

# MURRAY EDWARDS COLLEGE

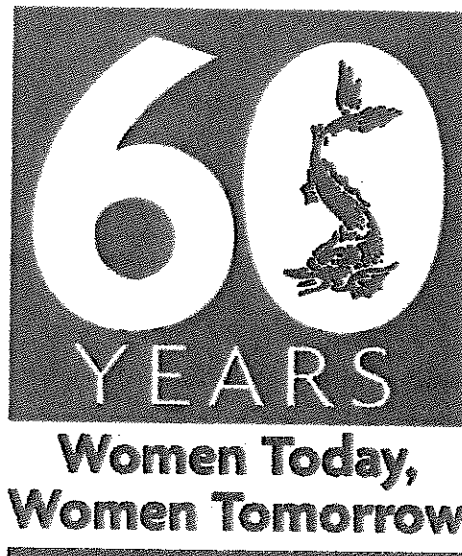
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**The President and Fellows of Murray Edwards College, formerly  
known as New Hall, in the University of Cambridge**

**Annual Report and Financial Statements**

**for the Year Ended 30 June 2014**

Charity Registration number 1137530



**Murray Edwards  
College**  
University of Cambridge

**MURRAY EDWARDS COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

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## MURRAY EDWARDS COLLEGE

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

#### Administrative Details

##### Address

Murray Edwards College, New Hall, Huntingdon Road, Cambridge, CB3 0DF

##### Charity registration number

1137530

##### Senior officers

President	Dame Barbara Stocking DBE (appointed 16.07.2013)
Acting President	Professor Ruth Lynden-Bell (retired 15.07.2013)
Vice president	Mrs Elsa Strietman (retired 30.09.2014)
	Dr Ruchi Sinnatamby (appointed 01.10.2014)
Bursar	Mrs Joanna Womack (retired 30.09.2013)
	Mr Robert Gardiner MA FCA (appointed 01.10.2013)
Senior Tutor	Dr David A Jarvis (resigned 30.09.13)
	Dr Juliet Foster (appointed 01.10.13)

##### Principal advisors

Auditors (internal)	Peters Elworthy & Moore	Salisbury House, Station Road Cambridge CB1 2LA
Auditors (external)	BDO LLP	55 Baker Street London W1U 7EU
Bankers	Barclays Bank PLC	Mortlock House Histon Cambridge CB24 9DE
Investment Managers	SandAire Limited	105 Wigmore Street London W1U 1QY
	Ruffer LLP	80 Victoria Street London SW1E 5JL
Investment Advisers	Cambridge Associates Ltd	Cardinal Place 80 Victoria Street London SW1E 5JL
Legal Advisers	Mills & Reeve	Botanic House 100 Hills Road Cambridge CB2 1PH
	Taylor Vinters	Merlin Place Milton Road Cambridge CB4 0DP

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

#### **Trustees of the charity – Council members**

President, Dame Barbara Stocking DBE (appointed 16.07.2013)  
Acting President , Professor Ruth Lynden-Bell (retired 15.07.13)  
Vice-President, Mrs Elsa Strietman (retired 30.09.14), Dr Ruchi Sinnatamby (appointed 01.10.14)  
Bursar, Mrs Joanna Womack (retired 30.09.2013), Mr Robert Gardiner MA FCA (appointed 01.10.2013)  
Senior Tutor, Dr David A Jarvis (resigned 30.09.13), Dr Juliet Foster (appointed 01.10.13)  
Dr R Polonsky (retired 30.09.13, reappointed 01.10.14)  
Dr D Weiss (retired 30.09.13)  
Professor W Bennett (resigned 30.09.13)  
Dr R Hiley (retired 30.09.13)  
Professor C Huang (retired 30.09.13)  
Dr R Lyne (retired 30. 09.13)  
Dr O Saxton (retired 30.09.13, reappointed 01.10.14)  
Ms T Ilanko (retired 07.07.13)  
Ms N Jones (retired 27.04.14)  
Ms F Ward (retired 27.04.14)  
Dr F Henson  
Dr L Mellor  
Dr P Filippucci  
Dr S Turenne (appointed 01.10.13)  
Dr P Forster (appointed 01.10.13)  
Dr V Neale (appointed 01.10.13, retired 31.07.14)  
Dr H Bateman (appointed 01.10.13)  
Dr L Drayson (appointed 01.10.13)  
Dr A Kumar (appointed 01.10.13)  
Miss C Taylor (appointed 08.07.13)  
Miss O Barber (appointed 28.04.14)  
Miss A Walderdorff (appointed 28.04.14)  
Dr K Peters (appointed 01.10.14)  
Dr S Horrell (appointed 01.10.14)

