CHRIST'S COLLEGE
CAMBRIDGE

Annual report of the Trustees
and Accounts prepared under the
Recommended Cambridge College Accounts (RCCA) format
for the year ended 30 June 2014

Christ's College
St Andrew's Street
Cambridge
CB2 3BU

Registered charity number 1137540

Contents

Corporate Governance

This section describes the governance of the College and the arrangements for the management of its resources and for audit.

Christ's College is a self-governing corporate body, established by royal charter. It is a registered charity (registered number 1137540) and subject to regulation by the Charity Commission for England and Wales. Christ's College Enterprises Limited, a wholly owned subsidiary primarily involved in property development, donates its profits to the College, to be used in its charitable activities.

The Governing Body is comprised of the Fellows of the College. Undergraduate and postgraduate student representatives are also coopted members of the Governing Body. The Statutes & Ordinances govern the activities of the College.

The members of the College Council are the charity trustees and are responsible for ensuring compliance with charity law. The Council consists of the Master, the Senior Tutor and Bursar, ex officio, and ten members elected from the membership of the Governing Body. Each elected member is elected to serve for a period of two years and may be re-elected for two further terms of two years each. Members of the Council during the year ended 30 June 2014 are set out on page 4.

The College Council is responsible for oversight of the management of the assets, income, expenditure and educational business of the College, in accordance with the directions and subject to the limitations laid down in the College Statutes. They are advised in carrying out their duties by a number of Committees. The Education Committee advises the Council on educational matters, including teaching, pastoral care and admissions. The Financial Control Committee advises the Council on the annual budget, monitors income and expenditure during the year, and reviews the annual report and accounts before presentation to Council and the Governing Body. The accounts of the College and its subsidiary are externally audited. The Estates Committee and the Investments Committee meet regularly with and receive reports from professional advisers and advise the Council on estates and securities investments respectively. The principal officers of the College, as laid down by the College's Statutes and Ordinances are the Master, who is responsible overall for the work of the College; the Bursar who is its chief administrative and financial officer and the Senior Tutor who is responsible for the oversight of its educational work.

There are Registers of Interests of Trustees, the Financial Control Committee and Audit Committee and of the senior administrative officers. Declarations of interest are made systematically at meetings. No fees are paid to Fellows in respect of their duties as members of the College Council, although a number of the members of the Council hold office or employment with the College and receive remuneration in respect of the services they provide. Stipends, salaries and fees for these services are determined on the advice of a Remuneration Committee. The total amount paid to serving members of the Council in the year ended 30 June 2014, including pension contributions, was £0.3m (2013: £0.4m).

Statement of Internal Control

The College Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2014 and up to the date of approval of the financial statements.

The College Council is responsible for reviewing the effectiveness of the system of internal control. The Council's review is informed by the work of the various Committees, Bursar and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Trustees & Advisers

Charity Trustees (Members of the Council)

(ex officio) Professor F P Kelly, Master, Dr R E Hunt, Senior Tutor, Mr D J Ball, Bursar

(elected) Professor Gay and Mrs Stirling (to 30.09.13), Dr Isaac and Dr Murdoch (from 01.10.13), Professor Amin, Dr Browne, Professor Edwardson, Professor Gillard, Dr Jones, Dr Punskaya, Professor Secord and Dr Vout.

Principal officers

Master:	Professor F P Kelly FRS
Senior Tutor:	Dr R E Hunt
Bursar:	Mr D J Ball

Principal advisers

Auditors	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA
Bankers	Lloyds TSB Black Horse House Castle Park Cambridge CB3 0AR
Investment Managers	Various
Legal Advisers	Ashton KCJ Chequers House 77-81 Newmarket Road Cambridge CB5 8EU
Property Managers	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD

Operating & Financial Review – 2013/14

1. Aims, Objectives & Public Benefit

The College's objective is the advancement of education, religion, learning and research through the provision of a college within the University of Cambridge. The primary aim of the College, as an independent foundation within a collegiate university, is the provision of education leading to degrees awarded by the University of Cambridge. It seeks to enable its students to achieve their full potential, through both academic success and participation in the broad range of extra-curricular activities which the College and the University provide. The College commits significant resources to various outreach activities designed to encourage undergraduate applications from able candidates from all backgrounds and schools. The College also offers studentships for undergraduates and postgraduates and grants towards travel and research expenses for academic purposes. The College provides access bursaries, awarded on the assessment of financial need, for over 25% of non-overseas undergraduates and over 100 scholarships and prizes, awarded on performance in University examinations.

Within the collegiate university, the College's educational role (in common with the other colleges) is to select and admit its own undergraduates and graduates, to provide advice about programmes of study and arrange small-group teaching for undergraduates, to provide pastoral care and to monitor each individual student's progress. Ancillary to this role, the College provides a library, residential accommodation, catering and recreational facilities and a chapel. The College also makes provision for student activities in sport, music, drama, the visual arts and other non-academic areas. The 500-year-old College site contains much that is uniquely important in the nation's architectural heritage. The College maintains these buildings and gardens and allows public access to the gardens for most of the year.

