

ROBINSON COLLEGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

Robinson College

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Robinson College

College Details

Year ended 30 June 2014

Address

Robinson College
Grange Road
Cambridge
CB3 9AN

Registered Charity Number

1137494

Charity Trustees (Members of Council)

Prof A D Yates	Dr B J McCabe	Dr D Thom
Dr R A Beresford	Dr M E McDonald	Dr M D Shin
Dr G A C Jones	Dr S Trudgill	Dr E M Alves Da Silva (retired 30 September 2013)
Prof P Kornicki	Dr C D Warner	Dr A Markaki (retired 30 September 2013)
Dr W Nolan	Dr D A Woodman	Dr J R Thurlow (appointed 1 October 2013)
Mr R Reason	Dr P N Schofield	Dr B D Sloan (appointed 1 October 2013)

Senior Officers

Warden:	Prof A D Yates
Senior Tutor:	Dr W P Nolan
Bursar:	Mr R Reason

Principal Advisors:

Actuaries

Cartwright Group Ltd
Suite 7, 2nd Floor, The Hub
IQ Farnborough
Farnborough
Hampshire
GU14 7JP

Auditors

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

Bankers

Barclays Bank plc
PO Box 326
Bene't Street
Cambridge
CB2 3PZ

Investment Advisers

Credit Suisse (UK) Limited
5 Cabot Square
Canary Wharf
London
E14 4QR

UBS AG
1 Curzon Street
London
W1J5UB

Solicitors

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge
CB4 0DP

Mills & Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

Robinson College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

Introduction

Founded in 1977 as a place of religion, education, learning and research and named in memory of the benefactor, David Robinson, the College is a self-governing community of Fellows and scholars and one of the 31 Colleges of the University of Cambridge. The College funds its charitable objectives from academic fees, student residence and catering charges, income from conferences and investments, and from donations and legacies.

A College of Robinson's size requires a sizeable investment portfolio to support its charitable objects, maintain the estate and absorb the removal of public funding from the 2012 matriculands onwards without reducing the quality of the education it offers or its support of research. Being a young College it does not yet have this size of portfolio (as at 30th June investment assets amounted to £24.0 million). To address this the College has a clear strategy that inter-locks the three main drivers of investment growth being the return on its investments, fundraising and its operating result. The aim is to produce an operating result of zero before donations for the general use of the College but after fully providing for the replacement of buildings in operational use and to be cash flow positive before investment activity. This allows us to take a long-term view of investment assets (20 years) and to allocate investment capital to assets which are most likely to produce superior long-term returns. If the operating result is zero or above, all donations for general use release other income which can be added to the investment portfolio rather than being used to pay day-to-day expenses. This is a powerful message to alumni benefactors who benefitted from a brand-new set of College buildings and are concerned that enough capital is accumulated to replace them.

Public Benefit Statement

In accordance with its Statutes, the College's charitable purpose is to advance education, learning, research and religion through the provision of a College in the University of Cambridge.

The College provides, in conjunction with the University of Cambridge, an education which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics from abroad; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College maintains a Library, so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers.

The resident members of the College, both students and academic staff, are the primary beneficiaries and are directly engaged in education, learning or research.

However, beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities.

Robinson College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

In order to assist undergraduates entitled to Student Support, the College provides through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust, bursary support for those of limited financial means. That scheme is approved by the Office for Fair Access and provides benefits at a higher level than the minimum OFFA requirement.

To support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages.

In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship.

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to Robinson College, the College operates an outreach programme. This programme includes a programme of visits to schools, visits by schools to the College, open days, admissions symposia for teachers as well as guidance and information on the College website for prospective applicants.

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian faith and its implications for the individual and society. In particular, the College:

- Maintains and supports the Chapel as a place of religious worship and holds religious services both during the week and on Sundays during term, which are open to the general public and visitors.
- Maintains its outstanding choral tradition, which is integral to the provision of divine service in its Chapel, through the College's Choir which includes both Fellows and students of the College and students from other Colleges.
- Supports, through the College Chaplain, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none.
- The College Chaplain is an ordained priest from any church within the World Council of Churches.

Income and Expenditure

The adjusted operating result of the College improved in the year by £86,000. The underlying improvement was somewhat better as there were two substantial one-offs with professional fees being £35,000 higher year on year due to fees incurred on the £6 million private placement undertaken in the year (see note 18) and with an accelerated academic cost amounting to £65,000. Next year it is budgeted that the adjusted operating result will approach its target of zero.

	2014	2013
	£'000	£'000
Net reported deficit	(269)	(347)
Unrestricted donations	<u>(197)</u>	<u>(166)</u>
Operating deficit	(466)	(513)
FRS 17 pension cost adjustments	<u>153</u>	<u>114</u>
Adjusted operating deficit	<u>(313)</u>	<u>(399)</u>

Total income increased by 4.7% and expenditure by 3.0%. Income from fees was up 5.1% and from conferences 5.9%. Academic fee income received amounted to £2,349,000. The full costs of education were £3,663,000. The shortfall of £1,314,000 was found from the College's other income. Salary and wage costs of College Officers, College Teaching Officers and support staff amounted to £3,953,000 an increase of 4.2%, 1.7% of which is accounted for by one-off mentioned above.

