



**DARWIN COLLEGE
CAMBRIDGE**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017**

DARWIN COLLEGE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

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PRELIMINARY INFORMATION

Body Corporate:

The Master and Fellows of Darwin College in the University of Cambridge

Address:

Silver Street, Cambridge CB3 9EU

Charity Registration Number:

1141105

Charity Trustees:

The College's Trustees for Financial Year 2016-17 were:

Professor C M R Fowler	Master
Professor M K Jones	Vice-Master
Dr D Needham	Dean
Mr J T Dix	Bursar
Professor A M Pitts	
Dr L E A Howe	(to 30 September 2016)
Professor R P Cowburn	
Professor A C Ferguson-Smith	
Dr S Baker	(from 29 November 2016)

Principal Advisers:

Auditors:

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

Bankers:

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

Property Managers:

Cheffins, Chartered Surveyors
Clifton House
1 & 2 Clifton Road
Cambridge CB1 7EA

Investment Fund Managers:

Cazenove Capital Management Ltd
12 Moorgate
London EC2R 6DA

REPORT OF THE TRUSTEES

INTRODUCTION

The College

Darwin College was founded in 1964 as the first graduate college in the University of Cambridge. The College was created an Approved Foundation on 29 January 1965, and was incorporated by Royal Charter dated 9 June 1976 as a Body Politic and Corporate under the name and style of "The Master and Fellows of Darwin College in the University of Cambridge". The College is an educational charity. It enjoyed exemption from registration from its foundation until 2010 when changes in charity law required it to become registered with the Charity Commission, which it has been since 4 April 2011. The main College site is at Silver Street, Cambridge, CB3 9EU.

Aims and Objectives of the College

The College's principal object under its Charter is to advance education, learning and research in the University of Cambridge. It pursues this objective by:

- Promoting and fostering excellence in academic education and learning through providing a community of scholarship for its graduate students
- Creating and nurturing a vibrant and supportive research community for its fellows, graduate students, other members, and visitors.
- Maintaining and enhancing the endowment, benefactions, buildings, grounds, and facilities of the College for the continuing benefit of current and future generations of members.

The maintenance of the College's financial viability for the present and long term, and of its independence and autonomy within the collegiate university, are consistent with and necessary conditions for the fulfilment of its charitable purposes.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an educational and support base for over 690 post-graduate students, and very occasionally undergraduate-status students in specific disciplines; the education is recognised internationally as being of the very highest standard. The teaching and research challenges and develops students academically, fosters leadership qualities and interpersonal skills, and prepares them to play full and effective roles in society, whether in the UK or in the eighty other countries from which the membership is currently drawn. Although only half a century old, the College already numbers Nobel prize winners amongst its Fellows and alumni, including the joint award of the Nobel Prize for Chemistry this year to Dr Richard Henderson.

In particular the College provides:

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- Physical and technical facilities supporting its students in their individual study regimes, as well as supporting teaching activities in the wider University, and for seminars and a public lecture series of international renown;
- Pastoral, administrative, and academic support for its students through the Deanery with tutoring and mentoring provided by Fellows; and
- Social, cultural, sporting, musical and recreational facilities, enabling students to balance fully their academic and personal lives, and develop their potential, whilst studying at the College.

The College advances research by:

- Providing currently over 25 research fellowships and over 35 post-doctoral positions to outstanding academics in the early stages of their careers; these appointments enable them to develop and focus intensively on their major doctoral and early post-doctoral research work, in that crucially formative period prior to their taking on academic duties in a full-time teaching post;
- Supporting the work of all its Fellows by creating and promoting international and interdisciplinary contact both informally and in seminars and lectures;
- Fostering academic networking, and access to and involvement in cutting-edge research, particularly by providing facilities for outstanding academics from other universities in the UK and overseas to make extended stays as Visiting Fellows and Visiting Scholars; and,
- Offering access to invaluable resources for all members of the College, particularly in the provision and maintenance of a Study Centre and Library, and extensive IT facilities.

Members of, and academic visitors to, the College, both students and Fellows, are the prime beneficiaries. They are directly engaged in education, learning and research and the College's students are the recipients of such direct financial support as the College is able to provide to those of limited financial means. More widely, other beneficiaries include students and academic staff from other Cambridge colleges and the University of Cambridge. Academics from other higher-education institutions and returning alumni members of the College are given opportunities to undertake interdisciplinary research and establish contacts, attend educational events at the College, and make use of its academic facilities; in parallel, the wider public is encouraged to attend certain educational activities provided by the College such as lectures, seminars and concerts. These activities serve to reinforce and underpin life-long learning. A particular example is the Annual Darwin Lecture Series, now in its 32nd year, which runs for eight weeks each Lent Term, and attracts audiences of many hundreds drawn from the general public as well as the student and academic community. Since 2007 most of the lectures have been made available online for a global audience, and cumulative downloads to date number almost one million.

In fulfilling its charitable purposes of advancing education, learning and research, the College draws on its senior officers such as Master, Vice-Master, Dean, and Bursar who receive stipends. These serve with other Fellows as charity trustees through being members of the College Council. Other stipendiary senior officers include the Development Director and Domestic Bursar. Any employment and/or remuneration of the Master and Fellows is undertaken with the intention of furthering the College's aims and such employment directly contributes to the fulfilment of those aims. The private benefit accruing to the Master and Fellows through stipends and related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the services of its Master and Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

ACHIEVEMENTS AND PERFORMANCE

Academic Results and Student Body Profile

College members graduating in 2016-17 achieved 102 PhDs and 175 Masters-level degrees (2016: 78 and 199 respectively) between them.

