Selwyn College, Cambridge

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016

Registered Charity No. 1137517

Contents

Selwyn College
Grange Road, Cambridge CB3 9DQ
Charity Registration Number 1137517

The Head, Fellows and Scholars of Selwyn College is a corporate body comprising the Master, Fellows and Scholars, founded in 1882. In August 2010, the College became a registered charity with the Charities Commission, with its registered office at Grange Road, Cambridge CB3 9DQ.

Members of the Governing Body serving during the year

Mr Roger Mosey
Professor Patrick J N Baert
Ms Jennifer Bates
Dr Daniel A Beauregard
Dr John R Benson
Dr Rosemary C Bolton
Dr Christopher Briggs
Dr Uradyn E Bulag
Professor Nicholas J Butterfield
Dr Jack O Button
Dr Bryan Cameron
Professor R Stewart Cant
Dr Filipe Carreira da Silva
Dr Emily J Charnock
Professor Daping Chu
Professor William J Clegg
Dr Philip J Connell
Dr Sophia M Connell
Professor John S Dennis
Mr Nicholas J A Downer
Dr Stuart M Eves
Dr Anita C Faul
Mr Peter K Fox
Dr Fabian Grabenhorst
Dr Marta Halina
Dr Asif Hameed
Dr Alan D Howard
Dr Gavin E Jarvis
Dr James H Keeler
Dr Georgios Kolios
Dr Bonnie C Lander Johnson
Ms Sarah E A MacDonald
Mr James M R Matheson
Professor Ian A McFarland
Dr Sarah Meer
Dr James Moultrie
Mr Michael G Nicholson
Dr Nikolaos Nikiforakis
Dr Diarmuid R O'Donnell
Dr Janet A O'Sullivan
Dr Amer A Rana
Dr Stewart O Sage
Mr Joseph W Sampson
Dr Michael J Sewell
Revd Canon Hugh D Shilson-Thomas
Dr David L Smith
Dr Rupert J E Thompson
Dr Michael J Tilby
Dr Paul D Upton
Dr Chander Velu
Dr Björn F N Wallace
Dr Heather M Webb
Dr Lauren Wilcox
Dr David W E Willis
Dr Charlotte Woodford
Dr Yu Ye

JUNIOR MEMBERS

Lee Robertson (JCR President)
Phil Sansom (JCR Treasurer)
Isabelle Bush (MCR President)
Max Conway (MCR Treasurer)

Reference and Administration

Senior Officers:

Head of House:	Mr Roger Mosey
Senior Tutor:	Dr Michael J Sewell
Bursar:	Mr Nicholas J A Downer

Principal advisers:

Auditors:	Peters Elworthy & Moore

Bankers:	Barclays Bank PLC
Investment Managers:	J M Finn&Co
Legal Advisers:	Mills & Reeve Taylor Vinters

Operating and Financial Review for the Year ended 30 June 2016

Scope

Selwyn College (the "College") is pleased to present its operating and financial review, together with the consolidated financial statements for the year ended 30 June 2016. The consolidated financial statements include those of its development subsidiary, SCO&E Limited.

Aims and Objectives

Founded in 1882 as a place of religion, education, learning and research in memory of George Augustus Selwyn, Bishop successively of New Zealand and of Lichfield, the College is an autonomous, self-governing community of scholars and one of 31 Colleges within the University of Cambridge. The community consists of the Master, 55 fellows and 619 junior members, of whom 377 are undergraduates and 242 are graduate students. The College exists to promote its charitable objectives as laid down in its charter and statutes.

The College provides, in conjunction with the University of Cambridge, an education for undergraduate and graduate students, which is recognised as being of the highest international standard. The University came fourth overall in the QS World University Rankings for 2016 and remained the top-ranked university in Europe. 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. It also provides 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 the provision of 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. In addition, it supports research work pursued by its other Fellows through the promotion of interaction across disciplines, the provision of facilities and grants for national and international conferences, research trips and research materials. It encourages visits from outstanding academics from abroad and the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

Public benefit

The College aims to attract the best applicants from the widest range of schools and colleges, thus helping to achieve the government's aspiration for a greater number of places being taken up by students from the maintained sector. The Colleges and the University engage in substantial outreach activities to encourage all academically qualified students to apply for admission to Cambridge, whatever their backgrounds or financial circumstances. The University is committed under the agreement with the Office for Fair Access ("OFFA") to increasing the proportion of UK resident students admitted from UK state sector schools and colleges so that they fall within a range of 62-64% and the proportion of UK resident students from quintiles 1 and 2 of the Participation Of Local Area ("POLAR") classification so that they fall within a range of 10-13%. 73% of students accepted by Selwyn for entry in October 2016 were from the maintained sector, compared with 69% the previous year.

The College participates enthusiastically in Widening Participation and Aspiration-Raising programmes in conjunction with the University. The College also, jointly with Homerton College, employs a Schools Liaison Officer who visits schools and co-ordinates events and Open Days organised by the College. Effective September 2016, the College will employ its own full-time Schools Liaison Officer to reinforce its outreach efforts. Since 2000, by agreement with the University and the other colleges, Selwyn has targeted non-selective state-maintained 11-16 and 11-18 schools, Further Education and Sixth Form Colleges in West Yorkshire, East Berkshire and Scotland.

Over the year, the College spent £144,000 on access events, doubling the £72,000 spent the previous year. Once admitted, students have access to several sources of financial aid. In 2015-16, a total of £263,000 was received by Selwyn students through the Cambridge Bursary Scheme, a scheme operated in common with the University and other colleges. Under this Scheme, students whose household income is below £25,000 receive a maximum grant of £3,500 per year in addition to any government means-tested grants. Those with incomes of up to £42,600 receive amounts that taper to £50. Almost a quarter of all Selwyn undergraduates received some form of Bursary support over the year. In addition, the College paid out £176,000 in awards and scholarships (to support the purchase of books and equipment, attendance at conferences, and travel); studentships, and bursaries in cases of financial hardship.

Following completion of the new boathouse as outlined below, part of the site has been opened up for use by the Cambridgeshire Rowing Association. This is intended to facilitate public access to the sport.

Achievements and Performance
Academic performance remained high over the year, with 24.6% of Selwyn candidates obtaining first class honours in 2016, compared with 25.5% the previous year. The College remains committed to academic excellence and anticipates further investment in teaching and student welfare in the coming years. Non-academic activities nonetheless remain important and by way of example, the College, in conjunction with King’s and Churchill colleges and the Leys School, completed construction of a new boathouse in May 2016 at a cost of £3.2 million. Details of the College's many sporting, musical and cultural successes are recorded in the College Calendar.

Governance
The College is a corporation established by Royal Charter of 13 September 1882. The arrangements for governance of the College are set out in its statutes. The Master is Head of House, has statutory powers of governance and presides over the Governing Body. The Senior Tutor has overall responsibility for the admission, education and welfare of undergraduates and graduates and the Bursar has overall responsibility for the finances, estate and administration of the College. The membership of the Governing Body as at 30 June 2016 is shown at the beginning of this report. Members of the Governing Body serve until the earlier of retirement or the end of the academic year in which they reach 67 years of age.