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## **Operating and Financial Review**

### **Introduction**

The College was founded on 11<sup>th</sup> March 1954 as an unincorporated association to promote a third foundation for women in the University of Cambridge. It was incorporated as New Hall, Cambridge, a company limited by guarantee, on 20<sup>th</sup> April 1954. On 3<sup>rd</sup> November 1965, the University granted recognition to New Hall as an approved foundation within the University. A royal charter of incorporation in the name of "The President and Fellows of New Hall in the University of Cambridge" was granted on 28<sup>th</sup> June 1972. Previously an exempt charity, from 17<sup>th</sup> August 2010, it has been registered with the Charity Commission (no. 1137530). College Statutes provide for the constitution and government of the College including the membership and responsibilities of the Governing Body and the College Council.

In June 2008 the College announced a donation of £30m from Ros Smith (New Hall 1981) and her husband Steve Edwards, the largest personal donation to a Cambridge college in the University's 800 year history. The donation was made with the purpose of permanently endowing the College to enable it to pursue its objects of learning, education and research as an independent institution within the University of Cambridge.

The income from this transformational endowment is now fully available to the college. In addition to putting the college on an altogether firmer financial footing, it has made a difference in a number of specific areas including widening access and participation, supporting early career stage academics, improving conditions for college teaching officers, employing a full-time schools' liaison officer and initiating the Gateway Programme of study skills and professional development for students.

On 14<sup>th</sup> June 2011 the College's Supplemental Charter was received from the Privy Council. This document, authorised by HM the Queen, confirmed that change of the name to "The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge". The name honours in perpetuity both the first President, Dame Rosemary Murray, and the Edwards family.

### **Scope of the financial statements**

The consolidated financial statements cover the activities of the College and its two subsidiary companies. These undertake activities which, for legal or commercial reasons, are more appropriately carried out by limited companies.

### **Aims and objectives of the College**

The principal objects of the College, as set out in its charter, are to advance education, learning and research in the University of Cambridge. It is committed to the highest standards of education for women of all backgrounds.

Murray Edwards College is a college within the University of Cambridge. It fulfils its objectives by selecting and admitting undergraduate students for University courses, and accepting graduates

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

admitted by the University. It provides, with the University, an education of the highest quality, through small group teaching, academic supervision, and the provision of library, computing and cultural facilities, living accommodation, and support for students in personal or financial need. The College provides rooms for Fellows' teaching and research and also funds facilities for research fellows to help them establish themselves in the academic world through post-doctoral research. Measures of success include the high ranking of Cambridge University in the world, and the very low drop-out rate compared with students in other Universities.

In furtherance of its objectives, the College maintains and manages an endowment of assets, including a property. Governance arrangements for the College are set out on page 15.

As at 30<sup>th</sup> June 2014, the College comprised the President, 53 Governing Body Fellows, 360 students in respect of whom undergraduate fees were received, 171 registered graduate students and 87 full time equivalent non-academic staff.

#### **Public benefit**

The Trustees have regard to the Charity Commission's guidance on public benefit when exercising powers and duties to which the guidance is relevant. The Trustees are assisted in this duty by receiving specific briefing on the guidance which they have taken it into account when making decisions to which the guidance is relevant.

The strategic direction of the College is to provide excellence in the education of outstanding young women from all backgrounds. It provides opportunities for these young women to develop the skills and confidence to lead the way in the world, to be independent minded, and to take on the challenges they will meet in life and achieve their ambitions. This is done through core teaching and also through the Gateway Programme for personal development. The College aims to provide a warm, open and friendly community, maintaining the traditions of a Cambridge college but also at the forefront of innovation. The focus is on meeting the needs of women from all backgrounds within the wider co-educational environment of Cambridge University.