Robinson College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

Investments

The year-end value of the portfolio was £24.0 million an increase of £4.9 million. The return on investment for the year was 9.2%. During the year a total of £3.6m was sent for investment. The College borrowed £6m from institutional investors (see note 18) of which £2m was placed in investments and £4m was held to fund construction of the Seminar Building. The balance was accounted for by new endowments and the College's fund grant.

The College's investments are overseen by an Investment Committee of 7, including three external members. Between meetings an Executive Committee of 2 external members, the Warden and the Finance Bursar are empowered to take decisions. Investments are held directly, with the University of Cambridge in its endowment fund and in client accounts at Credit Suisse and UBS. Cash holdings are diversified across multiple banks and held in liquid maturities. The College's investments are diversified across markets and asset classes. The College invests part of the endowment in illiquid assets as it believes that illiquidity premia are sometimes available in certain asset types: however it always keeps sufficient cash to meet any foreseeable immediate needs.

Cash and Cash Flow

The College accords a high priority to maintaining a strong cash position. Not only does this allow the College to take a long-term view in the asset allocation and management of its investment assets but those assets are unlikely to have to be sold to meet operational needs when markets are depressed. It also provides insurance against a downturn in our income and against contingencies.

As at 30th June the College held £6,541,000 of cash within current assets and £57,000 within the endowment. The College targets holding £2 million of cash in current assets, the rationale for which is outlined below. The very large surplus over this amount being held at 30 June is to cover the construction of the Seminar Building, a £5m project of which only £434k had been spent at the year end.

- (1) A sizeable proportion of the College's total forecast annual income for 2014-15 comes from the conference business. The variable costs directly associated with producing that income (food and bar supplies, temporary staff and promotion and marketing) are of the order of 35%. Whilst savings would undoubtedly also be made in housekeeping and catering and could be quite substantial if the College believed any downturn was permanent, that would take time to achieve, so prudence dictates that they are not factored into any calculation of a required cash reserve. Any loss of income feeds directly into the income and expenditure account and cash flow at a rate of about 65%. Assuming a worst-case shortfall of £400,000 a year for 2 years the College would require a cash buffer of £500,000 (being £800,000 at 65%).
- (2) The cash shown when the accounts are struck at 30th June is at the high point of considerable seasonality: the College expends £1 million more than it receives between July and the end of September. £1 million of cash is therefore held to fund this period of operation.
- (3) A substantial, unbudgeted, expenditure might have to be made on the buildings. Replacing the boilers would cost £500,000 for instance. £500,000 is therefore held as a contingency reserve.

Support Received

This year the College received £1,711,000 in donations as well as substantial support from other Colleges and endowments to aid its teaching and research activities. A total of £2,308,000 was received from all these sources.

The Warden, Fellows and Junior Members in Residence are grateful to the Members and Friends of the College who have helped it to fulfil its charitable objects.

Robinson College

Financial Report to the Council and Governing Body

Year ended 30 June 2014

Capital and Reserves

Capital and reserves increased by £2.1 million during the year to £74.7 million. The increase in the market value of investments of £0.8 million was completely offset by a £0.8 million decrease owing to a larger provision for pensions liabilities, largely driven by the fall in long-term interest rates.

Expenditure on maintenance and improvements amounted to £1,607,000. The Royal Institute of Chartered Surveyors recommends that a minimum of 1.5% of the insured value of the estate be spent on maintenance each year. With an insured value of £59.94 million the College faces routine annual expenditure on buildings of around £1.0 million a year.

Outlook

The College's financial position is sound, particularly for such a young institution. It is an unfortunate fact that the younger Colleges find it more difficult to attract Fellows and often have to devote a considerable portion of their scarce resources in paying for teaching in consequence. In addition upwards of 70% of donation income across the University is received from alumni aged 50 or more. Robinson's first cohort of undergraduates is only just reaching this age so its donation income is much lower than most other Colleges in Cambridge.

An integral part of a Cambridge education is being accommodated with your peer group in a College. This provides interdisciplinary educational advantages but comes at a cost to the College of maintaining and improving 555 undergraduate, graduate and Fellows rooms together with their associated teaching facilities. Nevertheless the College has substantial advantages: a location that is rapidly becoming the centre of the University, an integrated and modern set of buildings on one site, gorgeous gardens, a substantial conference business, outstanding catering and a friendly fellowship and staff.

A D Yates
Warden

R Reason
Bursar

Date:

Robinson College

Corporate Governance

Year Ended 30 June 2014

1. The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number 1137494) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Trustees are advised in carrying out its duties by the following Committees: academic expenses, admissions, archives, audit, bursaries, chapel, development, education, fellowship, finance, gardens, health and safety, investment, IT, joint liaison, library, membership, remuneration, financial assistance, tutorial, visual arts and website.
4. The principal officers of the College are the Warden, the Finance Bursar and the Senior Tutor.
5. It is the duty of the Audit Committee to advise the Trustees on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Trustees and Governing Body.
6. There are Registers of Interests of trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
7. The College's Trustees during the year ended 30 June 2014 are set out on page 1.