Acting on the powers in the Charities Act 2006, the Secretary of State removed the exempt status of the Colleges of Oxford and Cambridge on 1 June 2010. The College was then registered with the Charity Commission on 12 August 2010 (Registered Number: 1137517). The Governing Body is the trustee body for the charity.

From a financial perspective, the Governing Body has responsibility for ensuring that there is an effective system of internal controls and that financial records are accurately maintained.

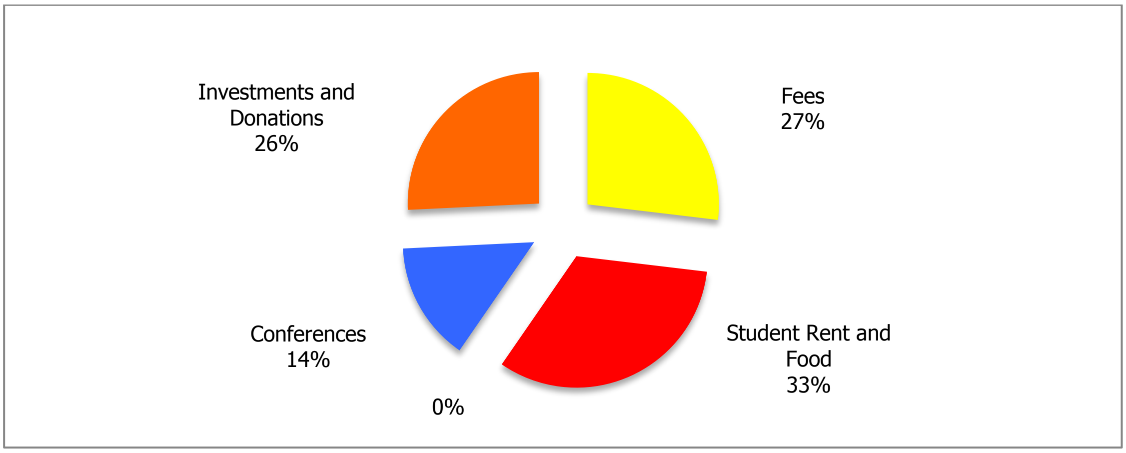
It is also responsible for safeguarding the assets of the College and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The College is required by statute to present audited financial statements for each financial year. The Cambridge Colleges are classed as a special case for purposes of accounting and will continue to publish accounts in the form stipulated by Statute G III 2(i) of the University, *The Recommended Cambridge Colleges Accounts ("RCCA"),* which is based on Financial Reporting Standards and is compliant with the *Statement of Recommended Practice: Accounting for Further and Higher Education.* The Intercollegiate Colleges Accounts Committee advises on interpretation. The College is a charity within the meaning of the Taxes Act 1988, s 506 (1). The presentation of the accounts has changed this year to conform with FRS 102 and 2015 RCCA.

The Governing Body, which meets three times a year, delegates day-to-day responsibility for the running of the College to the College Council and its sub-committees. Representatives of the undergraduate and postgraduate student bodies attend Governing Body and Council meetings and most of the sub-committees. External advisers attend meetings of the Investment Committee. Members of the Governing Body are required to act with integrity, in the College's interests without regard to their own private interests, and to manage the affairs of the College prudently, balancing long-term and short-term considerations. The College has a policy for managing conflicts of interest, maintaining a register of interests and seeking declarations of potential conflict at the start of any meeting. In line with Charity Commission recommended best practice, the College has appointed a majority of independent members to its Stipends Committee.

The College is a legally autonomous body; however, it exists within the federal structure of the University. Matters of concern to all colleges and the University are discussed and acted on through a system of University-wide committees, such as the Colleges' Committee, of which all Heads of House are members, the Senior Tutors' Committee, which is chaired by the Vice Chancellor, and the Bursars' Committee. Representatives of the Senior Tutors and Bursars sit on each other's committees and on the Colleges Committee. These committees work through the building of consensus as their decisions are not constitutionally binding. The Cambridge colleges have established an Office for Intercollegiate Services, to support the activities of the principal intercollegiate committees.

Funding

The College's activities are funded from tuition fees, charges for student residences and catering, income from conferences, investments and from donations and bequests. The chart below shows the breakdown by category of the College's income (excluding new endowments, capital grants for assets and grant from the Colleges' Fund) for 2015-16:



Tuition Fees
Tuition Fees for Home and EU undergraduates are charged at the maximum permitted rate of £9,000 for students matriculating in 2015-16. Approval for this level of fee was conditional on the signing of an Access Agreement with OFFA and follows the very substantial reduction in the teaching funding for undergraduates provided by the Higher Education Funding Council for England ("HEFCE") to universities. Under the College Fee Agreement between 1999 and 2012, the University passed over funds, calculated on a *per capita* basis, to the Colleges. From 2012, the tuition fees for new students are paid either by the students themselves or on behalf of the students through the Student Loans Company. The Colleges collect these fees and, under a negotiated fee agreement, pass half over to the University. Both the Colleges and the University pay from the fee equal shares towards the Cambridge Bursary Scheme, with the Isaac Newton Trust contributing funds to support the obligations of the less well-endowed Colleges, such as Selwyn. This latter contribution is now being phased out.

The higher fee arrangements appear to have had no material adverse effect on Cambridge admissions. 16,431 candidates applied to the University for 2015 admission, 2% down from 16,752 in 2014 but 2% higher than in 2013, the first year of the new fee regime. In 2015, there were 4.8 applications per place, compared with 4.9 the previous year.

In 2015-16, fees from home and EU undergraduates amounted to £1,653,000, a 2.4% increase over the previous year. A further £224,000 was received from privately funded undergraduates and £426,000 from postgraduate students. The diminishing number of "old regime" students means the average fee for home and EU undergraduates is approaching £4,500, the agreed College share of the £9,000 fee. The average fee payable by graduate students following a recent negotiation with the University was £2,566. These fees are substantially below the actual cost of education, which was estimated by the Cambridge Colleges in 2014-15 as £9,228 per annum for an undergraduate and £4,850 for a postgraduate. Whilst the private undergraduate fee is unregulated and set at a more realistic £7,136, there remains a substantial shortfall, as evidenced by the substantial deficit on the education account described below.

The Colleges Fund
The Colleges Fund, which is funded through an intercollegiate taxation system, makes grants to Colleges with insufficient endowments. The College received a grant of £43,000 in 2015-16 (£192,000 in 2014-15). Although the College continues to make good financial progress, it considers that the burden of buildings maintenance and the need to maintain world class facilities requires a more substantial endowment. Grants to Selwyn from the Colleges Fund since the beginning of this arrangement in 1998 have totalled £3,117,013.