In 2016-17 there were 692 student members of the College (for all or part of the year). Of these 504 were fee-paying post-graduate students and 188 were post-graduate students writing up or under examination (from whom the College receives no fees). The College's fee income in the year under current arrangements is based on the number of fee-paying post-graduate students adjusted to a full-time equivalent, which for the year was 475. 58% of students were fully funded as to their combined graduate fees, 5% were partially funded, and 37% were self-funding.

Financial Overview

The College's income comprises academic fees, charges for student accommodation and catering services, investment income, and individual and corporate donations and bequests. Its expenditure comprises the costs of education, of providing and maintaining student residences and catering, of investment and property management, and of development fundraising and alumni relations; and expenditure includes all staff costs and depreciation. In the year to 30 June the College made an unrestricted surplus before other gains and losses of £624,073 (2016: £515,564), a restricted surplus before other gains and losses of £1,780,837 (2016: £344,732) and new endowments amounted to £185,007 (2016: £236,215).

The College gratefully acknowledges, and recognises in these accounts (as a capital grant within restricted income, and as current asset debtor on the Balance Sheet at the year-end) the generous donation of £1.5million made by Trinity College, Cambridge, towards the John Bradfield Court project. The project comprises a compact new build multi-purpose facility, to be known as the John Bradfield Room, behind the Old Granary and overlooking the adjacent lawn, and the much needed refurbishment and conservation of the Old Granary student accommodation. Work has commenced and will continue until late summer 2018. Significant donations have also been received from alumni and supporters as referred to below.

The net assets of the College at 30 June 2017 were £69,739,409 (2016: £64,697,108).

The College's restricted and endowment reserves rose by £3,464,202 to £26,196,306 from £22,732,104. The restricted reserves comprise £7,168,068 of restricted or trust funds for defined educational purposes, £1,667,768 unspent capital grants, and £17,360,470 of endowment funds or general corporate capital funds, the income from which is essential to fund the deficit which would otherwise arise on the College's academic activities and student services. The College's unrestricted reserves have increased by £1,578,099 to £43,543,103 from £41,965,004. This total includes the College's cash reserves and some investment assets, but the great majority of such funds are fixed assets in the form of the College's operational land and buildings. The College's total reserves are reduced by pension liabilities of £1,527,828.

Benefactions and Donations

The College is most grateful for donations and bequests (including of royalties), from alumni and from other supporters and organizations. Such generosity enables the College to contemplate extending and enhancing its support for students, for academics, and for its physical estate. During the year the primary focus of fundraising was the John Bradfield Court project. In addition to the major Trinity College donation referred to above, total donations made to the project by alumni and other supporters reached the target of £500,000 shortly after the year-end. The most generous support of Richard and Anne King to the Bradfield Court project is gratefully acknowledged. During the course of the year, some 300 individual donors supported the College at a variety of levels, and the College is immensely grateful to them for their support.

The College spent £122,576 (2016: £95,538) on development fundraising and alumni relations in the year. These costs are principally incurred as the College supports a growing – and global – community of alumni. Through the year, the College held a number of events for alumni, both within Cambridge, elsewhere in the UK and internationally; ensuring that the alumni community is connected with the College and is encouraged to share in and take a part in the furtherance of the College's aims and aspirations. The College also invests in communicating with alumni and other supporters, through the College magazine, *The Darwinian*, as well as through electronic and social media. In addition to the existing fundraising programme, the College also looks to encourage more Darwinians to consider leaving a legacy to the College. In the year the College reorganised its Development and Alumni Relations Office, including expanding the Development Director role to full-time. An experienced professional has been appointed to the post with a brief to advance fundraising by increasing the number of major donations to the College.

Endowment and Investment Performance

The College's investments are managed in three categories: the College's unrestricted Corporate Capital, a Trust Pool for the restricted funds, and a special fund with a strong property bias (for the investment of the £3m proceeds of the College's 2013 bond issue, pending the deployment of the proceeds for College purposes in due course).

The College's invested funds experienced a year of capital growth, leading to increased income despite a small decline in the yield percentage overall. The Corporate Capital fund returned 13.5%, the Trust Pool, 13.8% and the special fund 11%, for the year in each case, net of fees. No withdrawal of invested capital was required or made in the year. Dividends and income received on quoted securities rose year on year to £924,933 (2016: £892,030). All investment income received is applied in the pursuit of the charitable objects of the College.

Economic growth and asset prices in the UK have generally held up better than was first feared following the referendum on Britain's EU membership, and momentum in equity markets carried on through the year despite the uncertain political outlook and the unexpected general election. Weaker sterling reflects the lack of a clear approach to the political and economic challenges of Brexit, but this has so far translated into positive equity performance and returns, given the globalised UK equity market. However as discouraging economic data gathers post-Brexit and precious time passes with little evidence of any sure grip on the political challenges, there are no signs of any longer term Brexit-related benefits, and much unease at the possible extent of Brexit-related harm. This applies in general to the UK economy, to the

higher education sector (specifically university-based research), and in particular to the College's investments and operations.