Statement of Internal Control

Year Ended 30 June 2014

1. The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Council and Governing Body are responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2014 and up to the date of approval of the financial statements.

Robinson College

Statement of Responsibilities of the College's Charity Trustees

Year Ended 30 June 2014

The Council in conjunction with the Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing those financial statements the Council in conjunction with the Governing Body is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Council in conjunction with the Governing body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements of Robinson College for the year ended 30 June 2013 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, 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 Council and Governing Body, as a body, in accordance with the College's Statutes and the Statutes of the University of Cambridge and with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Council and 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and Governing Body and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the Council and Governing Body 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 College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial information and non-financial information in the Trustee's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 June 2014 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011 the College's Statutes and the Statutes of the University of Cambridge;
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Robinson College

Independent Auditors' Report to the Council and Governing Body of Robinson College (*continued*)

Year Ended 30 June 2014

Matters on which we are required to report by exception

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

- the information given in the Governing Body 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

CAMBRIDGE

Date:

Robinson College

Statement of Principal Accounting Policies

Year Ended 30 June 2014

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The 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 9.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 12. Intra-group balances are eliminated on consolidation.

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

a) 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.

b) 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.

c) 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.

d) Other income

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

e) Endowment and investment income

The College invests its investment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. The income crediting policy has been agreed by Council as 4% of the opening value of its investment assets. 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.

Robinson College

Statement of Principal Accounting Policies

Year Ended 30 June 2014

Pension schemes

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and 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 College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. 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, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

The College also operates defined contribution pension schemes and the pension charge represents the amounts payable by the College to the funds in respect of the year.

Tangible fixed assets

a) Freehold Land and Buildings

Freehold buildings have been restated at valuation with effect from 1st July 2011. They are valued on the basis of their depreciated replacement cost and the valuation was carried out by Savills, Chartered Surveyors in September 2012. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 70 years.

Freehold land is not depreciated and where purchased is stated at cost.

Where buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above.

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

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

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June and are depreciated when brought into use.

b) Maintenance of premises

The cost of major refurbishment and maintenance that restores value is capitalised and depreciated over the expected useful economic life of the asset concerned.

c) Furniture, fittings and equipment

Furniture, fittings, and equipment are capitalised at cost. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets, which are as follows:

Library books	15 years
Furniture and equipment	10 years
Catering equipment	10 years
Information Technology	4 years

These assets are assumed to be scrapped once they reach the end of their estimated useful lives. Therefore they are eliminated from the financial statements at this point.

d) Heritage assets

The College does not hold any assets that should be classed as heritage assets.

Robinson College

Statement of Principal Accounting Policies

Year Ended 30 June 2014

Investments and Endowment Assets

a) Securities

Securities are shown at their market value. Investment income is included when dividends and interest become payable. Interest on bank deposits is included as earned.

b) Works of art

Works of art are shown in the accounts at their insured value.

c) Subsidiary undertakings

The College's investment in its subsidiary undertakings is shown at cost less any provision for impairment in value.

d) Unlisted investments

Unlisted investments are stated at market value where possible otherwise at cost less any provision for permanent diminution in value.

e) Property

Investment properties are included at open market valuation. A formal valuation was carried out by Bidwells Estate Agents, as at 30 June 2014.

Stocks

Stocks are valued 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, 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.

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 unrestricted 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 the donated sum into income, the fund is classified as a restricted expendable endowment.

Taxation

The College is a registered charity (number 1137494) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Robinson College

Consolidated Income and Expenditure Account

Year Ended 30 June 2014

		2014 £000	2013 £000
Income	Note		
Academic fees and charges	1	2,349	2,235
Residence, catering and conferences	2	5,077	4,782
Endowment and investment income	3	794	816
Donations and grants	4	239	208
Other income	5	88	126
Total income		8,547	8,167
Expenditure			
Education	6	3,663	3,501
Residence, catering & conferences	7	4,433	4,304
Other expenditure	8	640	677
Total expenditure	9	8,736	8,482
(Deficit) on continuing operations before Contribution under Statute G, II		(189)	(315)
Contribution under Statute GII		-	-
(Deficit) on continuing operations after Contribution under Statute G, II		(189)	(315)
Expenditure financed by transfer from accumulated income in endowment funds		(80)	(32)
(Deficit) for the year retained within general reserves		(269)	(347)

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

Note of Historical Cost Surpluses and Deficits For the year ended 30 June 2014

	Note	2014 £000	2013 £000
(Deficit) on continuing operations		(189)	(315)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	22	525	524
Historical cost surplus for the year		336	209

The notes on pages 18 to 30 form part of these accounts

Robinson College**Consolidated Statement of Total Recognised Gains and Losses****Year Ended 30 June 2014**