Student Residences and Catering
Rent and catering for members of the College was the most important revenue source, accounting for 36% of total income before donations and endowments. Most junior members live in College accommodation while in residence. The majority of the College's 499 rooms are located on or adjacent to the main site on Grange Road and, following the £13.2 million refurbishment of Cripps Court, two-thirds now have ensuite facilities. The College provides a wide range of student accommodation with varying charges depending on the facilities provided. A typical room rent in 2015-16 was around £115 per week for a standard room and £142 for an ensuite room. This is substantially below the levels charged by private landlords in Cambridge and also below the economic cost to the College of providing the room. The College acknowledges that welfare considerations must play a part in rent discussions and that sharp rent rises are to be avoided where possible. In

consequence, the College has put in place a five-year agreement designed to achieve breakeven on the rent account.

The College also offers a variety of catering services to members: snacks, brunches, cafeteria self-service meals and formal hall dinners. The College is recognised for the high quality of its offering and continues to hold a 5-star environmental health rating, the highest awarded by Cambridge City Council.

Conferences
The College has a long-term strategy of building its conference income to help offset losses on the education account. This amounted to £1.36 million in 2015-16, representing 16% of total unrestricted income, and a 3% increase from £1.31 million in 2014-15. The business has more than doubled from £0.6 million in 2003, as the College seeks to cover the out-of-term portion of the year-round costs of the estate and the staff. The College works closely with many University departments, notably the Institute of Continuing Education and its Summer Schools on the adjacent Sidgwick Site.

Donations and bequests
One of the fundamental challenges facing the College is that its endowment is insufficient to support the current scale of its operations, as income from investments can only partly offset losses in education. The generosity of the College's alumni and supporters continues to play an important role in securing the future scope, scale and quality of its operations.

Investment Income
Although the College's endowment remains modest when compared to other Cambridge colleges, income from investments is a vital source of revenue, amounting to £1.5 million or 18% of total income before donations and endowments in 2015-16. The College endeavours to manage its investments to ensure that it can continue to meet its charitable objectives in perpetuity. The portfolio continues to be self-managed by the College's Investment Committee, which includes external members and the College's stockbroker. The College's policy of favouring a more defensive portfolio structure with a long-term view has served it well in recent years. The holdings of cash, gilts and bonds have insulated the portfolio from the worst of the market volatility and, in addition, the College's equity holdings consist almost entirely of large, well-managed, liquid stocks, which are more likely to survive a downturn and which in relative terms have performed well in the recent volatile markets.

Financial review
The presentation of the accounts has changed in the year under review as the College has prepared its accounts in accordance with FRS 102 and 2015 RCCA. The 2015 accounts have been restated to offer a basis for comparison. Operational information such as the underlying deficit and cash generation information remains broadly comparable with historic data.

Income and Expenditure
The College generated a statutory surplus, now described in the accounts as total unrestricted comprehensive income, of £571,000 for the year, compared with £208,000 last year. Given the changes outlined above, it is perhaps more instructive to focus on the underlying operational condition of the College. In the year to 30 June 2016, the College recorded an underlying surplus of £20,029, a considerable improvement on last year's deficit of £54,476. This is the first surplus recorded by the College since the initial adoption of RCCA in 2002.

	2016	2015 Restated
	£	£
Total Comprehensive Unrestricted Income	**570,692**	**207,847**
Postgraduate Studentships Committed less paid	29,461	136,156
FRS102 Pension Cost Adjustments	306,188	443,000
Actuarial loss/(gain) in respect of pension schemes	65,820	(267,848)
Increase in market value of investments	(307,744)	(255,194)
Unrestricted Donations Income	(732,082)	(262,156)
Profit on Property Disposal	-	(185,345)
Loan Interest	87,694	129,064
Underlying Surplus/(Deficit)	**20,029**	**(54,476)**

Total income for the year rose by 17.6% to £12.5 million, driven by a number of factors including higher legacy receipts, fee and investment income. Continued vigilance on costs meant that total expenditure rose by only 1.5% to £8.7 million, contributing to the overall surplus.

Fee income from undergraduate and graduate students rose by 6.0% to £2.3 million. Higher graduate fee receipts as a new fee-sharing agreement with the University bedded in, along with a modest increase in student numbers and a slightly higher proportion of non-EU undergraduates all had a positive effect. A 1.7% decrease in unrestricted education expenditure to £2.6 million led to a modest reduction in the education deficit from £0.92 million to £0.89 million.

Income from accommodation of College members rose by 6.1% to £2.3 million, consolidating the gains that resulted from the Cripps refurbishment last year. The corresponding 5.1% increase in related expenditure to £2.3 million resulted in a further narrowing of the accommodation deficit to £71,000, a result that reflects many years of work on rent negotiations.

Income from catering for College members remained flat at £0.8 million, a disappointing result mitigated by a fall of 3.5% in related expenditure to £1.2 million, producing a 9% reduction in the member catering deficit to £0.5 million. Student spend in Hall rose by 2.1% in the Easter Term 2016 to £3.40 per day, but this remains well down on the record levels of £3.67 seen in 2011 and is no doubt a continuing reflection of tighter student budgets. The number of undergraduates using the Hall rose from 365 to 372, although utilisation by postgraduate students fell from 99 to 95 in the Easter Term. The College has undertaken an external review of its catering operation which will report in early 2017.

The conference business had a good year, with revenue rising by 3% to £1.4 million, driven in particular by a 20% growth in the day conference business to £0.5 million.

Investments

The College's investment portfolio amounted to £51.1 million at 30 June 2016, compared to £44.0 million the previous year. The total return on the portfolio amounted to 10.3%, a strong performance in a particularly exciting environment for financial markets. This comfortably outperformed the -2.5% return of the MSCI World Index. The College's average annual return for the last three years has been 9.1%, and 7.6% per annum over the past fifteen years. The College's holdings of well-managed, market-leading high quality equities once again showed their defensive attributes as investors absorbed the implications of the referendum vote in June. In addition the College invested £1.0 million in the University Endowment Fund during the year. Investment income grew by 6.8% to £1.5 million: a satisfactory performance at a time when interest on cash deposits is barely positive and the yield on the ten year gilt at the time of writing is around 1%.

Donations

The College is dependent on donations and benefactions to build its endowment and offset losses in its core activities. It is a vital source of revenue and the College is very appreciative of the generosity of its alumni. This year the College received ££0.9 million in expendable donations, last year it received £0.3 million. In addition, the College received £1.9 million in new endowments; last year it received £0.7 million. It also received £1.3 million (last year £1.5 million) of donations in support of capital projects, notably Cripps Court, the new boathouse and preliminary work on Phase III of Ann's Court.