The College is advised, via the Finance and Investments Committees, by its fund managers and independent external members co-opted to the Investments Committee. The College encourages socially responsible investment and seeks not to invest in companies that are in conflict with its charitable objectives.

Reserves policy

As the College intends to continue to pursue its objectives in perpetuity, it views its investments strategically over the long term. The principle aim is to protect and maintain the real value of its permanent corporate and trust capital, and to continue to increase its unrestricted funds and reserves as much as possible over that extended period, whilst seeking an equitable funding balance between the interests and aspirations of present members and those yet to come, and the retention of an ability to cope with sudden unforeseen financial upheavals and opportunities. Any new donations or bequests to the College are added to the unrestricted funds unless the donor has made it clear that the funds are to be used for a specific purpose.

Capital Expenditure

There were no major capital projects undertaken by the College during the year. Professional fees and some other costs were incurred and have been capitalised, in respect of the capital works to be undertaken in 2017-18 and later years and referred to elsewhere in this report.

Building Renewals and Maintenance

The College's buildings on its main site are mainly eighteenth and nineteenth century with modern additions, and adapted houses and purpose-built student hostels off-domus. The buildings are maintained according to a comprehensive long term rolling maintenance plan which seeks to ensure timely refurbishment, to a standard to minimise unplanned and costly remedial works, carried out within tight budget controls. During the year the Old Granary was vacated and preparatory work undertaken in advance of the major refurbishment taking place in 2017-18.

Pensions

The College has members of staff in two pension schemes: the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pension Scheme (CCFPS). Full actuarial details are included at Note 21a to the Accounts.

The College had 15 active USS members at 30 June 2017, although many Fellows will be USS members though their employment by the University. USS is required to carry out a valuation as at 31 March 2017 and the outcome of this should be submitted to the Pensions Regulator by 30 June 2018. The last USS valuation took place at 31 March 2014. This was followed by changes to employer and member contributions, and also to the benefit package, from 1 April 2016. The changes had the effect of reducing the deficit from £12.3bn to £5.3bn with a 17-year recovery plan in place to eliminate the deficit over time,

and with employer and member contributions increased to 18% and 8% respectively. Since the last valuation challenging economic conditions mean that the outlook for the scheme has worsened. Continually falling UK gilt yields combined with lower expectations for investment growth in the future have resulted in a widening of the gap between the value of assets held and the estimated value of the liabilities reported by USS. The first indications of the outcome of the 2017 valuation - an increased deficit - has been shared with stakeholders and widely commented upon.

The latest actuarial review of the CCFPS was produced as at 30 June 2017. The College has an overall deficiency of £1,459,000 as at that date compared to a deficiency of £1,151,214 as at 30 June 2016. The Employees' contribution rate is 5%. The College maintains a voluntary salary sacrifice scheme for those in the pension scheme.

Principal Risks and Uncertainties

The College reviews risks at a corporate level and at an operational level. Major risks to which the College is or may be exposed from time to time are reviewed regularly by all College committees within their terms of reference, and reported to College Council and Governing Body. Systems are in place, or are then established, to remove or mitigate major risks as they are identified. Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control such risks.

The main risks and uncertainties facing the College are:

- External political and economic threats to the continuing attractiveness of the University to the diverse global academic elite, whether as applicant students or as faculty;
- Economic factors which might adversely affect the college's sources of income, particularly endowment income, donations, fees and rents;
- The escalating costs of providing buildings and accommodation which is of suitable quality and in the best locations to meet the needs of students.

Plans for the future

The College faces two specific challenges as regards its students, firstly, how it can better support them, and secondly, in connection with accommodation. The College will be seeking additional funding for our programme of bursaries and studentships, taking opportunities to fundraise against matching funding opportunities wherever possible. To improve the experience of its members, and ease the financial burden on them, the College continues to seek to house more students in College accommodation for more of their period of study in Cambridge.

At the start of the 2017 academic year the College students moved into a new leased hostel of 26 en-suite rooms in Newnham, to be known as Hardwick House. This is the first wholly new purpose-built hostel in the College for over 20 years, and the first to be fitted throughout with en-suite bathrooms. For the start of the 2018 academic year the conversion of the College owned premises at 51 Newnham Road into up to 11 student rooms will be completed. The College remains a participant in the Mount Pleasant scheme, led by St Edmund's College, and for which planning permission has now been granted. The College intends to take some 40 rooms at Mount Pleasant from 2019 on lease.

The scheme for the redevelopment of the Old Press/Mill Lane area by the University and the Millers Yard consortium of colleges is going forward. An outline Masterplan for the site is being worked up on which planning applications can be based in due course. The complexity of the development means accommodation for the colleges on the site will not be delivered before 2021-23. On the College's part, both full commitment to the project financially and all the detailed design and planning work, remain for the future. The scheme may provide the College with up to 120 rooms (a mix of leased and owned) on the town centre site in the College's immediate vicinity.