The benefits afforded by collegiate life in the Cambridge system are the interactions that are fostered within a relatively small but diverse community, both academically across disciplines and socially, between students and Fellows (who are often leading scholars or researchers in their field). A high proportion of students live in or close by the College, take meals in College and participate in College clubs, societies, and sporting activities; some Fellows are resident in College and many are present in College during the day in term time, to teach, to participate in College business, or because that is their base to carry out research. The drop out rate among the College's undergraduates is extremely low, compared to the national average. This is attributed to the care taken in the selection of undergraduates for admission, the provision of pastoral care, the attention paid to teaching in small groups, the steps taken to monitor each individual student's progress, and the financial support available through bursaries in cases of hardship. Although the academic progress of graduate students reading for higher degrees is primarily the responsibility of the faculty or department of the University in which they work, the College also provides considerable support for these students, through pastoral care, residential accommodation in College flats or houses, the opportunity to participate in social and sporting activities and to interact with the Fellows in a range of disciplines, access to research and travel grants, and financial support in cases of hardship.

2. Funding

The College's main sources of funding during the year were income generated from its charitable activities and investment income:

	£'000	
	2013-14	2012-13
Academic Fees & Charges	2,492	2,307
Residences, Catering & Conferences	3,529	2,986
Investment Income	3,124	3,160

The College also received donations and new endowments of £2.1m (2012-13: £2.4m). Most of this was added to the endowment rather than recognized through the Income & Expenditure Account.

3. Achievements & Performance

3.1 Educational Activities

Undergraduate examination performance continued to be strong. At the same time students participated in a wide range of other sporting, cultural and charitable activities, with a number achieving distinction in their fields.

Graduate students also continued to achieve good results, while the graduate community within the college was active in organizing academic and social events through the MCR.

The College operates within policies and strategies determined by the University and, as appropriate, the colleges collectively, for example in matters of admissions targets, transfer from the University of the college fee in respect of publicly-funded UK undergraduates, the provision of courses and curriculum.

The full time equivalent numbers of undergraduate and graduate students in residence and registered with the University were:

	2013/14	2012/13
Undergraduates	453	454
Postgraduates	212	169

One University Lecturer (2012-13: one) joined the College as a Teaching Fellow.

3.2 Research Activities

Fellows again received a number of distinctions recognising their research achievements. The College provides a variety of support to Fellows and students for research activity. Two new Junior Research Fellows joined the College during the year (2012-13: four).

4. Financial Review

The College has prepared its consolidated accounts in accordance with the Recommended Cambridge College Accounts or RCCA format.

Income & Expenditure Account

Overall, the Account again shows a surplus on continuing operations after making the University Contribution under Statute G,II. Expenditure was well controlled.

Statement of Total Recognised Gains & Losses

The College's investments again performed well during the year, largely reflecting investment markets. Further actuarial losses were recognized, however, in respect of pension obligations and this element of our reported results remains volatile.

Balance Sheet

The consolidated balance sheet remains strong, with retained investment gains and donations increasing total funds to £145m (2013: £137m). The College has sufficient liquid funds to meet all normal contingencies.

During the year the College borrowed £10m for thirty to forty years at a competitive rate of interest (see note 16 to the accounts). The proceeds will enhance the College's flexibility in the planning of its investment programme, which is likely to include the development of additional student accommodation.

Investment Returns

Total returns from the College's investments were well in excess of the amount appropriated to fund current spending, as set out in note 3b to the accounts. UK investment properties benefited from improving markets, while securities performance was impacted by the strength of sterling.

Donations & Bequests
It will be seen from the accounts that the College continues to rely heavily on its investment income, and on bequests and donations to capital, in order to undertake its charitable activities. The College was very grateful to receive during the last year substantial gifts and pledges from Old Members and others in support of each of our current priorities:

- Additional bursaries for students
- Funding of teaching Fellowships
- Provision of additional accommodation for our growing number of graduate students

Together with donations and legacies for general purposes, these will help the College to continue to provide the quality of teaching and collegiate experience to which we remain committed.

Trading Subsidiary – Christ's College Enterprises
Further proceeds of £1.5m (2013: £1.3m) were recorded during the year from sales of land in which the College has an interest at North Hykeham, Lincoln. A contract was also agreed for the sale of further tranches of land over the next five years.

5. Risk Management

The Council has identified the major risks to which the College might be exposed, and has established policies and procedures to manage those risks.

6. Plans for future periods

The College does not anticipate major changes to its activities in the foreseeable future.

Mr D J Ball
Bursar
Christ's College
Cambridge

Date: 4 October 2014

Responsibilities of the Trustees

The Trustees are 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 College Council 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:

- select suitable accounting policies and apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Trustees are responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept.

The Trustees are responsible for taking reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Mr D J Ball
Bursar
Christ's College
Cambridge

Date: 4 October 2014

Independent Auditor's Report to the Trustees of Christ's College

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

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

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

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 2 December 2014

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

Christ's College Cambridge
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) except to the extent that operational buildings are held within endowment funds.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertaking. Details of the subsidiary undertaking included are set out in note 26. Intra-group balances are eliminated on consolidation.

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

Recognition of income

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.