In aiming to provide a world-class education to the students with the most potential in each subject, whatever their means or social background, the College tries to attract the best applicants from the widest range of schools and colleges. By encouraging applications, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits (56 in 2013-14, with 161 different schools involved and 2,348 school students participating overall), and two College open days. It engages with other subject specific events (e.g. in physics and in maths) organised by departments and offers an overnight series of workshops for gifted and talented students from Greater Manchester in association with the University's HE+ scheme. The aim of these activities is to inform and encourage all academically able students including those who would not otherwise do so to apply to University. This was reflected in our entry for October 2013 which comprised 72% from the maintained schools sector.

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Students of the College have access to several sources of financial assistance. In 2013-14 £208,082 (2012-13: £212,600) was distributed to 95 undergraduates through the Cambridge Bursary Scheme. The scheme is operated in common with the University, other colleges and the Isaac Newton Trust and exists to provide bursary support for students of limited financial means, to enable them to meet the cost of their Cambridge education. The net cost of the scheme to the College in 2013-14 was £54,838. The scheme is approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. Students may also apply for other grants including hardship grants if they are in financial difficulties. In total £338,566 (2012-13: £358,499) was spent in the year on student support.

A major benefit provided to the section of the public which the College addresses is subsidised education and living costs for its students. The cost of education exceeded income from the College Fee by £1,164,602 (2012-13: £1,300,038) representing an education subsidy per student for the year of £2,130 (2012-13: £2,430) financed out of investment income. In addition the College provides educational facilities in the form of the very substantial Rosemary Murray Library and IT resources. The College rents its rooms to students at a rate which is less than would be obtainable in the open market for equivalent accommodation and provides food at very reasonable rates.

The College advances research by providing research fellowships to outstanding academics at the early stages of their careers which enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of a permanent academic post. In addition it supports the research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for research costs, including attendance at national and international conferences.

The College provides an environment and cultural facilities available for the benefit of the public:

- The College is the home of the New Hall Art Collection, a collection of works by leading modern and contemporary women artists which is unrivalled in the UK or Europe.
- Lectures and tours continue to create platforms, build audiences, and encourage public participation in the arts. This year's programme of events included an exhibition of work by contemporary Russian women artists, a lecture by Charlotte Hodes, Professor of Fine Art at London College of Fashion, and a screening of a film by Fourth Plinth Commission shortlisted artist, Lilliane Lijn - *Look a Doll: My Mother's Story*. As part of the Cambridge Science Festival, drop-in workshops with artist Cordelia Spalding invited attendees to participate in the creation of a collaborative installation that aimed to consider the physical importance of the size, shape and texture of plant cells.
- The gardens continue to attract attention with their welcoming and inclusive ethos and range of creative community initiatives.



## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

#### **Achievements and performance 2013-2014**

##### **Strategic direction**

During the year the Governing Body agreed the College's medium term strategic direction. The aims of the College are:

- To pursue educational excellence, seeking to ensure that every student is able to achieve their full academic potential, and for this to be expressed particularly (but not exclusively) in their final examinations. We aim to sustain an intellectually inspiring environment, which enables each student to take responsibility positively for their own learning and progress.
- To attract the most academically talented women for graduate study at Murray Edwards College and enable them to excel.
- To give each undergraduate and graduate student the tools and confidence to identify and achieve their individual aspirations, and consider how to support young alumnae.
- To ensure that the Fellowship continues to develop as a vibrant, well-rounded academic community.
- To make the College much better known and understood.
- To maintain the ethos of the College as inclusive, friendly and modern and to make sure the environment and life of the College continues to be vibrant and innovative.
- To secure the College's financial ability to deliver these objectives.

