,538) | 323,086 | (1,070,750) | 406,469 | 349,784 |
| Experience gain/(loss) arising on Scheme liabilities | (31,759) | (873) | (125,040) | 26,379 | 274,241 |
| Change in assumptions underlying present value of Scheme liabilities | (411,138) | (686,701) | (52,473) | 231,170 | (690,481) |

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| | Country of Incorporation and Operation | Cost £ |
|-------------------------|---|-------------------|
| Corpus Developments Ltd | United Kingdom | 1 |

28 Contingent Liabilities

The College participates in the Universities Superannuation Scheme (USS), with effect from 16 March 2007 USS positioned itself as a "last man standing" scheme so that in the event of an insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers

29 Related Party Transactions

Owing to the nature of the College's operations and the composition of its Governing Body, it is possible that transactions will take place with organisations in which a member of the College 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.