Donations and benefactions
Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

Capital grants and donations
Capital grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

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

Total return
With effect from 1 July 2012, the college invests its endowment investment portfolio and allocates a proportion of the related earnings and capital appreciation to the income and expenditure account in accordance with the

total return investment concept. The allocation to income is determined by a spending rule, which is designed to maintain an appropriate balance between annual levels of distribution from the endowment and the maintenance over time of the real value of the endowment.

Prior to 1 July 2012, all investment income was credited to the income and expenditure account in the period in which it was received. Comparative figures have not been adjusted.

Foreign currency translation

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

Tangible fixed assets

Land and buildings
The buildings on the main College site have been valued at depreciated replacement cost. The value of the land on the main College site has not been capitalised.

Freehold buildings on the main college site are depreciated on a straight line basis over their expected useful economic life of 100 years. Flats and hostels are depreciated over a period of 50 years. Freehold land is not depreciated.

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

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.

Unless funded by capital grants or specific donations, land and buildings have been treated as Endowment Assets since in the majority of cases their construction, purchase, conversion or improvement was funded by Endowment.

Maintenance of premises
The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred.

Equipment
Fixtures, fittings and equipment are capitalised and depreciated over their expected useful life of 10 years.

Heritage assets
The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Fixed asset and endowment investments are included in the balance sheet at market 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.

Taxation

The College is a registered charity (number 1137540) 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

The College participates in three funded defined benefit pension schemes, Cambridge Colleges Federated Pension Scheme (CCFPS), Universities Superannuation Scheme (USS) and the Church of England Funded Pension Scheme (CEFPS), and two defined contribution pension schemes, Cambridge Colleges Group Pension Plan, which is administered by Aviva, and The NOW: Pensions Trust. The assets of the schemes are held in separate trustee administered funds. Members of CCFPS and USS are contracted out of the State Second Pension.

Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the Fellows' or employees' services. In the case of the CCFPS, costs comprise service and finance costs.

Because of the mutual nature of the USS and CEFPS schemes, the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for each scheme as if it were a defined contribution scheme. As a result, the amounts charged to the Income and Expenditure Account represent the contributions payable to the schemes in respect of the accounting period.

The Aviva and NOW: Pensions schemes are defined contribution schemes, hence the cost charged to the Income and Expenditure Account represents the employer contributions due in the financial year.

Christ's College Cambridge
Consolidated Income and Expenditure Account
For the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Income			
Academic fees and charges	1	2,492	2,307
Residences, catering and conferences	2	3,529	2,986
Endowment and investment income	3	3,124	3,160
Donations	4	174	668
Total income		9,319	9,121
Expenditure			
Education	5	3,068	3,103
Residences, catering and conferences	6	4,853	4,694
Other expenditure		1,158	1,159
Total expenditure	7	9,079	8,956
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		240	165
Contribution under Statute G, II		56	36
Surplus/(deficit) on continuing operations after Contribution under Statute G, II		184	129
Surplus/(deficit) for the year transferred to accumulated income in endowment funds	19	221	345
Surplus/(deficit) for the year retained within general reserves		(37)	(216)

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

The notes on pages 19 to 36 form part of these accounts.

Christ's College Cambridge
Consolidated Statement of Total Recognised Gains and Losses
For the year ended 30 June 2014

	Note	Restricted Funds £'000	Unrestricted Funds £'000	2014 Total Funds £'000	2013 Total Funds £'000
Surplus/(deficit) on income and expenditure account		221	(37)	184	129
Net investment income receivable	3b	313	1,329	1,642	2,079
Increase/(decrease) in market value of investments					
- Endowment assets	19	1,286	5,900	7,186	9,959
- Fixed asset investments	20	-	125	125	231
Total return allocation	3b	(1,001)	(2,035)	(3,036)	(3,106)
New endowments	19	745	1,167	1,912	1,728
Transfers		-	-	-	-
Actuarial gain/(loss) in respect of pension schemes	24	-	(513)	(513)	(939)
Total recognised gains/(losses) relating to the year		1,564	5,936	7,500	10,081

Reconciliation				
Opening reserves and endowments	27,068	106,387	133,455	123,374
Total recognised gains/(losses) for the year	1,564	5,936	7,500	10,081
Closing reserves and endowments	28,632	112,323	140,955	133,455

The notes on pages 19 to 36 form part of these accounts.

Christ's College Cambridge
Consolidated Balance Sheet as at 30 June 2014

	Notes	2014 Group £'000	2013 Group £'000
Fixed assets			
Tangible assets	9	4,708	4,049
Investments	10	12,732	2,633
Endowment assets	11	142,177	134,185
Current assets			
Stocks and work in progress	12	69	79
Debtors	13	699	673
Cash at bank and in hand	14	1,240	1,209
Creditors: amounts falling due within one year	15	(1,925)	(1,775)
Net current assets		83	186
Creditors: amounts falling due after more than one year	16	(10,000)	-
Net assets excluding pension asset/(liability)		149,700	141,053
Net pension asset/(liability)	26	(4,468)	(3,796)
Net assets including pension asset/(liability)		145,232	137,257

Represented by:

		Restricted funds	Unrestricted funds	2014 Group	2013 Group
Deferred capital grants	18	-	4,277	4,277	3,802
Endowments	19				
Expendable endowments		3,373	-	3,373	3,172
Permanent endowments		25,259	113,545	138,804	131,013
Reserves	20				
General reserves excluding pension reserve		-	3,019	3,019	2,898
Pension reserve		-	(4,468)	(4,468)	(3,796)
Fixed asset investment revaluation reserve		-	227	227	168
Total funds		28,632	116,600	145,232	137,257

The financial statements were approved by the College Council on 4 October 2014 and signed on its behalf by:

Mr D J Ball
Bursar, Christ's College, Cambridge

The notes on pages 19 to 36 form part of these accounts.