Cash Flow

The College continues to focus on its cash flow. This can be calculated in a number of ways and in the interests of simplicity, one measure of the progress of recent years is to take the underlying deficit and add back the annual depreciation charge, as follows:

	2016 **£'000**	**2015** **£'000**
Underlying Surplus/(Deficit)	20	(54)
Depreciation Charge	1,791	1,723
Cash Flow	1,811	1,668
Change	9%	38%

The increased income from fees, investments, conference and rents has resulted in a record level of cash generation. Solid cost control has allowed the College to navigate several years of recession and remain cash positive. Annual benchmarking exercises with other colleges suggest that Selwyn remains amongst the most efficiently run. The College's staff cost per capita student remains for example below the college average. Cost control remains a priority, with a robust annual budgeting process in place. Maintaining positive cash flow over the long term remains a key objective. When cash generation turns negative, the College will have to sell assets or borrow money to fund its day-to-day operations. This would certainly be imprudent and unsustainable.

Staff Costs and Pensions

Staff costs amounted to £4.0 million, or 45% of total expenditure. This represented a modest 2.8% increase on the previous year. At 30 June 2016, the College employed 58 Fellows and 98 full-time equivalent staff, compared with 52 Fellows and 91 full-time equivalent staff the previous year.

Under FRS102 the College is required to disclose all its pension liabilities on the balance sheet. As set out in Note 16, a liability of £278,000 (2015 restated: £242,000) in respect of the Universities Superannuation Scheme (USS) is shown for the first time. The remainder of the £336,000 increase in the level of provision required is due to the continued fall in bond yields, leading to an increase in the value of the liabilities. In addition, contributions over the year have been less than the actuary is currently calculating is required to meet the FRS102 service cost. Offsetting these negative influences are better than expected investment returns and experience gains, mainly as a result of actual inflation linked increases being less than expected.

The College is committed, to the best of its ability, to protecting the pension benefits of its employees.

Balance Sheet

Liquid resources decreased modestly from £0.6 million to £0.5 million at the year-end. Debt decreased from £5.4 million to £4.2 million, following a further annual donation instalment from the Cripps Foundation. Land and buildings of £60.8 million and the investment portfolio of £51.1 million form the other main components of a balance sheet of £103.4 million.

Reserves

At 30th June 2016 the College had £60.8 million in unrestricted reserves (2015: £58.9 million). Effectively these reserves are all invested in non-current fixed assets of £60.8 million (2015: £61.3 million), leaving no readily usable resources available to support the activities of the College through any period of significant financial stress.

It is therefore imperative that the College continues to pursue fundraising opportunities with the aim of strengthening the endowment and to seek improvements in the efficiency and cost-effectiveness of its operations. It is only through the generation of unrestricted income surpluses that the College will be able to build up a prudent buffer against future adverse events.

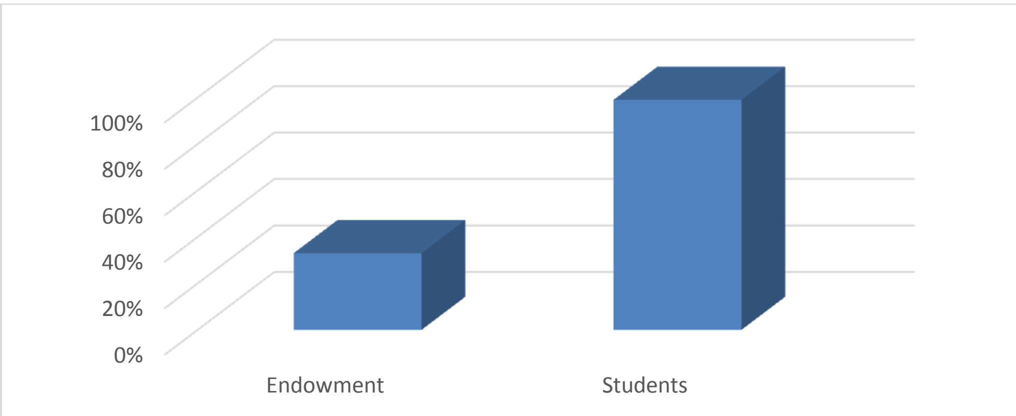
Buildings and Estate

Maintaining the its listed and historic buildings is one of the College's major costs, with an annual depreciation charge of £1.8 million (or 20% of total expenditure) set aside to cover their upkeep and replacement. In the year under review, capital expenditure on buildings amounted to £0.8 million with a further investment of £0.5 million in fixtures, fittings and equipment.

During the year, the College began preliminary design work on Phase III of Ann's Court, a mixed-use building that will house a new library on the upper two floors and a flexible auditorium space on the ground floor. Investment in high quality facilities to attract and retain the best students and staff against increasing international competition remains a key part of the College's strategy and this building will support that objective.

Risks and Uncertainties

The primary risks facing the College continue to be of a financial nature. The College has made good progress in stabilising its financial position but remains underendowed relative to other colleges. The chart below shows that in 2015, Selwyn had 34% of the average college endowment but 99% of the average student numbers:



The College continues to punch above its weight but also continues to incur losses in its core businesses of educating, feeding and housing young people. The current level of endowment income, though increasing, remains insufficient to offset these operating losses. The College's position is stronger than for many years, yet it remains vulnerable to extraneous influences beyond its control. The conference business relies on geopolitical stability; and investment income on a positive economic and financial background, neither of which can be depended upon. A major financial or political shock could damage key income streams which, if prolonged, could undermine years of progress in strengthening the finances. The College must therefore continue to seek to grow the endowment and increase investment income to the point where vulnerability to such events is substantially reduced.

The College has long focussed on cost control and cash preservation and has made good progress. It recognises that, although a necessary and ongoing process, cost cutting will in itself not eliminate the deficit. As stated above, the long-term solution is to raise revenue by means of an increased endowment, rather than cost cutting at the expense of the scope and quality of the College's educational and other charitable objectives.

Other uncertainties relate to the situation regarding fees for higher education. Applications to Selwyn have not fallen materially in the early years of the higher fee regime and it is hoped that they will not do so in the future. Reductions in post-graduate funding may have a more significant impact on student numbers in the years to come. A further cause for concern is the risk that the perception that the disparity of wealth amongst colleges will lead to an inequality of service provision by colleges. This may in the future have an adverse effect on the College's ability to attract the best students.

Finally, the consequences of the EU referendum have yet to be fully appreciated. The collegiate university has historically attracted the best people, irrespective of nationality, and this has underpinned its world leading status. Any impediment to the free flow of people, whether these be academic or support staff, has the potential to damage the attractiveness of the University as a place of research or employment. The College celebrates the diversity of its staff and values their contribution enormously.

Outlook

Strong financial progress has been made in recent years and the College is better placed to face an increasingly difficult operating environment. Costs are still being addressed where practicable but the Governing Body is conscious of the need to preserve the ethos of the College. The College has much to be proud of: it remains successful academically and is a strikingly vibrant community. It now looks to protect and develop these qualities in the future.

N J A Downer
15 November 2016

Statement of Responsibilities of the Governing Body

The Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances 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 Governing Body are required to:

- Select suitable accounting policies and then 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 Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time 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.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

Independent Auditors' Report to the Governing Body of Selwyn College
Year Ended 30 June 16

We have audited the financial statements of Selwyn College for the year ended 30 June 2016, which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changes in reserves, the consolidated balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge 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 Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

As explained more fully in the Statement of Responsibilities of the Governing Body set out on page 13, the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the Audit of Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the College's affairs as at 30 June 2016 and of the group's income and expenditure for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge; and

- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to Report by Exception

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

- the information given in the Governing Body's Operating and Financial Review 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

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

Chartered Accountants and Statutory Auditors

Date: 22 November 2016

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and 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 all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 7a.