	Note	Restricted Funds £000	Unrestricted Funds £000	2014 Total £000	2013 Total £000
(Deficit) on income and expenditure account		-	(269)	(269)	(347)
Unspent endowment fund income		80	-	80	32
Increase in market value of Investments		147	649	796	1,911
Net income receivable from securities investments		177	776	953	715
Endowment return transferred to I and E Account		(142)	(622)	(764)	(749)
Unrealised surplus on revaluation of fixed assets	22	-	-	-	87
Capital grant from Colleges Fund	21	-	597	597	509
Other new endowments	21	1,205	309	1,514	62
Transfers		376	(376)	-	
Actuarial (loss) in respect of pension scheme	19	-	(844)	(844)	(854)
Total Recognised gains relating to the year		<u>1,843</u>	<u>220</u>	<u>2,063</u>	<u>1,366</u>
Reconciliation					
Opening reserves and endowments		3,166	69,515	72,681	71,315
Total recognised gains for the year		1,843	220	2,063	1,366
Closing reserves and endowments		<u><u>5,009</u></u>	<u><u>69,735</u></u>	<u><u>74,744</u></u>	<u><u>72,681</u></u>

The notes on pages 18 to 30 form part of these accounts

Robinson College

Balance Sheet

As at 30 June 2014

	Note	Consolidated 2014 £000	College 2014 £000	Consolidated 2013 £000	College 2013 £000
Fixed assets					
Tangible assets	11	62,029	62,029	62,102	62,102
Investments	12	6,911	6,912	4,795	4,796
		<u>68,940</u>	<u>68,941</u>	<u>66,897</u>	<u>66,898</u>
Endowment assets	13	17,050	17,050	14,301	14,301
Current assets					
Stocks	14	95	95	106	106
Debtors	15	1,117	1,070	1,168	1,114
Cash	16	6,541	6,414	2,067	1,862
		<u>7,753</u>	<u>7,579</u>	<u>3,341</u>	<u>3,082</u>
Creditors: amounts falling due within one year	17	<u>(1,631)</u>	<u>(1,458)</u>	<u>(1,445)</u>	<u>(1,187)</u>
Net current assets		<u>6,122</u>	<u>6,121</u>	<u>1,896</u>	<u>1,895</u>
Total assets less current liabilities excluding pension liability		92,112	92,112	83,094	83,094
Creditors : amounts falling due in more than one year	18	<u>(10,000)</u>	<u>(10,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>
Net assets excluding pension liability		82,112	82,112	79,094	79,094
Pension liability	19	(4,570)	(4,570)	(3,573)	(3,573)
Net assets including pension liability		<u>77,542</u>	<u>77,542</u>	<u>75,521</u>	<u>75,521</u>
Represented by:					
		Restricted Funds £000	Unrestricted Funds £000	2014 Total £000	2013 Total £000
Deferred Capital Grants	20	2,798	-	2,798	2,840
Endowments					
Expendable endowments	21	2,517	-	2,517	1,370
Permanent endowments	21	2,492	12,041	14,533	12,931
		<u>5,009</u>	<u>12,041</u>	<u>17,050</u>	<u>14,301</u>
Reserves					
General reserves excluding pension reserve	22	-	27,089	27,089	26,253
Pension reserve	22	-	(4,570)	(4,570)	(3,573)
Operational property revaluation reserve	22	-	35,175	35,175	35,700
		<u>-</u>	<u>57,694</u>	<u>57,694</u>	<u>58,380</u>
Total Reserves and Endowments		<u>5,009</u>	<u>69,735</u>	<u>74,744</u>	<u>72,681</u>
Total Funds		<u>7,807</u>	<u>69,735</u>	<u>77,542</u>	<u>75,521</u>

The financial statements were approved by the Council and Governing Body on November 2014 and are signed on their behalf by:

**R Reason
Finance Bursar**

The notes on pages 18 to 30 form part of these accounts

Robinson College**Consolidated Cash Flow Statement****For the Year Ended 30 June 2014**

	Note	2014 £000	2013 £000
Net Cash Inflow from Operating Activities	24	708	473
Returns on Investments and Servicing of Finance	25	313	141
Capital Expenditure and Financial Investment	25	<u>(2,547)</u>	<u>(501)</u>
Cash (outflow)/inflow before financing		(1,526)	113
Financing			
Long term loan acquired	18	6,000	-
Increase in cash in year		<u>4,474</u>	<u>113</u>
Reconciliation of Net Cash Flow to Movement in net debt			
Increase in Cash in Year		4,474	113
Cash inflow from new loans		(6,000)	-
Net Debt at beginning of year		(1,933)	(2,046)
Net Debt at end of year	26	<u><u>(3,459)</u></u>	<u><u>(1,933)</u></u>