##### **Operational management**

The year was marked by the appointment of a number of new senior officers. As well as the appointment of Dame Barbara Stocking DBE as President in July 2013, Dr Juliet Foster, University Lecturer in Social Psychology and formerly Fellow and Tutor at Corpus Christi College, Cambridge was appointed Senior Tutor on 1<sup>st</sup> October 2013; and Mr Robert Gardiner, formerly a partner of accounting firm PricewaterhouseCoopers LLP, was appointed as Bursar on 1<sup>st</sup> October 2013, on the retirement of Mrs Joanna Womack, who resumed her position as Emeritus Fellow following nine months as acting Bursar.

Senior management positions were also filled, including a new director of development, a permanent head of finance and a human resource manager.

##### **60<sup>th</sup> Anniversary**

On 11<sup>th</sup> March 2014, the College celebrated its 60<sup>th</sup> anniversary. Under the title "Women Today, Women Tomorrow" the College marked the anniversary with a launch at the Oxford & Cambridge Club in London, coinciding with publication of the results of a major survey of alumnae on their experiences and careers, a New Hall Society event on International Women's Day in March, a symposium in September on Women in Science with a panel led by alumna Mishal Husain, and an anniversary gala dinner and dance at the Alumnae Festival Weekend.

In addition 2014 marked the 20<sup>th</sup> anniversary of the partnership with the Kaetsu Education Foundation of Japan.

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#### **Academic community**

The overarching mission of the College, as a secular, self-governing institution committed to the highest standards of education for women of all backgrounds, is to advance education, learning and research in the University of Cambridge.

In 2013-2014 the College's graduating cohort continued the excellent results of the previous year. 92% of graduands achieved a 2.1 or 1<sup>st</sup> in their final exams. The previous year's equivalent was 93%. Particular highlights included all three of our Land Economy finalists and half of our Modern Linguists achieving a First. Similarly half of our fourth year Engineers achieved a Distinction or equivalent. Murray Edwards students topped the Tripos in both Modern and Medieval Languages and Management Studies, achieving the highest marks across the University.

Murray Edwards students were again prominent across a range of university activities, in particular, student drama, student journalism and volunteer organisations. Additional achievements of note included:

- Two out of the three Cambridge Union Society Presidents this year were Murray Edwards students;
- More than twenty-five students played sport at University level, gaining Blues and Half-Blues in sports as diverse as skiing, modern pentathlon, tennis and water polo.

As noted in last year's report, Professor Ruth Lynden-Bell retired as Acting President in July 2013 and Dame Barbara Stocking, former chief executive of Oxfam and one of the College's most distinguished alumnae, took office as the College's fifth President. One of her early contributions was to help delineate and finalise the strategic direction outlined above.

On 30<sup>th</sup> September 2014, Mrs Elsa Strietman retired as Vice President of the College. The College wishes to record its sincere thanks to her for the help and support that she has given the Fellowship during her five years in office as Vice President and her contribution of 26 years as a Fellow. Mrs Strietman is succeeded as Vice President by Dr Ruchi Sinnatamby. Dr Sinnatamby has been a Fellow of the College for 20 years, is an Associate Lecturer at the University of Cambridge School of Clinical Medicine, director of studies in Clinical Medicine at the College, and a Fellow of the Higher Education Academy. In addition to university teaching and the development of training for radiologists, she has also developed innovative, minimally invasive surgical techniques for the biopsy of indeterminate breast lesions.

The College was saddened to learn during the year of the deaths of Janet Moore; and George Levack OBE MA who was bursar during the period 1971 to 1983.

We continue to promote the work of our Fellowship, whose academic research, publications and comment have reached a global audience. Highlights included:

- The President Dame Barbara Stocking was appointed a trustee of the Cambridge Trusts and the Gates Trust. She is deputy chair of the University Alumni Advisory Board.