With fundraising for the John Bradfield Court project complete, the refurbishment of the student rooms in the Old Granary and the construction of the multi-purpose John Bradfield Room will take place over 2017-18. So far as development fundraising is concerned, the focus is now being drawn to student support as referred to above, and to support for the advancement of research, to which end endowment funding is being sought for two research Fellowships for outstanding academics in the early stages of their careers. Three years' initial funding for these two Fellowships has already been secured, and the Fellowships are named after two distinguished former Fellows of the College – Professor Sir David MacKay, and Professor Sir Patrick Sissons.

GOVERNANCE

Corporate Governance

The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the management of the College's resources and audit oversight.

The College is a registered charity (Registered Number 1141105) and subject to regulation by the Charity Commission for England and Wales. The College Council provides the trustees of the charity and they are responsible for ensuring compliance with charity law. The Trustees are advised in meeting those duties by a number of Committees, and internal and external professionally qualified advisers. Members of the College Council forming the Trustee Body during the year to 30 June 2017 are indicated at Page 1. The Principal Officers of the College are the Master, Vice-Master, Dean, and Bursar also identified on Page 1.

The Governing Body, comprising the Master and Fellows under Titles A, C, D, and E, holds at least six meetings a year, with the November/December meeting being the Annual Meeting.

The College Council comprises the Master, Vice-Master, Dean, and Bursar ex-officio, and four Fellows elected at Annual Meetings of the Governing Body. The current Student Association President attends ex-officio, and two further student members are elected directly by the student body each year. The College Council meets on a regular basis throughout the year and is responsible for the everyday administration of the College in all matters not allocated by Statute to the Governing Body or the Finance Committee. The College Council makes regular reports to each meeting of the Governing Body.

The Finance (and Investments) Committee, composed of the Master, Vice-Master, and Bursar ex-officio, and three Fellows elected by the Governing Body to serve from the beginning of a given academic year, manages the College investments and, with a directly elected student representative, controls and administers the revenues and expenditures in accordance with College Statutes, Ordinances, and the

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Charities Act. When acting as the Investment Committee, the membership is reinforced by up to 3 external members, and the College's investment managers are in attendance.

It is the specified duty of the Finance Committee to keep under constant review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of external auditors; to give initial consideration to reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to make periodic formal Reports to the Trustees and Governing Body.

Registers of Interests in a form prescribed by the College's Conflicts of Interest Policy are maintained for the Trustees, and Related Party forms are obtained from the Trustees and Heads of College Departments as part of the annual audit. The declaration of interests is a formal agenda item at the beginning of every College meeting.

Statement on Internal Control

The Trustees are responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding public and other funds and assets for which the charity holds responsibility, in accordance with College Statutes and Ordinances, and the Charities Act 2006.

The systems of internal control are designed to identify the principal risks bearing on the achievement of aims, objectives and policies, to evaluate the nature and extent of those risks, and to ameliorate and control them efficiently, effectively and economically. The systems of internal control are structured realistically to identify and control most of the risks of failure to achieve aims, objectives and policies, rather than attempt to eliminate risk entirely; it therefore provides reasonable, but not absolute, assurance of effectiveness. These processes were in place for the year ended 30 June 2017 and throughout the period to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the systems of internal control. The Trustees' continual review of the effectiveness of the systems is informed by the work of the various Committees, the Bursar, and the College Officers who hold responsibility for the development and application of an internal control framework and for the investigation and resolution of any comments raised by the external auditors in their post audit and other reports.

General Responsibilities of the Trustees

The Trustees are responsible for the preparation of the Annual Report and financial statements in accordance with applicable law and having regard to United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College Statutes and Ordinances, and those of the University of Cambridge, require the Governing Body to prepare financial statements 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 these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping accounting records which, at any time, disclose with reasonable accuracy the financial position of the College and 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.

Approved by the Trustees on 15th November 2017



J T Dix
Bursar

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DARWIN COLLEGE

Opinion

We have audited the financial statements of Darwin College (the 'College') for the year ended 30 June 2017, which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report of the trustees other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our work has been undertaken so that we might state to the College trustees those matters we are required to state to them in an auditor's 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE

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

Date: 12 December 2017

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

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.

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

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

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Investment income and change in value of investment assets

Investment income and change in value of investment assets are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

Other income

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

Tangible fixed assets

Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to 1 July 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 50 years. The main College site land value is not included.

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

Furniture, Fittings and Equipment

Furniture, fittings and equipment in excess of £5,000 are capitalised and depreciated over their estimated useful lives.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Under FRS 15 and FRS 30 (Heritage Assets) heritage assets acquired before 1 July 1999 may not be capitalised if reliable estimates of cost or value are not available on a cost-benefit basis, and acquisitions are otherwise capitalised at cost or, in the case of donated assets, at expert valuation on receipt. In line with the accounting policy in respect of equipment, the threshold for capitalising assets is £5,000. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Currently all of the assets held in the College's collections were acquired prior to 1 July 1999. 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.

Investments

Fixed asset investments are included in the balance sheet at fair value.

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, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities and assets

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise

be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

Taxation

The College is a registered charity (number 1141105) 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.

Pension costs

Universities Superannuation Scheme (USS)

The institution participates in Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme and are accounted for on the basis of providing pensions over the period during which the College benefits from the employees' services.

Critical accounting judgements

FRS 102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The trustees are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Employment benefits

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

Reserves

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold in perpetuity.