Christ's College Cambridge
College Balance Sheet as at 30 June 2014

	Notes	2014 College £'000	2013 College £'000
Fixed assets			
Tangible assets	9	4,708	4,049
Investments	10	12,861	2,762
Endowment assets	11	142,101	134,110
Current assets			
Stocks and work in progress	12	69	79
Debtors	13	699	570
Cash at bank and in hand	14	1,316	1,284
Creditors: amounts falling due within one year	15	(2,011)	(1,756)
Net current assets		73	177
Creditors: amounts falling due after more than one year	16	(10,000)	-
Net assets excluding pension asset/(liability)		149,743	141,098
Net pension asset/(liability)	26	(4,468)	(3,796)
Net assets including pension asset/(liability)		145,275	137,302

Represented by:

		Restricted funds	Unrestricted funds	2014 College	2013 College
Deferred capital grants	18	-	4,277	4,277	3,802
Endowments	19				
Expendable endowments		3,373	-	3,373	3,172
Permanent endowments		25,259	113,469	138,728	130,938
Reserves	20				
General reserves excluding pension reserve		-	3,138	3,138	3,018
Pension reserve		-	(4,468)	(4,468)	(3,796)
Fixed asset investment revaluation reserve		-	227	227	168
Total funds		28,632	116,643	145,275	137,302

The financial statements were approved by the College Council on 4 October 2014 and signed on its behalf by:

Mr D J Ball
Bursar, Christ's College, Cambridge

The notes on pages 19 to 36 form part of these accounts.

Christ’s College Cambridge
Consolidated Cash Flow Statement
For the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	22	(5,371)	(9,107)
Returns on investments and servicing of finance	23	1,727	2,133
Capital expenditure and financial investment	23	(6,325)	4,586
Loans	23	10,000	-
Increase/(decrease) in cash in the year		31	(2,388)
Reconciliation in net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		31	(2,388)
Net funds at beginning of year		1,209	3,597
Net funds at end of year	24	1,240	1,209

The notes on pages 19 to 36 form part of these accounts.

1. Academic fees and charges

	2014 £'000	2013 £'000
College fees:		
Fee income paid on behalf of undergraduates at the publicly-funded undergraduate rate (per capita fee £4,068 - £4,500)	1,668	1,569
Privately-funded undergraduate fee income (per capita fee £6,200)	304	264
Fee income received at the Graduate fee rate (per capita fee £2,424)	348	306
Other income:		
Cambridge Bursary Scheme Compensation	172	168
Total	2,492	2,307

2. Income from residences, catering and conferences

	2014 £'000	2013 £'000
Accommodation:		
College members	2,038	1,865
Conferences and other external business	409	233
Total	2,447	2,098
Kitchen & Buttery:		
College members	594	506
Conferences and other external business	488	382
Total	1,082	888
Total	3,529	2,986

3. Endowment and Investment income

3a Analysis

	2014 £'000	2013 £'000
Total return allocation	3,036	3,106
Income from:		
Land and buildings	-	-
Securities	-	-
Other interest receivable	88	54
Total	3,124	3,160

3b Summary of total return

	2014 £'000	2013 £'000
Income from land and buildings	1,509	1,594
Quoted and other securities and cash	530	715
Gains/(losses) on endowment assets:		
land and buildings	5,418	6,825
Quoted and other securities and cash	1,894	3,365
Investment management costs (see note 3c)	(397)	(230)
Total return for the year	8,954	12,269
Total return transferred to income and expenditure account (see note 3a)	(3,036)	(3,106)
Unapplied total return for the year included within the statement of total recognised gains and losses (see note 21)	5,918	9,163

3c Investment management costs

	2014 £'000	2013 £'000
Land and buildings	(328)	(202)
Securities	(69)	(28)
Total	(397)	(230)

4. Donations

	2014 £'000	2013 £'000
Unrestricted donations	36	354
Restricted donations	100	282
Released from deferred capital grants	38	32
Total	174	668

5. Education expenditure

	2014 £'000	2013 £'000
Teaching	1,367	1,332
Tutorial	596	605
Admissions	214	237
Research	497	506
Scholarships and awards	259	284
Other educational facilities	135	139
Total	3,068	3,103

6. Residences, catering and conferences expenditure

	2014 £'000	2013 £'000
Accommodation		
College members	3,212	3,409
Conferences and other external business	522	308
Total	3,734	3,717
Catering		
College members	639	622
Conferences and other external business	480	355
Total	1,119	977
Total	4,853	4,694

7a Analysis of 2013/2014 expenditure by activity

	Staff costs (note 8) £'000	Other operating expenses £'000	Depreciation £'000	Total £'000
Education	1,191	1,877	-	3,068
Residences, catering and conferences	2,388	1,744	721	4,853
Other	642	516	-	1,158
Total	4,221	4,137	721	9,079

Expenditure includes fundraising costs of £0.4m (2013: £0.4m). This expenditure includes the costs of alumni relations.