All items dealt with in arriving at the surplus/(deficit) for 2016 and 2015 relate to continuing operations.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and certain land and buildings.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertaking, S. C. O. & E. Ltd, for the year ended 30 June 2016. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College are not included because S. C. O. & E. Ltd is a design and build company and therefore the balance sheet of the College would not be materially different to the one included in the accounts.

S. C. O. & E. Ltd is incorporated in England and Wales with an authorised and issued share capital of 1,000 £1 ordinary shares, of which the College holds 100%.

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.

b. Restricted grant income
Grants received from non-government sources are recognised within the Consolidated 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 Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.

c. 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 Consolidated 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 Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

d. Investment income and change in value of investment assets

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

e. Other income

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

f. Cambridge Bursary Scheme

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

However, to remain consistent with the previous years' presentation, as well as the system agreed for 2016-17 (where the College is expected to pay Cambridge Bursaries to eligible students in full and will receive a contribution from the University), for 2015-16 the College has shown the gross payment made to eligible students and the contribution from the University as Income.

The net payment of £69k is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

	£000
Restricted income from Academic fees and charges (note 1)	194
Restricted expenditure on Education (note 4)	263
	£69

Fixed assets

a. Land and buildings

The operational buildings held by the College on 1 July 2002 have been brought into the accounts at depreciated replacement cost based on a valuation carried out by Davis Langdon LLP, Chartered Surveyors. Subsequent additions and improvements to the College's buildings are accounted for at cost. Freehold buildings are depreciated on a straight-line basis over their expected useful economic life of 50 years. Freehold land is not depreciated. Leasehold buildings are amortised over 50 years, or, if shorter, the period of the lease.

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 2016. They are not depreciated until they are brought into use.

No value has been placed on the land occupied by the College's operational buildings as at 1 July 2002; purchases of land after this date are to be capitalised.

b. Maintenance of premises

The College has a five-year rolling maintenance plan that is reviewed on an annual basis. The cost of routine maintenance is charged to the Consolidated Statement of Income and Expenditure as it is incurred.

c. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £100 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful lives as follows:

Furniture and fittings	15 years
Motor vehicles	10 years
General equipment	5-20 years
Computer equipment	4 years
Library books	20 years
Musical instruments	50 years

No depreciation is charged in the year of acquisition.

d. Heritage assets

The College holds a collection of rare books which is not recognised in the Balance Sheet. This collection has arisen through donations and largely comprises works on theology. Few of the books are scarce or in first editions and the subject area is unfashionable. It would be difficult and expensive to replace the collection but equally the possibility of finding a specialist buyer could not be guaranteed, therefore to attribute any value to these books would be unrealistic.

The College employs a professional archivist whose responsibilities include the care and maintenance of the rare book collection. The exposure of the collection to heat and light is strictly controlled.

The College also holds a number of paintings and drawings but the majority of these are portraits of members and benefactors of the College. As such this collection pertains to the history of the College and has little external market value.

e. Leased assets
The College does not hold any fixed assets under finance leases.

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings, which are stated in the College's balance sheet at cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

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.

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.

Foreign currencies

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

Taxation

Until 1 June 2010 the College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. On 1 June 2010 the College ceased to be an exempt charity and, subsequent to the balance sheet date, became a registered charity, number 1137517, on 17 August 2010.

The College is 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

The College participates in the Universities Superannuation Scheme (USS). Throughout the current and preceding periods, the Scheme was a defined benefit only pension scheme until 31 March 2016, which was contracted out of the State Second Pension (S2P). The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the Scheme's assets are not hypothecated to individual institutions and a Scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee benefits", accounts for the Scheme as if it were a defined contribution scheme. As a result the amount charged to income and expenditure represents the contributions payable to the Scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan that determines how each employer within the Scheme will fund the overall deficit), the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense is included in income and expenditure.

The College also participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the Scheme are held in a separate trustee administered fund. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the schemes. 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 charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

The College also offers membership of NEST, a defined contribution pension scheme, to its non-academic employees and the pension charge represents the amounts payable by the College to the scheme in respect of the employees' service during the year.

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.

Transition to the 2015 RCCA

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 22.

Reserves

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

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

Critical accounting judgements

FRS102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into any agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Governing Body are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 30 June 2016

Income	Note	Unrestricted £000	Restricted £000	Endowment £000	2016 Total £000	Unrestricted £000	Restricted £000	Endowment £000	Restated 2015 Total £000
Academic fees and charges	1	2,303	194	-	2,497	2,172	214	-	2,386
Residences, catering and conferences	2	4,397	-	-	4,397	4,224	-	-	4,224
Investment income	3	-	-	1,493	1,493	-	-	1,398	1,398
Endowment return transferred	3	860	633	(1,493)	-	806	592	(1,398)	-
Total income before donations and endowments		7,560	827	-	8,387	7,202	806	-	8,008
Donations		732	180	-	912	262	6	-	268
New endowments				1,850	1,850	-	-	722	722
Bursary compensation payment		-	-	-	-	-	-	8	8
Capital grant from Colleges Fund		-	-	43	43	-	-	192	192
Other capital grants for assets		-	1,343	-	1,343	-	1,457	-	1,457
Total income		8,292	2,350	1,893	12,535	7,464	2,269	922	10,655
Expenditure									
Education	4	2,599	784	-	3,383	2,645	657	-	3,302
Residences, catering and conferences	5	5,151	-	-	5,151	5,051	-	-	5,051
Interest payable		88	-	-	88	129	-	-	129
Other expenditure	6	125	-	-	125	138	-	-	138
Total expenditure	7	7,963	784	-	8,747	7,963	657	-	8,620
Surplus/(deficit) before other gains and losses		329	1,566	1,893	3,788	(499)	1,612	922	2,035
Gain on disposal of fixed assets	9	-	-	-	-	184	-	-	184
Gain on investments	10	308	74	2,787	3,169	255	54	2,041	2,350
Surplus/(deficit) for the year		637	1,640	4,680	6,957	(60)	1,666	2,963	4,569
Other comprehensive income									
Actuarial (loss)/gain in respect of pension schemes	16	(66)	-	-	(66)	268	-	-	268
Total comprehensive income for the year		**£571**	**£1,640**	**£4,680**	**£6,891**	£208	£1,666	£2,963	£4,837

The notes on pages 27 to 41 form part of these accounts.