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Note	2017				2016			
		Unrestricted £	Restricted £	Endowment £	Total £	Unrestricted £	Restricted £	Endowment £	Total £
Income									
Academic fees & charges	1	1,591,224	-	-	1,591,224	1,354,387	-	-	1,354,387
Residences & catering	2	2,132,410	-	-	2,132,410	2,051,802	-	-	2,051,802
Endowment Income	3	794,804	228,371	-	1,023,175	789,449	208,276	-	997,725
Total income before donations & endowments		4,518,438	228,371	-	4,746,809	4,195,638	208,276	-	4,403,914
Donations		47,399	70,020	-	117,419	48,115	50,293	-	98,408
New endowments		-	-	4,007	4,007	-	-	28,215	28,215
Capital grant from Colleges Fund		-	-	181,000	181,000	-	-	208,000	208,000
Other capital grants for assets		-	1,714,129	-	1,714,129	-	200,128	-	200,128
Total income		4,565,837	2,012,520	185,007	6,763,364	4,243,753	458,697	236,215	4,938,665
Expenditure									
Education	4	1,597,053	231,683	-	1,828,736	1,426,716	113,965	-	1,540,681
Residences & catering	5	2,079,215	-	-	2,079,215	2,047,382	-	-	2,047,382
Other expenditure		265,496	-	-	265,496	254,091	-	-	254,091
Total Expenditure		3,941,764	231,683	-	4,173,447	3,728,189	113,965	-	3,842,154
Surplus/(Deficit) before other gains and losses		624,073	1,780,837	185,007	2,589,917	515,564	344,732	236,215	1,096,511
Gains/(Losses) on disposal of fixed assets		-	-	-	-	-	-	-	-
Gains/(Losses) on investments		817,026	242,290	1,633,886	2,693,202	(20,274)	1,044	2,859	(16,371)
Surplus/(Deficit) for the year Other comprehensive income		1,441,099	2,023,127	1,818,893	5,283,119	495,290	345,776	239,074	1,080,140
Unrealised surplus on revaluation of fixed assets		-	-	-	-	-	-	-	-
Actuarial (Loss) in respect of pension schemes		(240,818)	-	-	(240,818)	(16,190)	-	-	(16,190)
Total comprehensive income for the year		1,200,281	2,023,127	1,818,893	5,042,301	479,100	345,776	239,074	1,063,950

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STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£	£	£	£
Balance at 1 July 2016	41,965,004	2,844,788	19,887,316	64,697,108
Surplus/(Deficit) from income and expenditure statement	1,441,099	2,023,127	1,818,893	5,283,119
Other comprehensive income	(240,818)	-	-	(240,818)
Release of restricted capital funds spent in year	181,078	(181,078)	-	-
Transfer of funds	196,740	(196,740)	-	-
Balance at 30 June 2017	43,543,103	4,490,097	21,706,209	69,739,409

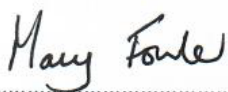
	Income and Expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£	£	£	£
Balance at 1 July 2015	41,312,269	2,672,647	19,648,242	63,633,158
Surplus/(Deficit) from income and expenditure statement	495,290	345,776	239,074	1,080,140
Other comprehensive income	(16,190)	-	-	(16,190)
Release of restricted capital funds spent in year	173,635	(173,635)	-	-
Balance at 30 June 2016	41,965,004	2,844,788	19,887,316	64,697,108

DARWIN COLLEGE
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BALANCE SHEET AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed Assets			
Tangible Assets	8	36,599,513	36,864,467
Investment Assets	9	31,919,368	28,199,525
		<u>68,518,881</u>	<u>65,063,992</u>
Current Assets			
Stock	10	40,771	50,001
Debtors	11	2,001,581	402,390
Cash	12	4,311,295	3,987,277
		<u>6,353,647</u>	<u>4,439,668</u>
Creditors	13	<u>(605,291)</u>	<u>(608,808)</u>
Net Current Assets/(Liabilities)		<u>5,748,356</u>	<u>3,830,860</u>
Creditors: more than one year	14	(3,000,000)	(3,000,000)
Provisions			
Pension provision	15	(1,527,828)	(1,197,744)
Net Assets		<u>69,739,409</u>	<u>64,697,108</u>
Restricted Reserves			
Income and expenditure reserve - endowment reserve	16	21,706,209	19,887,316
Income and expenditure reserve - restricted reserve	17	4,490,097	2,844,788
		<u>26,196,306</u>	<u>22,732,104</u>
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		43,543,103	41,965,004
		<u>43,543,103</u>	<u>41,965,004</u>
Total Reserves		<u>69,739,409</u>	<u>64,697,108</u>

These accounts were approved by the Trustees on 15th November 2017 and are signed on their behalf by:



.....
Professor C M R Fowler, Master

DARWIN COLLEGE
ANNUAL REPORT AND ACCOUNTS
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CASH FLOW STATEMENT

	Note	2017 £	2016 £
Net cash inflow from operating activities	18	521,892	546,515
Cash flows from investing activities	19	(330,778)	(687,609)
Cash flows from financing activities	20	132,904	132,904
Increase/(Decrease) in cash and cash equivalents in the year		<u>324,018</u>	<u>(8,190)</u>
Cash and cash equivalents at beginning of the year		3,987,277	3,995,467
Cash and cash equivalents at end of the year	12	<u>4,311,295</u>	<u>3,987,277</u>