The notes on pages 18 to 30 form part of these accounts

Robinson College

Notes to the Accounts

For the Year Ended 30 June 2014

1. Academic Fees and Charges	2014 £000	2013 £000
College Fees:		
Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita fee £4,068 - £4,500)	1,587	1,470
Privately-funded Undergraduate Fee Income (per capita fee £6,450)	258	202
Fee Income received at the Graduate Fee rate (per capita fee £2,424)	254	233
Other fees	25	16
	2,124	1,921
Cambridge Bursaries Income	225	246
Other Grant Income	-	68
Total	2,349	2,235
2. Income from Residences, Catering and Conferences	2014 £000	2013 £000
Accommodation		
College members	2,741	2,568
Conferences	739	710
Catering		
College members	604	579
Conferences	993	925
Total	5,077	4,782
3. Endowment and Investment Income	2014 £000	2013 £000
3a. Analysis		
Income from:		
Total return contribution (note 3b)	764	749
Other interest receivable	30	67
Total	794	816
3b. Summary of Total Return	2014 £000	2013 £000
Income from:		
Land and Buildings	95	85
Quoted and other securities and cash	908	612
Loan to general reserve	-	87
Gains on Endowment assets:		
Quoted and other securities and cash	796	1,911
Investment management costs (note 3c)	(50)	(69)
Total Return for year	1,749	2,626
Total return transferred to income and expenditure account	(764)	(749)
Unapplied total return for the year included within statement of total recognised gains and losses (note 23)	985	1,877
3c. Investment Management Costs	2014 £000	2013 £000
Quoted securities and other investments	50	69

Robinson College

Notes to the Accounts

For the Year Ended 30 June 2014

4. Donations and Grants	2014 £000	2013 £000
Unrestricted donations	197	166
Released from deferred capital grants (note 20)	42	42
Total	<u>239</u>	<u>208</u>
5. Other Income	2014 £000	2013 £000
Miscellaneous income	88	126
Total	<u>88</u>	<u>126</u>
6. Education Expenditure	2014 £000	2013 £000
Teaching	2,171	2,143
Tutorial	595	586
Admissions	154	137
Research	207	172
Scholarships and awards	421	353
Other educational facilities	115	110
Total	<u>3,663</u>	<u>3,501</u>
7. Residences, Catering and Conferences Expenditure	2014 £000	2013 £000
Accommodation		
College members	1,593	1,551
Conferences	769	741
Catering		
College members	1,351	1,314
Conferences	720	698
Total	<u>4,433</u>	<u>4,304</u>
8. Other Expenditure	2014 £000	2013 £000
Expenditure of restricted funds	19	11
Academic	41	42
Administration	73	41
College Officers	77	97
Domestic Services	66	67
Loan Interest	247	290
Other	65	67
Net finance charge in respect of defined benefit pension scheme	52	62
Total	<u>640</u>	<u>677</u>

Robinson College

Notes to the Accounts

For the Year Ended 30 June 2014

9a. Analysis of 2013/14 Expenditure by Activity

	Staff costs (note 10) £000	Other operating expenses £000	Deprecia- tion £000	Total £000
Education	1,631	1,562	470	3,663
Residence, catering and conferences	2,107	1,753	573	4,433
Other	215	384	41	640
Total	<u>3,953</u>	<u>3,699</u>	<u>1,084</u>	<u>8,736</u>

Other expenditure includes fundraising costs of £159,420. This expenditure includes the costs of alumni relations.

9b. Analysis of 2012/13 Expenditure by Activity

	Staff costs (note 10) £000	Other operating expenses £000	Deprecia- tion £000	Total £000
Education	1,560	1,472	469	3,501
Residence, catering and conferences	2,022	1,710	572	4,304
Other	209	426	42	677
Total	<u>3,791</u>	<u>3,608</u>	<u>1,083</u>	<u>8,482</u>

Other expenditure includes fundraising costs of £158,872. This expenditure includes the costs of alumni relations.

9c. Auditors' remuneration

	2014 £000	2013 £000
Other operating expense include:		
Audit fees payable to the College's external auditors	20	18
Other fees payable to the College's external auditors	10	8

10. Staff

	College fellows £000	Non- academic £000	Total 2014 £000	Total 2013 £000
Staff costs:				
Emoluments	732	2,522	3,254	3,161
Social security costs	59	167	226	223
Other pension costs (note 28)	132	341	473	407
	<u>923</u>	<u>3,030</u>	<u>3,953</u>	<u>3,791</u>
	No	No	No	No
Average staff numbers (full time equivalent):				
Academic	82	-	82	84
Non-academic	-	97	97	97
	<u>82</u>	<u>97</u>	<u>179</u>	<u>181</u>

The Governing Body comprises of 82 fellows, of which 54 are stipendiary.

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

During the year emoluments paid to trustees in their capacity as College Fellows was:

	2014 £000	2013 £000
Aggregate Emoluments	<u>408</u>	<u>331</u>

The trustees receive no emoluments in their role as trustees of the Charity.