Consolidated Statement of Changes in Reserves

Year ended 30 June 2016

	Note	Income and expenditure reserve			
		Unrestricted	Restricted	Endowment	Total
		£000	£000	£000	£000
Balance at 1 July 2015 - restated		58,906	1,562	36,021	96,489
Reclassification of expendable endowment		-	82	(82)	-
Surplus/(Deficit) from income and expenditure statement		637	1,640	4,680	6,957
Other comprehensive income		(66)	-	-	(66)
Release of restricted capital funds spent in the year		1,343	(1,343)	-	-
Balance at 30 June 2016		**£60,820**	**£1,941**	**£40,619**	£103,380

		Income and expenditure reserve			Restated
		Unrestricted	Restricted	Endowment	Total
		£000	£000	£000	£000
Balance at 1 July 2014		41,547	1,353	33,058	75,958
Prior Year Adjustment: deferred capital opening balance	22	15,852	-	-	15,852
Prior Year Adjustment: USS pension scheme reserve	22	(158)	-	-	(158)
Surplus/(Deficit) from income and expenditure statement		(60)	1,666	2,963	4,569
Other comprehensive income		268	-	-	268
Release of restricted capital funds spent in the year		1,457	(1,457)	-	-
Balance at 30 June 2015		**£58,906**	**£1,562**	**£36,021**	£96,489

The notes on pages 27 to 41 form part of these accounts.

Consolidated Balance Sheet as at 30 June 2016

	Note	**30 June 2016 £000**	Restated 30 June 2015 £000
Non-current assets			
Fixed assets	9	60,803	61,320
Investments	10	51,077	44,010
Current assets			
Stocks	11	281	269
Trade and other receivables	12	540	819
Cash and cash equivalents	13	454	560
		1,275	1,648
Creditors: amounts falling due within one year	14	(5,476)	(2,822)
Net current liabilities		(4,201)	(1,174)
Total assets less current liabilities		107,679	104,156
Creditors: amounts falling due after more than one year	15	(450)	(4,190)
Provisions			
Pension provisions	16	(3,849)	(3,477)
Total net assets		**£ 103,380**	£ 96,489

	Note	**30 June 2016 £000**	Restated 30 June 2015 £000
Restricted reserves			
Income and expenditure reserve – endowment reserve	17	40,619	36,021
Income and expenditure reserve – restricted reserve	18	1,941	1,562
		42,560	37,583
Unrestricted reserves			
Income and expenditure reserve – unrestricted		60,820	58,906
Total Reserves		**£ 103,380**	£ 96,489

Approved by the Governing Body on 15 November 2016 and signed on their behalf by:

N J A Downer
Bursar

The notes on pages 27 to 41 form part of these accounts.

Consolidated Cash Flow Statement for the year ended 30 June 2016

	Note	**2016 £000**	Restated 2015 £000
Reconciliation of surplus for the year to net cash flows from operating activities			
Surplus for the year		6,957	4,569
Adjustment for non-cash items			
Depreciation	9	1,791	1,723
Investment income	3	(1,493)	(1,398)
(Gain) on endowments and donations	18	(3,169)	(2,350)
(Decrease) in stocks	11	(12)	(38)
Decrease/(Increase) in trade and other receivables	12	279	(173)
Increase in creditors excluding loans	14	154	236
Pension costs less contributions payable	16	306	443
Adjustment for investing or financing activities			
Investment income	3	1,493	1,398
Interest payable		88	129
Profit on sale of non-current assets	9	-	(184)
Net cash inflow from operating activities		**6,394**	4,355
Cash flows from investing activities			
Proceeds from sales of non-current fixed assets		-	442
Sales/(purchases) of investment assets		(3,898)	(1,224)
Payments to acquire non-current assets	9	(1,274)	(2,038)
Total cash inflow from investing activities		**(5,172)**	(2,820)
Cash flows from financing activities			
Interest paid		(88)	(129)
Long term loans received		-	500
Long term loans repaid	14/15	(1,240)	(1,740)
Net cash inflow from financing activities		**(1,328)**	(1,369)
(Decrease)/increase in cash and cash equivalents in the year		**(106)**	166
Cash and cash equivalents at beginning of the year		560	394
Cash and cash equivalents at end of the year	13	**£ 454**	£ 560

The notes on pages 27 to 41 form part of these accounts.

Notes to the Accounts for the year ended 30 June 2016

1	**ACADEMIC FEES AND CHARGES**	**2016**	2015
	College fees:	**£000**	£000
	Fee income received at the Regulated Undergraduate rate	1,653	1,615
	Fee income received at the Unregulated Undergraduate rate	224	237
	Fee income received at the Graduate rate	426	320
	From the University of Cambridge and Isaac Newton Trust for Cambridge Bursaries	194	214
		£2,497	£2,386

2	**INCOME FROM RESIDENCES, CATERING AND CONFERENCES**		**2016**	2015
			£000	£000
	Accommodation:	College members	2,276	2,145
		Conferences	815	863
	Catering:	College members	764	764
		Conferences	542	452
			£4,397	£4,224

3	**ENDOWMENT AND INVESTMENT INCOME**	**2016**	2015
	Income from:	**£000**	£000
	Freehold land and buildings	14	-
	Quoted securities		
	Equities	1,255	1,206
	Fixed interest	222	189
	Cash	2	3
		£1,493	£1,398

Investment Management fees paid to J. M. Finn & Co. were £14,400 (2015: £14,400) and are included in Other Operating Expenses (Note 7a).

4	**EDUCATION EXPENDITURE**	**2016**	Restated 2015
		£000	£000
	Teaching	1,994	1,933
	Tutorial	404	386
	Admissions	155	141
	Access	144	72
	Research	109	106
	Scholarships and awards	176	239
	Cambridge Bursaries	263	293
	Other educational facilities	138	132
	Total	£3,383	£3,302

Notes to the Accounts for the year ended 30 June 2016

5	RESIDENCES, CATERING AND CONFERENCE EXPENDITURE		2016 £000	Restated 2015 £000
	Accommodation	- College members	2,346	2,232
		- Conferences	1,043	992
	Catering	- College members	1,220	1,265
		- Conferences	542	562
	Total		£5,151	£5,051

6	OTHER EXPENDITURE	2016 £000	Restated 2015 £000
	Net return on pension scheme assets less liabilities	125	138
		£125	£138

7a	ANALYSIS OF 2015-16 EXPENDITURE BY ACTIVITY	Staff costs (note 8) £000	Other Operating Expenses £000	Depreciation £000	Total £000
	Education (note 4)	1,571	1,503	309	3,383
	Residences, catering and conferences (note 5)	2,379	1,290	1,482	5,151
	Interest payments	-	88	-	88
	Other expenditure (note 6)	-	125	-	125
		£3,950	£3,006	£1,791	£8,747

Other Operating Expenses includes £356,904 as costs of fundraising (2015: £300,339). This expenditure includes the cost of alumni relations.