## MURRAY EDWARDS COLLEGE

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- Professor Christopher Huang was elected president of the Cambridge Philosophical Society for the period 2014-16; he was appointed to the Fellowships Committee of the British Heart Foundation; and he co-authored 'Basic Physiology for Anaesthetists' (CUP)
- Professor Sarah Coakley was awarded a Leverhulme Research Fellowship for three years from 01.01.14 and was granted an honorary Doctorate of Divinity by the University of St Andrews
- Dr Owen Saxton was honoured with a colloquium at the PICO 2013 conference on microscopy, along with a special edition of *Ultramicroscopy* celebrating his research
- Dr Ruchi Sinnatamby was awarded the Health Education East of England Educator of the Year
- Dr Raphael Lyne was appointed Reader in English
- Dr Jennifer Bavidge was promoted University Senior Lecturer in English at the Institute of Continuing Education
- Dr Greg Davis was promoted Senior Lecturer in Psychology
- Dr Catherine Aiken was appointed University Lecturer in Reproductive Medicine
- Dr Leo Mellor was awarded a Newton Trust Research Leave Sabbatical award for the year 2014-15; he gave a plenary lecture at the Dylan Thomas International Conference 'Dylan Unchained'
- Dr Chloe Valenti received a Special Mention in the Cambridge University Students' Union Teaching Excellence Awards
- Dr Marcus Morgan was awarded the Best Case Study Article award in the Coaching at Work Awards
- Dr Andrew Merrifield published *The Politics of the Encounter: Urban Politics and Protest Under Planetary Urbanization* and the "The New Urban Question"

#### **Widening access and supporting academic and future careers**

The College is committed to widening access and creating greater opportunity for gifted women from all backgrounds. This goal of merit-based diversity underpins the ethos of the College's recruitment strategy and is complemented by the College's Gateway Programme.

The Gateway Programme includes our popular 'Pathways to Success' annual conference which provides information and inspiration for academically able young women in year 12. We are also able to offer Gateway pre-entry awards which can be used to broaden the academic skills and experiences of offer-holding students from less advantaged learning environments. Recruitment events are held both in College and at schools, with emphasis on our outreach areas. Our Aspiration Events (half day events in College aimed at year 10) are popular and teachers from less advantaged areas appreciate the Gateway Programme's emphasis on academic transition and future career prospects as important in attracting and supporting their students.

The programme continues to provide support for students in their transition to Cambridge, strengthening key academic skills and personal and professional development. An internship initiative is an integral strand of the programme. The programme is being expanded to embrace graduate students as well as undergraduates and plans are being drawn up to introduce mentoring for alumnae at critical periods of their careers.

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### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

The Gateway Programme and its various elements continue to attract interest from within and beyond the University.

#### Financial Review

The income and expenditure account shows a surplus of £298,529 (2012-13: deficit of £60,815), the largest surplus for many years. The principal contributors to the result were strong cost control, enhancement of operating income and the maturing of the Edwards family donation and the income arising thereon. While the capital, as a permanent endowment, cannot be spent for any purpose, the income from the whole donation of £30m is now available to support the objects of the College.

#### Funding

The College's income derives principally from academic fees and charges, charges to students for accommodation and catering, charges for conferences and events and donations, all supported by income from its endowments (including gains in the case of endowments managed on the basis of total return), as follows:

	£	£	Year on year change
College fee	1,951,494	1,818,324	+7.3%
Charges to members for accommodation and catering	2,172,071	2,050,332	+5.9%
Charges for events and conferences	604,574	714,614	-15.4%
Donations	521,880	228,299	+128%
Endowment income	1,636,353	1,675,522	-2%

2013-2014 was the second year of the new regime for undergraduate tuition fees. University tuition fees for first and second year undergraduates were £9,000pa, of which £4,500 per student was retained by colleges. The college fee for undergraduates admitted prior to 2012 was £4,068 (2012-13: £3,951). The remainder of the increase in fees was accounted for by increased private undergraduate fees and increased numbers of graduates, particularly as medical students are now required to stay in Cambridge for their clinical studies.

Accommodation charges to students were increased by 4.2% (2012-2013: 6.6%) to reflect the annual inflation applying to the underlying costs. The College understands the need to ensure that rents are affordable and seeks to avoid prejudicing this.

The College makes its facilities available for commercial events and conferences when not required for its principal academic objects, precedence being given to College events. The income from these activities contributes towards general overhead costs. Following a review and reorganisation in 2011, which included a number of changes of policy, income from the College's conference and event business declined. The decline continued into 2013-14 but more recently income from these activities has now begun to grow.