Robinson College

Notes to the Accounts

For the Year Ended 30 June 2014

11. Tangible Assets Consolidated and College

	Freehold Land £000	Freehold Buildings £000	Assets under Construction £000	Furniture Fittings and Equipment £000	Library Books £000	Total £000
Cost						
At beginning of year	4,685	57,911	-	2,026	335	64,957
Additions at cost	-	379	434	180	18	1,011
Disposals				(223)	(24)	(247)
At end of year	4,685	58,290	434	1,983	329	65,721
Depreciation						
At beginning of year	-	1,628	-	1,171	56	2,855
Charge for the year	-	832	-	230	22	1,084
Eliminated on disposal	-	-	-	(223)	(24)	(247)
At end of year	-	2,460	-	1,178	54	3,692
Net book value						
At end of year	<u>4,685</u>	<u>55,830</u>	<u>434</u>	<u>805</u>	<u>275</u>	<u>62,029</u>
At beginning of year	<u>4,685</u>	<u>56,283</u>	<u>-</u>	<u>855</u>	<u>279</u>	<u>62,102</u>

The insured value of freehold land and buildings as at 30 June 2014 was £59,940,000 (2013: £66,896,000).

Freehold buildings have been revalued with effect from 1 July 2011 on the basis of their depreciated replacement cost. The valuation in September 2012 was carried out by Savills, Chartered Surveyors.

12. Fixed Asset Investments Consolidated and College

	Consolidated 2014	College 2014	Consolidated 2013	College 2013
College Expendable Investments (note 13)	6,911	6,461	4,795	4,795
Investment in Subsidiary undertakings	-	451	-	1
	<u>6,911</u>	<u>6,912</u>	<u>4,795</u>	<u>4,796</u>

Subsidiary Undertakings

At 30 June 2014, Robinson College held an investment in the following companies:

Subsidiary Undertaking	Holding	Proportion of voting rights	Country of Incorporation	Nature of Business
Robinson College Enterprises Ltd	Ordinary	100%	United Kingdom	Provision of conference facilities
Robinson College Developments Ltd	Ordinary	100%	United Kingdom	Provision of development facilities
Robinson College Investments 1 Ltd	Ordinary	100%	United Kingdom	Investment activities

Notes to the Accounts

For the Year Ended 30 June 2014

13. Endowment Assets Consolidated and College	Consolidated 2014	College 2014	Consolidated 2013	College 2013
Balance at beginning of year	19,096	19,096	18,736	18,736
Additions	7,241	7,241	1,633	1,633
Disposal	(3,389)	(3,389)	(1,187)	(1,187)
Appreciation on revaluation	1,301	1,301	2,103	2,103
(Decrease) in cash balances held at fund managers	(288)	(288)	(14)	(14)
Movement in loan to general reserves	-	-	(2,175)	(2,175)
Balance at end of year	<u>23,961</u>	<u>23,961</u>	<u>19,096</u>	<u>19,096</u>
Represented by:				
Property	2,500	2,500	2,000	2,000
Quoted Securities/unit trusts/hedge funds	18,752	18,752	16,275	16,275
Cash with investment managers	57	57	345	345
Wine and works of art	503	503	476	476
Unlisted investments	2,149	1,699	-	-
Investment in subsidiary undertaking	-	450	-	-
	<u>23,961</u>	<u>23,961</u>	<u>19,096</u>	<u>19,096</u>
College Expendable Investments (note 12)	(6,911)	(6,461)	(4,795)	(4,795)
Investment in subsidiary undertaking	-	(450)	-	-
	<u>17,050</u>	<u>17,050</u>	<u>14,301</u>	<u>14,301</u>
14. Stocks	Consolidated 2014 £000	College 2014 £000	Consolidated 2013 £000	College 2013 £000
Goods for resale	<u>95</u>	<u>95</u>	<u>106</u>	<u>106</u>
15. Debtors	Consolidated 2014 £000	College 2014 £000	Consolidated 2013 £000	College 2013 £000
Long term debtors and loan	505	505	605	605
Members of the College	293	292	221	221
Amounts due from subsidiary undertakings	-	-	-	67
Other debtors	133	87	242	119
Prepayments	186	186	100	102
	<u>1,117</u>	<u>1,070</u>	<u>1,168</u>	<u>1,114</u>

Within amounts owed by long term debtors, £400,000 (2013: £500,000) is due after one year. Within amounts owed by Members of the College is £198,000 (2013: £120,000) that is due after one year.

Robinson College

Notes to the Accounts

Year Ended 30 June 2014

16. Cash	Consolidated	College	Consolidated	College
	2014	2014	2013	2013
	£000	£000	£000	£000
Bank deposits	516	516	1,661	1,661
Current accounts	6,008	5,881	384	179
Cash in hand	17	17	22	22
	<u>6,541</u>	<u>6,414</u>	<u>2,067</u>	<u>1,862</u>
17. Creditors: Amounts Falling Due within one year	Consolidated	College	Consolidated	College
	2014	2014	2013	2013
	£000	£000	£000	£000
Trade Creditors	582	212	466	208
Members of the College	18	18	19	19
Amounts owed to subsidiary company	-	197	-	-
University fees	-	-	4	4
Other creditors	847	847	851	851
Accruals & deferred income	184	184	105	105
	<u>1,631</u>	<u>1,458</u>	<u>1,445</u>	<u>1,187</u>
18. Creditors: Amounts Falling Due after more than one year	Consolidated	College	Consolidated	College
	2014	2014	2013	2013
	£000	£000	£000	£000
Long term bank loan	4,000	4,000	4,000	4,000
Other loan	6,000	6,000	-	-
	<u>10,000</u>	<u>10,000</u>	<u>4,000</u>	<u>4,000</u>

The long term bank loan is due for repayment in 2047 at a fixed interest rate of 5%.