7b	ANALYSIS OF 2014-15 EXPENDITURE BY ACTIVITY	Staff costs (note 8) £000	Other Operating Expenses £000	Depreciation £000	Restated Total £000
	Education (note 4)	1,524	1,481	297	3,302
	Residences, catering and conferences (note 5)	2,317	1,308	1,426	5,051
	Interest payments	-	129	-	129
	Other expenditure (note 6)	-	138	-	138
		£3,841	£3,056	£1,723	£8,620

7c	AUDITORS' REMUNERATION	2016	2015
	Other operating expenses include:	£000	£000
	Audit fees payable to the College's external auditors	15	15
	Other fees payable to the College's external auditors	1	-
		£16	£15

Notes to the Accounts for the year ended 30 June 2016

8 STAFF

	2016 College Fellows £000	**2016 Non-academic £000**	**2016 Total £000**	Restated 2015 Total £000
Staff costs:				
Emoluments	764	2,370	3,134	3,039
Social Security costs	53	138	191	173
Other pension costs (see note 20)	143	482	625	629
	£960	£2,990	£3,950	£3,841

	Average staff nos.			Average staff nos.		
	Number of Fellows	**Full-time equivalents**	**2016 Total**	Number of Fellows	Full-time equivalents	2015 Total
Academic	57	-	57	51	-	51
Non-academic	1	98	99	1	91	92
	58	98	156	52	91	143

At 30 June 2016 there were 56 Members of the Governing Body. During the year the average number receiving a stipend from the College was the 58 as shown above.
No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2015: none).
During the year, emoluments paid to Trustees in their capacity as College Officers were: £764,101 (2015: £713,958). The trustees receive no remuneration in their role as trustees of the charity.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This includes the aggregated emoluments paid to key management personnel. The Master, Bursar and Senior Tutor are the College's key management personnel.

	2016 Total £000	2015 Total £000
Aggregate emoluments	£194	£176

Notes to the Accounts for the year ended 30 June 2016

9 FIXED ASSETS

	2016 Land and buildings £000	**2016 Equipment £000**	**2016 Total £000**	2015 Total £000
Cost or valuation				
At beginning of year	71,506	5,447	76,953	75,259
Additions at cost	799	475	1,274	2,038
Disposals at cost/valuation	-	(48)	(48)	(344)
At end of year	72,305	5,874	78,179	76,953
Depreciation				
At beginning of year	13,858	1,775	15,633	13,997
Charge for the year	1,430	361	1,791	1,723
Eliminated on disposals	-	(48)	(48)	(87)
At end of year	15,288	2,088	17,376	15,633
Net book value				
At end of year	**£57,017**	**£3,786**	**£60,803**	£61,320
At beginning of year	£57,648	£3,672	£61,320	£61,262

The insured value of freehold land and buildings as at 30 June 2016 was £103,232,758 (2015: £103,232,758).

10 INVESTMENTS

	2016 £000	2015 £000
Balance at beginning of year	44,010	40,436
Additions at cost	4,499	3,565
Disposals at opening market value	(1,976)	(2,390)
Appreciation on disposals/revaluation	3,478	2,464
Decrease in cash balances held by fund managers	1,066	(65)
Balance at end of year	£51,077	£44,010
Represented by:		
Quoted securities – equities	40,454	36,024
Quoted securities – fixed interest	7,770	6,200
Cash held for reinvestment	2,853	1,786
	£51,077	£44,010

11 STOCKS

	2016 £000	2015 £000
Goods for resale	£281	£269

12 TRADE AND OTHER RECEIVABLES

	2016 £000	2015 £000
Members of the College	115	132
Trade debtors	154	101
Taxation recoverable	24	84
Sundry debtors	104	380
Prepayments	143	122
	£540	£819

Notes to the Accounts for the year ended 30 June 2016

13	CASH AND CASH EQUIVALENTS	2016 £000	2015 £000
	Current accounts	430	540
	Cash in hand	24	20
		£454	£560

14	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2016 £000	2015 £000
	Loan repayable 20th February 2017, interest 1%	2,500	-
	Loan converting to donation 30th March 2017 (2015: 30th March 2016), interest 2%	1,240	1,240
	Trade creditors and accruals	719	439
	PAYE and Social Security	121	106
	Students' deposits	184	138
	Other creditors	712	899
		£5,476	£2,822

15	CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2016 £000	2015 £000
	Interest-free loan repayable 2nd July 2017	450	450
	Loan converting to donation 30th March 2017, interest 2%	-	1,240
	Loan repayable 20th February 2017, interest 1%	-	2,500
		£450	£4,190

16	PENSION PROVISIONS	CCFPS £000	USS £000	2016 £000	Restated 2015 £000
	Balance at beginning of year	3,235	242	3,477	3,302
	Movement in year:				
	Current service cost including life assurance	590	155	745	744
	Contributions	(441)	(123)	(564)	(439)
	Other finance cost/(income)	121	4	125	138
	Actuarial (gain)/loss	66	-	66	(268)
	Balance at end of year	£3,571	£278	£3,849	£3,477

Notes to the Accounts for the year ended 30 June 2016

17 ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

Consolidated	**Restricted permanent endowments £000**	**Unrestricted permanent endowments £000**	**2016 Total £000**	Restated 2015 Total £000
Balance at beginning of year:				
Capital	18,006	18,015	36,021	33,058
Reclassification to Reserves (note 18)	(82)	-	(82)	-
New donations and endowments	1,850	-	1,850	722
Capital grant from the Colleges Fund	-	43	43	192
Bursary compensation payment	-	-	-	8
Increase/(decrease) in market value of investments	1,327	1,460	2,787	2,041
Balance at end of year	£21,101	£19,518	**£40,619**	£36,021

Analysis by type of purpose:		
Fellowship Funds	8,803	8,357
Scholarship Funds	3,832	2,347
Prize Funds	365	354
Hardship Funds	5,117	4,195
Travel Grant Funds	501	470
Other Funds	2,482	2,283
General endowments	19,519	18,015
	£40,619	£36,021

Analysis by asset:		
Investments	40,619	35,847
Cash	-	174
	£40,619	£36,021

Notes to the Accounts for the year ended 30 June 2016

18 RESTRICTED RESERVES

Reserves with restrictions are as follows:

Consolidated	**Capital grants unspent £000**	**Unspent restricted income £000**	**Restricted expendable endowment £000**	**2016 Total £000**	Restated 2015 Total £000
Balance at beginning of year:					
Capital	-	-	51	51	52
Accumulated income	-	1,511	-	1,511	1,301
	-	1,511	51	1,562	1,353
Expendable capital reclassified from Restricted Endowment (note 17)	-	-	82	82	-
From the University of Cambridge and Isaac Newton Trust for Cambridge Bursaries	-	194	-	194	214
New grants	1,343	-	-	1,343	1,457
New donations	-	23	157	180	6
Investment income	-	631	2	633	592
Increase/(decrease) in market value of investments	-	71	3	74	54
Capital grants utilised	(1,343)	-	-	(1,343)	(1,457)
Expenditure	-	(684)	(100)	(784)	(657)
	-	1,746	195	1,941	1,562
Balance at end of year					
Capital	-	-	55	55	51
Accumulated income	-	1,746	140	1,886	1,511
	-	**£1,746**	**£195**	**£1,941**	**£1,562**
Analysis of other restricted funds/donations by type of purpose:					
Fellowship Funds		691	86	777	627
Scholarship Funds		372	9	381	323
Prize Funds		75	5	80	64
Hardship Funds		449	79	528	363
Travel Grant Funds		70	-	70	61
Other Funds		89	16	105	124
		£1,746	**£195**	**£1,941**	**£1,562**