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The College Development Office aims to raise donations from benefactors, including alumnae, trusts and foundations and also explores sponsorship opportunities. In total £521,880 was received in new donations in 2013-2014 (2012-13: £228,299). Priorities during the year included raising funds for a new Fellowship in Law which is close to its goal of £180,000. New emphasis has been placed on securing legacy pledges to benefit the future financial fortunes of the College and this has shown good results including the pledge of an entire estate of substantial value

The endowment performance is separately commented on in the section "Endowment and investment performance" below. Income recognised in the income and expenditure account reduced in the year as the College no longer recognises an administration charge on the Amalgamated Fund (2013-14 – nil; 2012-13 £172,542). The income in 2013-14 represented 3.5% of the value of investment assets held at the beginning of the year (2012-13: 3.6%).

Cambridge colleges differ significantly in the size of their endowment. Better-endowed colleges assist those less well-endowed through the Colleges' Fund. Between 1970 and 2011, the College derived a significant proportion of its corporate capital from annual grants from the Colleges' Fund. As at 30 June 2014, the value of the College's corporate capital, which for accounting reasons is included in general reserves, was £22,014,191 (30<sup>th</sup> June 2013: £20,290,376). For many years this type of capital was understood by the College to be permanent endowment and accounted for as such and the College has determined to continue to protect it as if it were permanent endowment.

The original College buildings date from the 1960s and in the past ten years have required substantial refurbishment and renovation, with particular emphasis being placed on the Dome and Dining Hall and the Library. These and other capital intensive works, principally rebuilding Buckingham House, building 40 new graduate student rooms, and the refurbishment of a large number of undergraduate rooms in Orchard Court, were carried out with the assistance of bank loans that total £13.5m. Interest payments amount to nearly £700,000 per year, which places a strain on the income and expenditure account.

#### **Staff costs and pensions**

Payroll costs (academic and non-academic) increased by £86,550 (2.6%) against the previous year. At 50% of all total expenditure (2013: 48%) they represent the biggest operating cost of the college.

The College makes pension-fund contributions on behalf of its employees to two defined benefits and one defined contribution schemes:

- The Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff;
- The Universities Superannuation Scheme (USS) on behalf of academic and some non-academic staff;
- The AVIVA (DC) Scheme on behalf of some non-academic staff. This scheme has been redesigned and adopted as the College's auto-enrolment scheme.

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Both the CCFPS and the USS are in the process of being actuarially valued. The development of market conditions make it likely that the actuarial position of both schemes will have deteriorated. The position with regard to CCFPS is not yet known and will become clearer in the course of 2014. The USS has already begun consultation on benefit reform on the assumption that it will be required to deal with the scheme's deficit.

#### **Maintenance of buildings**

The college buildings include Victorian and Edwardian buildings in addition to the main buildings on the New Hall site from 1965, the substantial additions of Pearl House (1994), Buckingham House (2001) and Canning & Eliza (2008).

Two years ago a comprehensive five year maintenance plan was drawn up. The approach was to ensure timely refurbishment of key elements of plant to control operational risk, maintenance of buildings to a standard which would prevent more costly remedial works and refurbishment to the extent that the budget could support it. Maintenance in 2013-14 included window replacement in 69 Storey's Way, refurbishment and redecoration in parts of Buckingham House, external college houses, Pearl House, Hammond House and Clover House, replacement of a roof on a college house.

#### **Other operating expenditure**

The College purchases substantial volumes of goods and services for its catering and accommodation operations. It aims to ensure value for money. Key to this is participation in a number of inter-collegiate initiatives to ensure best price purchase for inputs as diverse as energy, food and insurance.

#### **Endowment and investment performance**

The College's Finance Committee formulates a general investment policy on the advice of its Investment Committee, which oversees the management of the College's investments and instructs fund managers as appropriate. The College's quoted investments are currently managed by two external firms, SandAire Limited and Ruffer LLP. Cambridge Associates manage a venture capital investment for the college and provide general investment advice each year. The College manages a direct property investment.