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NOTES TO THE ACCOUNTS

1 Academic fees and charges	2017	2016
	£	£
Colleges fees:		
Fee income received at the Regulated undergraduate rate		
Fee income received at the Unregulated rate	32,016	27,300
Fee income received at the Graduate fee rate	1,559,208	1,330,496
Other income	-	(3,409)
Total	<u>1,591,224</u>	<u>1,354,387</u>
2 Income from Residences and Catering	2017	2016
	£	£
Accommodation College members	1,552,079	1,522,879
Catering College members	580,331	528,923
Total	<u>2,132,410</u>	<u>2,051,802</u>
3 Endowment return and investment income	2017	2016
	£	£
Income from:		
Land and buildings	78,211	86,640
Quoted securities	924,933	892,030
Other interest receivable	20,031	19,055
Total	<u>1,023,175</u>	<u>997,725</u>
4 Education expenditure	2017	2016
	£	£
Teaching	89,607	89,145
Tutorial	317,822	266,831
Admissions	423,980	406,612
Research	272,702	241,047
Scholarships and awards	222,122	71,752
Other educational facilities	502,503	465,294
Total (Note 6)	<u>1,828,736</u>	<u>1,540,681</u>

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5 Residences and Catering Expenditure	2017	2016
	£	£
Accommodation College members	1,146,337	1,150,521
Catering College members	932,878	896,861
Total (Note 6)	2,079,215	2,047,382

6a Analysis of 2016/2017 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education	827,492	823,564	177,680	1,828,736
Residences and catering	925,689	738,940	414,586	2,079,215
Other	39,540	225,956	-	265,496
Total	1,792,721	1,788,460	592,266	4,173,447

Expenditure includes fundraising costs of £122,576. This expenditure includes the costs of alumni relations.

6b Analysis of 2015/2016 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education	664,154	669,308	207,219	1,540,681
Residences, catering and conferences	902,152	760,395	384,835	2,047,382
Other	76,945	177,146	-	254,091
Total	1,643,251	1,606,849	592,054	3,842,154

Expenditure includes fundraising costs of £95,538. This expenditure includes the costs of alumni relations.

6c Auditors' remuneration	2017	2016
	£	£
Other operating expenses include:		
Audit fees payable to the College's external auditors	18,000	17,240

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7 Staff costs

	College Fellows	Academics	Non- Academic	2017 Total	2016 Total
	£	£	£	£	£
Staff costs:					
Emoluments	296,378	-	1,115,475	1,411,853	1,292,949
Social security costs	23,459	-	79,651	103,110	91,583
Other pension costs	45,694	-	232,064	277,758	258,719
	<u>365,531</u>	<u>-</u>	<u>1,427,190</u>	<u>1,792,721</u>	<u>1,643,251</u>
Average staff numbers (full-time equivalents):					
Academic				-	-
Non-academic				49	48
Total				<u>49</u>	<u>48</u>

The Trustees comprises 8 Fellows, of which 5 are stipendiary officers of the College and received remuneration in aggregate of £188,477. The Trustees receive no emoluments in their role as trustees of the charity.

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8 Fixed assets

Tangible fixed assets

	College Buildings and Site	Assets Under Construction	Fixtures, Fittings & Equipment	Motor Vehicles	2017 Total	2016 Total
	£	£	£	£	£	£
Cost or valuation						
At beginning of year	36,004,289	2,034,218	16,783	-	38,055,290	37,924,226
Additions at cost	133,164	167,699	20,005	6,444	327,312	131,064
Disposal at cost	-	-	-	-	-	-
At end of year	<u>36,137,453</u>	<u>2,201,917</u>	<u>36,788</u>	<u>6,444</u>	<u>38,382,602</u>	<u>38,055,290</u>
Depreciation						
At beginning of year	1,177,394	-	13,429	-	1,190,823	598,769
Charge for the year	588,697	-	3,354	215	592,266	592,054
Written back on disposal	-	-	-	-	-	-
At end of year	<u>1,766,091</u>	<u>-</u>	<u>16,783</u>	<u>215</u>	<u>1,783,089</u>	<u>1,190,823</u>
Net book value						
At end of year	<u>34,371,362</u>	<u>2,201,917</u>	<u>20,005</u>	<u>6,229</u>	<u>36,599,513</u>	<u>36,864,467</u>
At beginning of year	<u>34,826,895</u>	<u>2,034,218</u>	<u>3,354</u>	<u>-</u>	<u>36,864,467</u>	<u>37,325,457</u>

The insured value of freehold land and buildings as at 30 June 2017 was £27,664,544 (2016: £27,378,233).