During 2014 the College borrowed £6m from institutional investors in a private placement done collectively with other Colleges, although the College's loan is separate from those of the others. The loans are unsecured and repayable during the period 2043-2053 and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of borrowings to net assets, and has been in compliance with the covenant at all times since incurring the debt.

19. Pension Liability Group and College	2014	2013
	£000	£000
Balance at beginning of year	3,573	2,605
Movement in year:		
Current service cost	279	226
Contributions	(177)	(175)
Other finance cost	51	63
Actuarial loss recognised in the statement of total recognised gains and losses	844	854
Balance at end of year	<u>4,570</u>	<u>3,573</u>

Robinson College

Notes to the Accounts

Year Ended 30 June 2014

20. Deferred capital grants Group and College Buildings	Donations	2014	2013
		£000 Total	£000 Total
Balance at beginning of year	2,840	2,840	2,882
Released to income and expenditure account	(42)	(42)	(42)
Balances at end of year	<u>2,798</u>	<u>2,798</u>	<u>2,840</u>

21. Endowments Group and College	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2014 Total £000	2013 Total £000
	Capital	11,135	1,324	12,459	203	12,662
Unspent Income	-	472	472	1,167	1,639	1,607
	<u>11,135</u>	<u>1,796</u>	<u>12,931</u>	<u>1,370</u>	<u>14,301</u>	<u>13,419</u>
New endowments received	906	165	1,071	1,040	2,111	571
Income receivable from endowment asset investments	-	87	87	55	142	112
Expenditure	-	(44)	(44)	(18)	(62)	(80)
Net transfer (to)/from Income and expenditure account	-	43	43	37	80	32
Transfers	-	376	376	-	376	-
Increase in market value of investments	-	112	112	70	182	279
Balance at end of year	<u>12,041</u>	<u>2,492</u>	<u>14,533</u>	<u>2,517</u>	<u>17,050</u>	<u>14,301</u>
Comprising:						
Capital	12,041	1,601	13,642	1,313	14,955	12,662
Unspent Income	-	891	891	1,204	2,095	1,639
Balance at end of year	<u>12,041</u>	<u>2,492</u>	<u>14,533</u>	<u>2,517</u>	<u>17,050</u>	<u>14,301</u>
Representing						
Fellowship Funds	-	-	-	1,412	1,412	1,296
Scholarship Funds	-	842	842	1,083	1,925	345
Prize Funds	-	138	138	17	155	134
Hardship Funds	-	144	144	-	144	139
Other Funds	-	1,368	1,368	5	1,373	1,252
General Endowments	12,041	-	12,041	-	12,041	11,135
Group Total	<u>12,041</u>	<u>2,492</u>	<u>14,533</u>	<u>2,517</u>	<u>17,050</u>	<u>14,301</u>

Robinson College

Notes to the Accounts

Year Ended 30 June 2014

22. Reserves

Group and College	General reserves	Operational Property revaluation reserve	2014 Total	2013 Total
	£000	£000	£000	£000
Opening balance	22,680	35,700	58,380	57,896
Deficit retained for the year	(269)	-	(269)	(347)
Actuarial loss	(844)	-	(844)	(854)
Increase in market value of investments	803	-	803	1,598
Revaluation in year	-	-	-	87
Transfers	(376)	-	(376)	
Transfer in respect of depreciation on revalued operational property	525	(525)	-	-
Balance at end of year	<u>22,519</u>	<u>35,175</u>	<u>57,694</u>	<u>58,380</u>

23. Memorandum of Unapplied Total Return

	2014 £000	2013 £000
Included within the reserves the following amounts represent the Unapplied Total Return on the investments of the College:		
Unapplied total return at beginning of year	4,541	2,664
Unapplied total return for the year	985	1,877
Unapplied total return at end of year	<u>5,526</u>	<u>4,541</u>

24. Reconciliation of consolidated operating surplus to net cash outflow from operating activities

	2014 £000	2013 £000
(Deficit) on continuing operation	(189)	(315)
Depreciation of tangible fixed assets	1,084	1,083
Deferred capital grants released to income	(42)	(42)
Investment Income	(793)	(816)
Interest payable	247	290
Interest on loan to general reserves	-	87
Pension costs less contributions payable	153	114
Increase/(Decrease) in Stocks	11	(4)
Increase/(Decrease) in Debtors	51	(14)
Increase in Creditors	186	90
Net cash inflow from operating activities	<u>708</u>	<u>473</u>

25. Cash flows

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Endowment and investment income received	560	431
Interest paid	(247)	(290)
	<u>313</u>	<u>141</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,011)	(713)
Net purchase of long term investments	(3,647)	(359)
New endowments received	2,111	571
Net cash outflow from capital expenditure and financial investment	<u>(2,547)</u>	<u>(501)</u>

26. Analysis of changes in net debt

	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and in hand	2,067	4,474	6,541
Debts falling due after more than one year	(4,000)	(6,000)	(10,000)
Net Debt	<u>(1,933)</u>	<u>(1,526)</u>	<u>(3,459)</u>

27. Capital Commitments

At 30 June 2014 future capital expenditure authorised and committed amounted to £4,553,000 (2013: £330,000).