The policy for investment is to achieve the highest total return on investments over the long term consistent with preservation and growth of capital in real terms, and income requirements in the shorter term. There is a prudent policy of limited individual exposures. The College encourages socially responsible investment and will not directly invest in companies that are in conflict with its own objectives, nor will it hold shares in tobacco companies.

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

The investments are held in a variety of instruments and property as set out in note 10. They represent the College's endowment assets, part of its corporate capital and general cash reserves.

The College's investments are managed in four principal categories: the Segregated Fund comprising quoted investments, a venture capital investment and an investment property, and the Amalgamated Fund.

The Segregated Fund quoted is managed on a total return basis and subject to an annual spending rule of 4% of its value on a specific day. The quoted investments section, managed by Ruffer, returned 0.6% during the year net of fees. The flat investment performance arose from losses on protective strategies and gold substantially eliminating gains on equities.

The Segregated Fund committed to an interest in a venture capital fund in 2006. The fund has begun to return cash to investors and the latest valuation presents an internal rate of return of 9% on investment.

The Segregated Fund invested in residential property in 2011. It is the Trustees view that its valuation is equivalent to cost and its return in the year was 0.7%.

The Amalgamated Fund, managed by SandAire, is managed on an income and capital basis and returned a total of 7.6% during the year net of fees. The principal contributors to the return were equity holdings which performed particularly strongly in the last part of 2013.

#### **Capital expenditure**

Total capital expenditure, excluding heritage assets, incurred during the year was £159,119 (2012-13: £232,105). This included:

- Expenditure on fire safety systems
- New roofs and windows for houses
- Improvements to kitchens and heating for students
- A new library system

#### **Cash flow**

The operations generated unrestricted cash flow of £678,370 (2012-13: £218,835), after taking account of capital expenditure. The College has adopted a policy of setting aside 50% of budgeted free cash flow (before capital expenditure) for the purposes of repaying bank debt which remains at £13,500,000 principal outstanding. In addition there remain internal borrowings from corporate capital, following withdrawal of £1m from the Amalgamated Fund during 2011-2012, to finance the Library and Grove Lodge and the College has now started to replace the capital over 25 years, by way of internal transfers in instalments of £40,000 per annum.

## **MURRAY EDWARDS COLLEGE**

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#### **Reserves policy**

The College intends to continue to pursue its objects in perpetuity. It takes a long-term view of its investments and aims to maintain an equitable balance between the interests of the present members of the College and future generations. The real value of permanent endowment and corporate capital will be protected over the long-term and unrestricted funds and reserves will be built up as much as possible. Any new donations or bequests received in future years will be added to unrestricted funds unless the donor has made it clear that the funds are to be used for a specific project.

#### **Principal risks and uncertainties**

The college reviews risks at a corporate level and an operational level. The corporate risks comprise principally:

- Academic risks including the calibre of students seeking admission to the College and ensuring that the Fellowship is attractive to academics
- Providing buildings and accommodation which is of a suitable quality for, and meet the needs of, students and Fellows
- Maintaining the reputation of the College and ensuring that it provides an excellent academic and student experience.

Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control them.

The principal financial risks and uncertainties remain securing resources to refurbish the older parts of the College, particularly Orchard Court. The cost of comprehensive works to update the services, replace windows, maintain concrete and refurbish the internal appearance of student rooms in the building is estimated to be in the region £11 million.

In addition benefaction is sought to establish endowments for other elements of the strategic intent, principally:

- Additional teaching provision through Fellowships
- Bursaries for graduate studentships
- Personal development training and support for students.

#### **Plans for the future**

The strategic intent summarised at the start of this section of the report sets out the principal aims for the medium term. Restated briefly these are:

- to pursue educational excellence;
- to attract the most academically talented women for graduate study;
- to develop the Gateway programme further including mentoring of alumnae;
- to develop the Fellowship;
- to make the College better understood;
- to maintain the inclusive friendly and modern ethos of the College; and
- to secure the college's financial ability to deliver these objectives.