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9 Investments

	2017	2016
	£	£
Balance at beginning of year	28,199,525	26,661,626
Additions	7,228,165	6,439,342
Disposals	(3,927,631)	(5,080,884)
Gain/(Loss)	2,361,603	(16,371)
Increase/(Decrease) in cash balances held at fund managers	<u>(1,942,294)</u>	<u>195,812</u>
Balance at end of year	<u>31,919,368</u>	<u>28,199,525</u>
Represented by:		
Property	1,826,697	1,826,697
Quoted securities - equities	23,510,130	20,646,503
Hedge Funds	1,106,435	657,336
Fixed interest securities	2,678,155	2,370,576
Cash in hand at investment managers	1,295,196	2,108,747
Multi-Asset Funds	674,435	-
Other	10,000	10,000
Portfolio funds	<u>818,320</u>	<u>579,666</u>
	<u>31,919,368</u>	<u>28,199,525</u>

10 Stocks

	2016	2016
	£	£
Goods for resale	40,771	50,001

11 Trade and other receivables

	2016	2016
	£	£
Members of the College	352,670	271,627
Other receivables	5,545	2,114
Prepayments and accrued income	1,643,366	128,649
	<u>2,001,581</u>	<u>402,390</u>

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12 Cash and cash equivalents

	2017	2016
	£	£
Short-term money market investments	1,670,089	1,655,375
Bank deposits	2,640,808	2,335,168
Current accounts	(1,883)	(4,495)
Cash in hand	2,281	1,229
	<u>4,311,295</u>	<u>3,987,277</u>

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	197,372	166,366
Members of the College	58,570	115,716
University fees	172,036	99,352
Other creditors	50,864	46,534
Accruals and deferred income	126,449	180,840
	<u>605,291</u>	<u>608,808</u>

14 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Private Placement	3,000,000	3,000,000

During 2013-14, the College borrowed from institutional investors, collectively with other Colleges, the College's share being £3 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets and has been in compliance with the covenant at all times since incurring the debt.

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15 Pension provisions

	CCFPS	USS	2017	2016
	£	£	Total	Total
	£	£	£	£
Balance at beginning of year	1,151,214	46,530	1,197,744	1,114,148
Movement in year:				
Current service cost including life assurance	210,377	70,194	280,571	231,943
Contributions	(143,409)	(48,720)	(192,129)	(166,208)
Other finance (income)/cost	-	824	824	1,671
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	240,818	-	240,818	16,190
Balance at end of year	1,459,000	68,828	1,527,828	1,197,744

16 Endowment funds

	Restricted permanent endowments	Unrestricted permanent endowments	2017	2016
	£	£	Total	Total
	£	£	£	£
Balance at beginning of year:				
Capital	3,951,989	15,935,327	19,887,316	19,648,242
New donations and endowments	4,007	181,000	185,007	236,215
Increase/(Decrease) in market value of investments	389,743	1,244,143	1,633,886	2,859
Balance at end of year	4,345,739	17,360,470	21,706,209	19,887,316

Analysis by type of purpose

Fellowship Funds	2,513,954	-	2,513,954	2,288,519
Scholarship Funds	863,969	-	863,969	782,441
Bursary Funds	578,914	-	578,914	527,001
Travel Grant Funds	199,734	-	199,734	181,823
Other Funds	189,168	-	189,168	172,205
General endowments	-	17,360,470	17,360,470	15,935,327
	4,345,739	17,360,470	21,706,209	19,887,316

Analysis by asset

Property			1,826,697	1,826,697
Investments			19,879,512	18,053,653
Cash			-	6,966
			21,706,209	19,887,316

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17 Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants unspent	Permanent unspent & other restricted income	Restricted expendable endowment	2017 Total	2016 Total
	£	£	£	£	£
Balance at beginning of year:	134,717	2,513,646	196,425	2,844,788	2,672,647
New grants	-	-	-	-	-
New donations	1,714,129	5,146	64,874	1,784,149	250,421
Endowment return transferred	-	-	-	-	-
Other investment income	-	227,384	987	228,371	208,276
Increase/(Decrease) in market value of investments	-	242,290	-	242,290	1,044
Expenditure	-	(219,201)	(12,482)	(231,683)	(113,965)
Capital grants utilised	(181,078)	-	-	(181,078)	(173,635)
Transfer to unrestricted	-	-	(196,740)	(196,740)	-
Balance at end of year	<u>1,667,768</u>	<u>2,769,265</u>	<u>53,064</u>	<u>4,490,097</u>	<u>2,844,788</u>
Analysis of other restricted funds/donations by type of purpose					
Fellowship Funds	-	1,185,983	53,064	1,239,047	1,242,875
Scholarship Funds	-	1,054,375	-	1,054,375	1,000,339
Bursary Funds	-	455,337	-	455,337	398,857
Travel Grant Funds	-	25,134	-	25,134	22,836
Other Funds	-	48,436	-	48,436	45,164
General	1,667,768	-	-	1,667,768	134,717
	<u>1,667,768</u>	<u>2,769,265</u>	<u>53,064</u>	<u>4,490,097</u>	<u>2,844,788</u>
Analysis by asset					
Property				-	-
Investments				3,936,752	1,995,150
Cash				553,345	849,638
				<u>4,490,097</u>	<u>2,844,788</u>

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18 Reconciliation of surplus for the year to net cash inflow from operating activities

	2017	2016
	£	£
Surplus/(Deficit) for the year	5,042,301	1,063,950
Adjustment for non-cash items		
Depreciation	592,266	592,054
Investment income		
(Gain)/Loss on endowments	(2,693,202)	16,371
(Increase)/Decrease in stocks	9,230	(9,327)
(Increase)/Decrease in trade and other receivables	(1,599,191)	(130,447)
Increase/(Decrease) in creditors	(3,517)	60,947
Pension costs less contributions payable	330,084	83,596
Adjustment for investing or financing activities		
Investment income	(1,023,175)	(997,725)
Interest payable	(132,904)	(132,904)
Net cash inflow from operating activities	<u>521,892</u>	<u>546,515</u>