7b Analysis of 2012/13 expenditure by activity

	Staff costs (note 8) £'000	Other operating expenses £'000	Depreciation £'000	Total £'000
Education	1,210	1,893	-	3,103
Residences, catering and conferences	2,212	1,771	711	4,694
Other	706	453	-	1,159
Total	4,128	4,117	711	8,956

7c Auditor’s remuneration

	2014 £'000	2013 £'000
Other operating expenses include:		
Audit fees payable to the College's external auditors	26	20
Other fees payable to the College's external auditors	3	14

8. Staff costs

	College Fellows £'000	Other academic £'000	Non-academic £'000	2014 Total £'000	2013 Total £'000
Staff costs:					
Emoluments	890	-	2,615	3,505	3,446
Social security costs	76	-	181	257	258
Other pension costs	72	-	387	459	424
Total	1,038	-	3,183	4,221	4,128
Average staff numbers:					
Academic	43	-	-	43	47
Non-academic (full time equivalent)	3	-	98	101	104

The Governing Body comprises 75 Fellows, of which the 46 declared above are stipendiary.

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

During the year emoluments paid to trustees in their capacity as College Fellows was £0.3m (2013: £0.4m). The trustees received no emoluments in their role as trustees of the charity.

9. Tangible fixed assets

Group and College	Land and buildings £'000	Assets in construction £'000	Fixtures & Fittings £'000	2014 Total £'000	2013 Total £'000
Cost:					
At beginning of year	69,092	493	495	70,080	69,750
Additions at cost	238	247	187	672	330
Transfers	(50)	-	50	-	-
Disposals	-	-	-	-	-
At end of year	69,280	740	732	70,752	70,080
Depreciation:					
At beginning of year	2,633	-	248	2,881	2,170
Charge for the year	667	-	54	721	711
Eliminated on disposals	-	-	-	-	-
At end of year	3,300	-	302	3,602	2,881
Net book value:					
At end of year	65,980	740	430	67,150	67,199
At beginning of year	66,459	493	247	67,199	67,580
Allocation:					
Endowment assets	62,194	248	-	62,442	63,149
Other	3,786	492	430	4,708	4,050
Total	65,980	740	430	67,150	67,199

The value of freehold land and buildings for insurance purposes as at 30 June 2014 was £121,777k (2013: £120,549k).

Heritage assets
The College holds and conserves collections of silverware, documents and manuscripts of historical, artistic or scientific importance. As reliable estimates of cost or valuation are not available for these, and the cost of obtaining such information would exceed the benefit to be derived by readers of the accounts, they have not been capitalised.

10. Fixed asset investments

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Balance at beginning of year	66,885	59,581	67,013	62,423
Additions	9,994	1,010	9,994	1,009
Disposals	(1,916)	(3,896)	(439)	(2,558)
Appreciation/(depreciation)	7,311	10,190	5,835	6,139
Balance at end of year	82,274	66,885	82,403	67,013
Represented by:				
Property	30,522	27,020	24,822	22,020
Securities	52,405	37,417	52,405	37,417
Investments in subsidiary undertakings	-	-	5,829	5,129
Cash in hand and at investment managers	(663)	2,448	(663)	2,447
Other investments	10	-	10	-
	82,274	66,885	82,403	67,013
Allocation:				
Endowment assets	69,542	64,252	69,542	64,251
Other	12,732	2,633	12,861	2,762
Total	82,274	66,885	82,403	67,013

11. Endowment assets

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Balance at beginning of year	134,185	123,131	134,110	125,775
Additions	3,764	5,559	5,240	6,890
Disposals	(1,631)	(3,487)	(1,631)	(3,487)
Appreciation/(depreciation)	5,859	8,982	4,382	4,932
Balance at end of year	142,177	134,185	142,101	134,110
Represented by:				
Property	30,522	27,020	24,822	22,020
Securities	41,222	35,698	41,222	35,698
Investments in subsidiary undertakings	-	-	5,700	5,000
Cash in hand and at investment managers	(2,202)	1,534	(2,202)	1,534
Other cash balances	10,193	6,784	10,117	6,709
Loan to General Reserves	-	-	-	-
Fixed Assets	62,442	63,149	62,442	63,149
	142,177	134,185	142,101	134,110

12. Stocks and work in progress

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Goods for resale	-	-	-	-
Work in progress	-	-	-	-
Other stocks	69	79	69	79

13. Debtors

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Members of the College	28	25	28	25
Amounts due from subsidiary undertakings	-	-	-	-
Other debtors	581	429	581	429
Prepayments and accrued income	90	219	90	116
Total	699	673	699	570

14. Cash and bank balances

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Bank deposits	1	1	1	1
Current accounts	10,767	10,439	10,767	10,439
Cash in hand	1	1	1	1
Total cash at bank and in hand	10,769	10,441	10,769	10,441
Investment assets	663	(2,448)	663	(2,448)
Endowment assets	(10,192)	(6,784)	(10,116)	(6,709)
General Reserve balance	1,240	1,209	1,316	1,284