19 CAPITAL COMMITMENTS

	2016 £000	2015 £000
Commitments contracted for at 30 June:	£50	£834

Notes to the Accounts for the year ended 30 June 2016

20 PENSION SCHEMES

The College participates in the following pension schemes: the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). Eligible non-academic staff not wishing to join CCFPS are auto-enrolled into NEST. Contributions payable in respect of the year were as follows:

	2016 £000	2015 £000
USS	143	177
CCFPS	479	449
NEST	3	3
	625	629

Universities Superannuation Scheme

Throughout the current and preceding periods, the Scheme was a defined benefit only pension scheme until 31 March 2016, which was contracted out of the State Second Pension (S2P). The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the Scheme's assets are not hypothecated to individual institutions and a Scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee benefits", accounts for the Scheme as if it were a defined contribution scheme. As a result the amount charged to income and expenditure represents the contributions payable to the Scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan that determines how each employer within the Scheme will fund the overall deficit), the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense is included in income and expenditure.

The total cost charged to income and expenditure is £143 (2015 restated: £177) as shown in note 8.

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 benefits which had accrued to members after allowing for expected future increases in earnings.

Notes to the Accounts for the year ended 30 June 2016

20 PENSION SCHEMES

Universities Superannuation Scheme (continued)

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

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

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with Continuous Mortality investigation's (CMI) S1 NA 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:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

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

Notes to the Accounts for the year ended 30 June 2016

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme

The College is also 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 2016 by a qualified independent actuary.

The liabilities of the scheme have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Scheme, at 31 March 2014 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the Scheme benefit structure and membership since that date.

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

	2016	**2015**
	% p.a.	**% p.a.**
Discount rate	2.8	3.7
Salary inflation assumption	2.4*	2.75**
Retail Prices Index (RPI) assumption	2.9	3.25
Consumer Prices Index (CPI) assumption	1.9	2.25
Pension increases in payment (RPI Max 5% p.a.)	2.7	3.05
Pension increases (CPI Max 5% p.a.)	1.7	n/a

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

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2015 future improvement factors and a long-term rate of future improvement of 1% p.a. (2015: same base table with CMI_2014 future improvement factors and a long-term future improvement rate of 1% p.a.). This results in the following life expectancies:

	2016	**2015**
Males currently aged 65 (years)	21.9	22.3
Females currently aged 65 (years)	23.9	24.4
Males currently aged 45 (years)	23.2	23.6
Females currently aged 45 (years)	25.4	25.9

Notes to the Accounts for the year ended 30 June 2016

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

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

	2016	2015
	£000	£000
Present value of plan liabilities	(12,297)	(10,617)
Market value of plan assets	8,727	7,382
Net defined benefit asset/(liability)	**£(3,570)**	**£(3,235)**

The amounts to be recognised in income and expenditure for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016	2015
	£000	£000
Current service cost	589	554
Interest on net defined benefit liability	121	133
Total	**£710**	**£687**

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

	2016	2015
	£000	£000
Present value of Scheme liabilities at beginning of period	10,617	9,563
Current service cost (including Employee contributions)	608	576
Benefits paid	(382)	(273)
Interest on scheme liabilities	398	408
Actuarial losses	1,056	343
Present value of Scheme liabilities at end of period	**£12,297**	**£10,617**

Notes to the Accounts for the year ended 30 June 2016

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

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

	2016 £000	2015 £000
Market value of Scheme assets at beginning of period	7,381	6,419
Contributions paid by the College	441	327
Employee contributions	18	23
Benefits paid	(382)	(274)
Interest on plan assets	278	275
Return on assets, less interest included in income and expenditure	990	611
Market value of plan assets at end of period	**£8,726**	**£7,381**
Actual return on plan assets	£1,268	£886

The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2016 (with comparative figures at 30 June 2015) are as follows:

	2016	2015
Equities	59%	69%
Bonds and cash	35%	25%
Property	6%	6%
Total	**100%**	**100%**

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

Analysis of the re-measurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016 £000	2015 £000
Actual return less expected return on Scheme assets	990	611
Experience gains and losses arising on Scheme liabilities	96	68
Changes in assumptions underlying the present value of Scheme liabilities	(1,152)	(411)
Actuarial gain/(loss) recognised in OCI	**£(66)**	**£268**

Notes to the Accounts for the year ended 30 June 2016

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

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

	2016	2015
	£000	£000
Deficit in Scheme at beginning of year	(3,235)	(3,144)
Recognised in income and expenditure	(710)	(687)
Contributions paid by the College	441	328
Actuarial gain/(loss) recognised in OCI	(66)	268
Deficit in Scheme at the end of the year	**£(3,570)**	**£(3,235)**

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 at 31 March 2014. This showed that the Scheme'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 Scheme's Schedule of Contributions dated 4 March 2016 and require annual contributions of not less than £37,074 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.

NEST

The College offers membership of NEST, a defined contribution pension scheme, to its non-academic employees not wishing to join the CCFPS. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £3,252 (2015: £2,734) of which £272 (2015: £246) was outstanding at the year end.

Notes to the Accounts for the year ended 30 June 2016

21 RELATED PARTY TRANSACTIONS

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

22 TRANSITION TO 2015 RCCA

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the 2015 RCCA. The accounting policies set out on pages 16 to 21 have been applied in preparing the comparative information for the year ended 30th June 2015 and the opening financial position at 1st July 2014 resulting in a restatement of these figures.

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

		2015
		£000
Surplus/(Deficit) for the year as previously stated		
Surplus on income and expenditure account		724
Unspent endowment fund income		155
		879
Revised treatment of deferred capital	(689)	
Accrual of Postgraduate Studentship commitments	(136)	
Adjustment for movement in pension deficit funding provision of USS	(83)	
		(908)
Adjustment for gains previously recognised in the Statement of Recognised Gains and Losses		
Unrealised gain on investments	2,350	
New endowments	722	
Bursary compensation payment	8	
Capital grant from the Colleges Fund	192	
Actuarial gain in respect of pension schemes	137	
		3,409
Other capital grants for assets		1,457
Total Comprehensive Income as restated		**£4,837**

Notes to the Accounts for the year ended 30 June 2016

22 TRANSITION TO 2015 RCCA (continued)

	1 July 2014 £000	30 June 2015 £000
Reconciliation of reserves and balances		
Reserve balances as previously stated	75,958	80,247
Revised treatment of deferred capital	15,852	16,619
Pension deficit funding provision for USS	(158)	(241)
Accrual of Postgraduate Studentship commitments	-	(136)
Reserve balances restated	**£91,652**	**£96,489**