28. Pension Scheme

In addition to the defined contribution scheme for assistant staff 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 was as follows:

	2014 £000	2013 £000
USS: Contributions	158	156
CCFPS: Charged to income and expenditure account	277	226
Other pension schemes: Contributions	38	25
	<u>473</u>	<u>407</u>

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 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 2013 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.

28. 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 trustee has 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 the 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 in 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 lever 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 has been 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.

Since the valuation effective date 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 for 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.

28. Pension Scheme continued

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 institution had 70 active members participating in the scheme.

The contribution rate payable by the institution was 16% of pensionable salaries.

Cambridge Colleges Federation Pension Scheme

The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation was 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:

	30 June 2014	30 June 2013
	% p.a.	% p.a.
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
Pension increases (RPI linked with 5% pa Cap)	3.1	3.1

* 1.5% in 2013; 2.8% thereafter

** 1.5% in 2014 to 2016; 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 1.0% p.a. (2013: S1 tables and an allowance for 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 year (previously 22.0 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)

	Long term rate of return expected at 30/06/14	Value at 30/06/14 £'000	Long term rate of return expected at 30/06/13	Value at 30/06/13 £'000
Equities and Hedge Funds	7.0%	5,206	7.0%	4,869
Bonds & Cash	3.8%	1,710	4.0%	1,718
Property	6.0%	521	6.0%	573
Total		7,437		7,160

28. Pension Scheme continued

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised above:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Opening balances	(10,734)	(9,102)	7,161	6,497	(3,573)	(2,605)
Service cost	(290)	(240)	-	-	(290)	(240)
Employer contributions	-	-	177	175	177	175
Expected return on scheme assets	-	-	442	364	442	364
Contributions by members	-	-	11	14	11	14
Interest cost	(493)	(427)	-	-	(493)	(427)
Actuarial gains/(losses)	(836)	(1,262)	(8)	408	(844)	(854)
Benefits and expenses paid	346	297	(346)	(297)	-	-
Closing balances	<u>(12,007)</u>	<u>(10,734)</u>	<u>7,437</u>	<u>7,161</u>	<u>(4,570)</u>	<u>(3,573)</u>

The amounts recognised in the income and expenditure account are as follows:

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
In staff costs:		
Current service cost	279	226
	<u>279</u>	<u>226</u>
In other expenditure:		
Interest cost	493	427
Expected return on pension scheme assets	(442)	(364)
Net return	<u>51</u>	<u>63</u>
Actual return on pension scheme assets	<u>434</u>	<u>772</u>

The amounts recognised in the statement of total recognised gains and losses are as follows:

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Actual return less expected return on scheme assets	(8)	408
Experience gains and losses arising on Scheme liabilities	(97)	(61)
Changes in assumptions underlying the present value of Scheme liabilities	(739)	(1,201)
	<u>(844)</u>	<u>(854)</u>

Notes to the Accounts

Year Ended 30 June 2014

28. Pension Scheme continued

Cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses are as follows:

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Opening cumulative actuarial loss	(3,663)	(2,809)
Recognised during the year	(844)	(854)
Closing cumulative actuarial loss	<u>(4,507)</u>	<u>(3,663)</u>

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

	30 June 2014 £000	30 June 2013 £000	30 June 2012 £000	30 June 2011 £000	30 June 2010 £000
Present value of Scheme liabilities	(12,007)	(10,733)	(9,102)	(8,362)	(8,378)
Market value of Scheme assets	7,437	7,160	6,497	7,055	6,029
(Deficit) in the Scheme	<u>(4,570)</u>	<u>(3,573)</u>	<u>(2,605)</u>	<u>(1,307)</u>	<u>(2,349)</u>
Experience (loss)/gain arising on Scheme liabilities	(97)	(61)	(273)	(195)	276
Actual return less expected return on Scheme assets	(8)	408	(1,219)	437	353
Change in assumptions underlying present value of Scheme liabilities	(739)	(1,201)	(94)	547	(883)

The agreed contributions to be paid by the College for the forthcoming year are 13.16% of Contribution Pay for non salary sacrifice members (21.66% of Contribution Pay for salary sacrifice members) plus £16,256 p.a. to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

Defined Contribution Pension Schemes

The College operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £38,000 (2013 - £25,000) of which £8,000 (2013 - £2,000) was outstanding at the year end.

29. Contingent Liabilities

As disclosed in note 28, with effect from 16 March 2007, the Universities Superannuation Scheme (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.

30. Related Party Transactions

Owing to the nature of the College's operations and the composition of its Council and Governing Body, it is inevitable that transactions will take place with organisations in which a member of the Council or Governing Body has an interest. All transactions involving organisations in which a member of the Council or Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.