15. Creditors: amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Trade creditors	206	505	206	505
Members of the College	224	222	224	222
Amounts due to subsidiary undertakings	-	-	253	37
University fees	-	-	-	-
Other creditors (e.g. VAT)	315	209	315	209
Loan from Endowment	-	-	-	-
Accruals and deferred income	1,180	839	1,013	783
Total	1,925	1,775	2,011	1,756

16. Creditors: amounts falling due after more than one year

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Other loan	10,000	-	10,000	-
Total	10,000	-	10,000	-

During 2013-14, the College has borrowed from institutional investors, collectively with other Colleges, the College's share being £10 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.

17. Pension liabilities

	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Balance at beginning of year	(3,796)	(2,942)	(3,796)	(2,942)
Movement in year:				
Current service cost including life assurance	(353)	(320)	(353)	(320)
Contributions	255	486	255	486
Other finance income/(cost)	(61)	(81)	(61)	(81)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(513)	(939)	(513)	(939)
Balance at end of year	(4,468)	(3,796)	(4,468)	(3,796)

18. Deferred capital grants

Group and College	**Grants** £'000	**Donations** £'000	**2014 Total** £'000	**2013 Total** £'000
Buildings:				
Balance at beginning of year	-	3,802	3,802	3,534
Grants and donations received	-	513	513	300
Released to income and expenditure account	-	(38)	(38)	(32)
Balance at end of year	-	4,277	4,277	3,802

19. Endowments

Group	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2014 Total	2013 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year:						
- Capital	107,117	21,132	128,249	2,818	131,067	120,435
- Unspent income	-	2,764	2,764	354	3,118	2,696
New endowments received	1,167	745	1,912	-	1,912	1,728
Transfers	-	(8)	(8)	8	-	-
Income receivable from endowment asset investments	-	884	884	216	1,100	1,225
Expenditure	-	785	785	94	879	880
Net transfer (to)/from income and expenditure account	-	99	99	122	221	345
Increase/(decrease) in market value of investments	5,899	1,135	7,034	152	7,186	9,959
Net investment income receivable	1,299	276	1,575	37	1,612	2,032
Total return allocation	(1,937)	(884)	(2,821)	(118)	(2,939)	(3,009)
Balance at end of year						
Comprising:						
- Capital	113,545	22,348	135,893	2,944	138,837	131,067
- Unspent income	-	2,911	2,911	429	3,340	3,118
Balance at end of year	113,545	25,259	138,804	3,373	142,177	134,185
Representing:						
Fellowship funds	-	8,798	8,798	1,727	10,525	10,134
Scholarship funds	-	712	712	474	1,186	1,345
Prize funds	-	322	322	26	348	339
Hardship funds	-	492	492	-	492	472
Bursary funds	-	7,326	7,326	280	7,606	6,573
Travel & research grant funds	-	1,369	1,369	243	1,612	1,512
Other funds	-	6,240	6,240	623	6,863	6,693
General endowments	113,545	-	113,545	-	113,545	107,117
Group total	113,545	25,259	138,804	3,373	142,177	134,185

College	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2014 Total	2013 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year:						
- Capital	107,042	21,132	128,174	2,818	130,992	123,079
- Unspent income	-	2,764	2,764	354	3,118	2,696
New endowments received	2,642	745	3,387	-	3,387	3,059
Transfers	-	(8)	(8)	8	-	-
Income receivable from endowment asset investments	-	884	884	216	1,100	1,225
Expenditure	-	785	785	94	879	880
Net transfer (to)/from income and expenditure account	-	99	99	122	221	345
Increase/(decrease) in market value of investments	4,424	1,135	5,559	152	5,711	5,908
Net investment income receivable	1,299	276	1,575	37	1,612	2,032
Total return allocation	(1,938)	(884)	(2,822)	(118)	(2,940)	(3,009)
Balance at end of year						
Comprising:						
- Capital	113,469	22,348	135,817	2,944	138,761	130,992
- Unspent income	-	2,911	2,911	429	3,340	3,118
Balance at end of year	113,469	25,259	138,728	3,373	142,101	134,110
Representing:						
Fellowship funds	-	8,798	8,798	1,727	10,525	10,134
Scholarship funds	-	712	712	474	1,186	1,345
Prize funds	-	322	322	26	348	339
Hardship funds	-	492	492	-	492	472
Bursary funds	-	7,326	7,326	280	7,606	6,573
Travel & research grant funds	-	1,369	1,369	243	1,612	1,512
Other funds	-	6,240	6,240	623	6,863	6,693
General endowments	113,469	-	113,469	-	113,469	107,042
College total	113,469	25,259	138,728	3,373	142,101	134,110

20. Reserves

Group	General reserves	Fixed asset investment revaluation reserve	2014 Total	2013 Total
	£'000	£'000	£'000	£'000
Balance at beginning of year	(898)	169	(729)	243
Surplus retained for the year	(37)	-	(37)	(214)
Actuarial gain/(loss)	(514)	-	(514)	(939)
Increase/(decrease) in market value of investments	-	125	125	231
Net investment income receivable	-	30	30	47
Total return contribution	-	(97)	(97)	(97)
Balance at end of year	(1,449)	227	(1,222)	(729)