19 Cash flows from investing activities

	2017	2016
	£	£
Non-current investment disposal	4,244,524	5,080,884
Investment income	1,023,175	997,725
Endowment funds invested	(7,152,487)	(6,439,342)
Increase/(Decrease) in cash balances held at fund managers	1,881,322	(195,812)
Purchase of tangible fixed assets	<u>(327,312)</u>	<u>(131,064)</u>
Total cash flows from investing activities	<u>(330,778)</u>	<u>(687,609)</u>

20 Cash flows from financing activities

	2017	2016
	£	£
Interest paid	<u>132,904</u>	<u>132,904</u>
Total cash flows from financing activities	<u>132,904</u>	<u>132,904</u>

21 Pensions

The College participates in two defined benefit schemes, the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pensions Scheme (CCFPS). The assets of the schemes are held in separate trustee-administered funds. The total pension cost for the 12 months to 30 June 2017 was £165,367 (2016: £150,314).

21a Universities' Superannuation Scheme

The total cost charged to the profit and loss account is £48,720 (2016: £31,903).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the College cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

Assumption	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

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

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

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

Life expectancy on retirement	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

21a (USS) cont.

Existing benefits	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

21b Cambridge Colleges' Federated Pension Scheme

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2017 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

	2017	2016
	% p.a.	% p.a.
Discount rate	2.6	2.8
Increase in salaries	2.85	2.4
RPI assumption	3.35	2.9
CPI assumption	2.35	1.9
Pension increases in payment (RPI Max 5% p.a.)	3.25	2.7
Pension Increases in payment (CPI Max 2.5% p.a.)	1.85	1.7

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2016 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2016: same base table with CMI_2015 future improvement factors and a long-term future improvement rate of 1.0% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.1 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 23.9 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.5 years (previously 23.2 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

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21b (CCFPS) cont.

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2016 (with comparative figures as at 30 June 2015) are as follows:

	2017	2016
	£	£
Present value of plan liabilities	(4,704,705)	(3,922,573)
Market value of plan assets	3,245,705	2,771,359
Net defined benefit asset/(liability)	<u>(1,459,000)</u>	<u>(1,151,214)</u>

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows.

	2017	2016
	£	£
Current service cost	198,104	189,318
Administrative costs	12,273	12,273
Interest on net defined benefit (asset)/liability	32,608	39,997
(Gain)/loss on plan changes	-	-
Curtailement (gain)/loss	-	-
Total	<u>242,985</u>	<u>241,588</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£	£
Present value of plan liabilities at beginning of period	3,922,573	3,341,658
Current service cost (including Employee contributions)	198,104	189,318
Employee contributions	15,738	16,903
Benefits paid	(82,439)	(65,808)
Interest on plan liabilities	111,354	126,543
Actuarial (gains)/losses	539,375	313,959
(Gain)/Loss on plan changes	-	-
Curtailement (gain)/loss	-	-
Present value of plan liabilities at end of period	<u>4,704,705</u>	<u>3,922,573</u>

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21b (CCFPS) cont.

Changes in the fair value of the plan assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£	£
Market value of plan assets at beginning of period	2,771,359	2,273,920
Contributions paid by the College	176,017	174,302
Employee contributions	15,738	16,903
Benefits paid	(82,439)	(65,808)
Administrative expenses paid	(13,708)	(13,323)
Interest on plan assets	78,746	86,546
Return on assets, less interest included in the Statement of Comprehensive Income and Expenditure	299,992	298,819
Market value of plan assets at end of period	<u>3,245,705</u>	<u>2,771,359</u>
Actual return on plan assets	378,738	385,365

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
Equities	67%	59%
Bonds & Cash	27%	35%
Property	6%	6%
Total	<u>100%</u>	<u>100%</u>

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

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£	£
Actual return less expected return on plan assets	299,992	298,819
Expected less actual plan expenses	(1,435)	(1,050)
Experience gains and losses arising on plan liabilities	(15,588)	19,010
Changes in assumptions underlying the present value of plan liabilities	<u>(523,787)</u>	<u>(332,969)</u>
Actuarial gain/(loss) recognised in OCI	<u>(240,818)</u>	<u>(16,190)</u>

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21b (CCFPS) cont.

Movement in surplus/(deficit) during the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£	£
Surplus/(Deficit) in plan at beginning of year	(1,151,214)	(1,067,738)
Recognised in the Statement of Comprehensive Income and Expenditure	(242,985)	(241,588)
Contributions paid by the College	176,017	174,302
Actuarial gain/(loss) recognised in OCI	(240,818)	(16,190)
Surplus/(Deficit) in plan at the end of the year	<u>(1,459,000)</u>	<u>(1,151,214)</u>

Funding Policy

Funding valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102.

The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 16 December 2016 and are as follows:

- Annual contributions of not less than £23,772 p.a. payable for the period from 1 July 2015 to 31 March 2034.
- These payments are subject to review following the next funding valuation, due as at 31 March 2017.

22 Related Party Transactions

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