College	General reserves	Fixed asset investment revaluation reserve	2014 Total	2013 Total
	£'000	£'000	£'000	£'000
Balance at beginning of year	(778)	169	(609)	362
Surplus retained for the year	(38)	-	(38)	(213)
Actuarial gain/(loss)	(514)	-	(514)	(939)
Increase/(decrease) in market value of investments	-	125	125	231
Net investment income receivable	-	30	30	47
Total return contribution	-	(97)	(97)	(97)
Balance at end of year	(1,330)	227	(1,103)	(609)

21. Memorandum of Unapplied Total Return

	2014	2013
	£’000	£’000
Unapplied Total Return at beginning of year	47,363	38,200
Unapplied Total Return for year (see note 3b)	5,918	9,163
Unapplied Total Return at end of year	53,281	47,363

22. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2014	2013
	£’000	£’000
Surplus/(deficit) on continuing operations	184	129
Depreciation of tangible fixed assets	721	711
Deferred capital grants released to income	(38)	(32)
Pension costs less contributions payable	160	(85)
Investment income	(3,124)	(3,160)

Decrease/(increase) in stocks	10	(18)
Decrease/(increase) in debtors	(26)	(52)
Increase/(decrease) in Endowment cash balances	(3,408)	(4,550)
Increase/(decrease) in creditors	150	(2,050)
Net cash inflow from operating activities	(5,371)	(9,107)

23. Cash flows

	2014 £'000	2013 £'000
Returns on investments and servicing of finance		
Income from investments	3,124	3,160
Release of unapplied total return	(1,397)	(1,027)
	1,727	2,133

	2014 £'000	2013 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(672)	(330)
Donations for buildings and other deferred capital grants received	513	300
Proceeds of disposal of tangible fixed assets	-	-
Net (purchases)/sales of long-term investments	(8,078)	2,888
New endowments received	1,912	1,728
Net cash inflow from capital expenditure and financial investment	(6,325)	4,586

	2014 £'000	2013 £'000
Financing		
Loan acquired	10,000	-
Net cash inflow from financing	10,000	-

24. Analysis of cash and bank balances

	At beginning of year £'000	Cashflows £'000	Other Movements £'000	At end of year £'000
Cash at bank and in hand	10,441	328	-	10,768
Investment assets	(9,232)	(297)	-	(9,528)
Net Funds	1,209	31	-	1,240

25. Capital Commitments

	2014 £'000	2013 £'000
Commitments contracted at 30 June	-	277

26. Pension schemes

The College participates in three defined benefits schemes, the Universities Superannuation Scheme (USS), the Cambridge Colleges Federated Pensions Scheme (CCFPS) and the Church of England Funded Pensions Scheme (CEFPS), and two defined contribution schemes, Cambridge Colleges Group Personal Pension Scheme and Now: Pensions scheme.

The total pension cost, after personal health insurance contributions, for the year to 30 June 2014 (see note 8) was as follows:

	2014	2013
	£'000	£'000
CCFPS: charge to Income and Expenditure Account	310	292
USS Contributions	93	91
CEFPS	8	15
Cambridge Colleges Group Personal Pension Scheme	45	26
NOW: Pensions	3	-
	459	424

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

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

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

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

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

Standard mortality tables were used as follows:

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

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

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

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

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2013 would be £2.2 billion, equivalent to a funding level of 95%. However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding.

The next formal triennial actuarial valuation will take place as at 31 March 2014 and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trust board in consultation with stakeholders.

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

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

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

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	*Change in assumption*	*Impact on shortfall*
Investment return (valuation rate of interest)	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion

Assumption	*Change in assumption*	*Impact on shortfall*
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

As at the 2011 valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

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

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

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

Flexible Retirement
Flexible retirement options were introduced.

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

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

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

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

The trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust Higher Education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme's liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme's liabilities to a high degree.

At 31 March 2014, USS had over 162,000 active members and the college had 19 active members participating in the scheme. The total pension cost for the College was £0.09m (2013: £0.09m). The contribution rate payable by the College was 16% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme
The College is also a member of a multi-employer defined benefits scheme, the Cambridge Colleges Federated Pension Scheme (CCFPS). A full valuation is being undertaken as at 31 March 2014 and updated to 30 June 2014 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2014 % p.a.	30 June 2013 % p.a.
Discount rate	4.2	4.6
Expected long-term rate of return on Scheme assets	6.2	6.2
Increase in salaries	2.8**	2.8*
Retail Prices Index (RPI) assumption	3.3	3.3
Consumer Prices Index (CPI) assumption	2.3	2.3
Pension increases (RPI linked)	3.3	3.3
Pension increases (capped RPI linked)	3.1	3.1

* 1.5% in 2013, 2.8% thereafter
** 1.5% in 2014 to 2016, 2.8% thereafter

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI 2013 projection and a target long-term improvement rate of 1.0% p.a. (2013: S1 tables and an allowance for improvements using the 2012 projection table with a long term improvement rate of 0.75% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.3 years (previously 22.0).
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9).
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 years (previously 25.3).

<u>Employee Benefit Obligations</u>
The amounts recognised in the balance sheet as at 30 June 2014 (with comparative figures as at 30 June 2013) are as follows:

	30 June 2014 £'000	30 June 2013 £'000
Market value of Scheme assets	7,440	7,102
Present value of Scheme liabilities	(11,908)	(10,897)
Surplus/(deficit) in the Scheme	(4,468)	(3,796)

The amounts recognised in the income and expenditure account for the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) are as follows:

	30 June 2014	30 June 2013
	£'000	£'000
Current service cost	353	320
Contributions paid by the College	(255)	(486)
Interest on pension scheme liabilities	502	430
Expected return on pension scheme assets	(439)	(349)
Total charge	(160)	(85)
Actual Return on Scheme assets	434	760

Changes in the present value of the Scheme liabilities for the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) are as follows:

	30 June 2014	30 June 2013
	£'000	£'000
Present value of Scheme liabilities at beginning of period	10,897	9,196
Service cost (including employee contributions)	356	349
Interest cost	502	430
Actuarial losses/(gains)	508	1,349
Benefits paid	(355)	(427)
Present value of Scheme liabilities at end of period	11,908	10,897

Changes in the fair value of Scheme assets for the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) are as follows:

	30 June 2014	30 June 2013
	£'000	£'000
Market value of Scheme assets at beginning of period	7,102	6,254
Expected return	439	349
Actuarial gains/(losses)	(4)	411
Contributions paid by the College	255	486
Employee contributions	3	29
Benefits paid	(355)	(427)
Market value of Scheme assets at end of period	7,440	7,102

The agreed contributions to be paid by the College for the forthcoming year are 9.53% of Contribution Pay for non salary sacrifice members (19.53% of Contribution Pay for salary sacrifice members) plus £20,398 to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2014 (with comparative figures at 30 June 2013) are as follows:

	30 June 2014	30 June 2013
Equities and Hedge Funds	70%	68%
Bonds & Cash	23%	24%
Properties	7%	8%
Total	100%	100%

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.0% (2013: 7.0%), on properties of 6.0% (2013: 6.0%) and on bonds and cash of 3.8% (2013: 4.0%).

The amount recognisable in the statement of total recognised gains and losses (STRGL) for the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) is as follows:

	30 June 2014	30 June 2013
	£'000	£'000
Actuarial return less expected return on Scheme assets	(4)	411
Experience gains and losses arising on Scheme liabilities	269	(106)
Changes in assumptions underlying the present value of Scheme liabilities	(777)	(1,243)
Actuarial gain/(loss) recognised in STRGL	(512)	(938)

The cumulative amount of actuarial gains and losses recognized in the STRGL for the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) is as follows:

	30 June 2014	30 June 2013
	£'000	£'000
Cumulative actuarial gain/(loss) at beginning of period	(3,084)	(2,145)
Recognised during the period	(512)	(938)
Cumulative actuarial gain/(loss) at end of period	(3,596)	(3,084)

Movements in the surplus/(deficit) during the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) are as follows:

	30 June 2014	30 June 2013
	£'000	£'000
Surplus/(deficit) in Scheme at beginning of year	(3,796)	(2,942)
Service Cost (Employer Only)	(353)	(320)
Contributions paid by the College	255	486
Finance Cost	(63)	(81)
Actuarial gain/(loss)	(512)	(938)
Surplus/(deficit) in Scheme at the end of the year	(4,468)	(3,796)

Amounts for the current and previous 4 periods are as follows:

	30 June 2014	30 June 2013	31 March 2012	31 March 2011	31 March 2010
	£'000	£'000	£'000	£'000	£'000
Present value of Scheme liabilities	(11,908)	(10,897)	(9,196)	(8,621)	(8,727)
Market value of Scheme assets	7,440	7,102	6,254	7,062	6,058
Surplus/(deficit) in the Scheme	(4,468)	(3,796)	(2,942)	(1,559)	(2,669)
Actual return less expected return on Scheme assets	(4)	411	(1,222)	191	673
Experience gain/(loss) arising on Scheme liabilities	269	(106)	(179)	116	89
Change in assumptions underlying present value of Scheme liabilities	(777)	(1,243)	(116)	817	(1,989)

Church of England Funded Pensions Scheme

The college participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme out of a total membership of approximately 8,500 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the college is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
    - o for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
    - o for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the college to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the college's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due no later than as at 31 December 2015.

27. Principal subsidiary and associated undertakings and other significant investments

Name of subsidiary undertaking	*Country of registration and operation*	*Class of share*	*Proportion held*	*Nature of business*
Christ's College Enterprises Ltd	England	Ordinary	100%	Development partner

28. Contingent Liabilities

As noted in note 18, with effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a "last man standing" scheme so that in the event of an insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers.

29. Related Party Transactions

During the year no fees or expenses were paid to Fellows in respect of their duties as members of the Council or Governing Body. (2013: nil)

Owing to the nature of the College's operations and the composition of the Governing Body it is inevitable that transactions will take place with organizations in which a member of the Governing Body has an interest. All transactions involving organizations 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.