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### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

The College continues to be under-capitalised in an uncertain economic environment, while facing the challenges of the higher education sector. It will endeavour to continue to improve its financial position through scrutiny of costs and the pursuit of new sources of income, consistent with its charitable objects and having regard to public benefit. In addition it will continue careful stewardship of its endowment and to this end, as mentioned above, the Trustees and Governing Body recently decided to reduce the spending rule for the Segregated Fund from 4% pa to 3.5% pa to ensure that the fund is protected for future generations. The College will continue to raise benefactions to increase its endowments generally to ensure that the College can exist in perpetuity and, in particular, the income from endowments can support the cost of educating undergraduates which is not currently fully covered by the College's other sources of income.

The operational priorities are: to consider the accommodation strategy including graduate and Fellows' accommodation; continuous improvement of management systems; continuing to implement the five year maintenance plan including refurbishment of infrastructure in Fountain Court South; revising personnel policies; developing further the commercial conference and catering business in conjunction with the Kaetsu Centre; and updating risk management and critical incident planning.

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

## **Corporate Governance**

### **Statement of Corporate Governance**

The following statement is provided by the Council as the College Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

The College is a registered charity (registered number 1137530) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

The Governing Body has the ultimate authority in the governance of the College, which it exercises in accordance with and subject to the College statutes. The Governing Body comprises the President and all Fellows other than Emeritus or Honorary Fellows, and meets at least once in each Term. Statutes specify that one meeting of the Governing Body in each academic year shall be the Audit Meeting.

Subject to ultimate authority being vested by statute in the Governing Body, the College Council is the chief executive body of the College, responsible for administering the affairs of the College and managing its property and income. Under the statutes, the College Council consists of the President, Vice president, Senior Tutor, and Bursar (all ex officio), plus nine members of the Governing Body, elected by the Governing Body, and two junior members elected by undergraduate and graduate students. One additional student representative attends Council meetings. Two staff observers are also in attendance at Council meetings. Council members are the College Trustees for the purpose of charity law.

The President chairs Governing Body and Council; the Senior Tutor has overall responsibility for admissions, education, and welfare of graduate and undergraduate students; the Bursar has overall responsibility for the finances, buildings, and administration of the College. The President and Vice-President are elected by the Governing Body. Officers, other than the President and Vice-President, are appointed, and may be removed, by Council. Council fulfils its responsibilities through a committee structure.

The Trustees are advised in carrying out their duties by a number of committees. They are:

- Academic Policy (Sub-Committees: Admissions, Research Fellowship);
- Fellowship Review Group;
- Fundraising and External Relations (Sub-Committee: Art)
- Information and Communications Strategy;
- Domestic and Estates (Sub-Committees: Events and Catering, Health and Safety, Gardens, Wine);
- Finance (Sub-Committee: Investment);
- Personnel (Sub-Committee: Staff Joint Consultative);

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

- Audit;
- Student Matters Sub-Committees: Graduate Liaison, Undergraduate Liaison, Graduate Funding, Undergraduate Funding.

The principal officers of the College are listed on page 1.

It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls, including standing financial instructions and financial delegations; to advise the Trustees on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; and to make an annual report to the Trustees.

Membership of the Audit Committee consists of three Fellows other than the Bursar, one to be elected annually each for a term of three years, together with one external adviser. Serving members of the Finance Committee shall not be eligible for election.

The Audit Committee may examine the accounts, consult with the auditor, and is required to report to Council and to Governing Body at the Audit Meeting on matters of general policy in relation to the accounts as they see fit.

There are Registers of Interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.

The College's Trustees during the year ended 30 June 2014 are set out on page 2.

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

#### **Statement of Internal Controls**

The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives whilst 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 Trustees are responsible for reviewing the effectiveness of the system of internal control.

The Trustees' review of the effectiveness of the system of internal control is informed by the work of the Finance and Audit 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.

#### **Transactions between College and members of the Governing Body**

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by Council.

#### **Financial management and control**

The College operates a devolved budgeting system under which individual budget holders are responsible for managing income and expenditure within their own areas of operation, and for bringing forward budget proposals through an annual budgeting process. Fellows, members of staff and students are encouraged to participate in the process through their membership of the College's Committees. The Finance Committee is responsible for turning the proposals into a coherent and transparent budget proposal which is part of a sustainable financial plan. The budget is considered in detail to ensure that it is consistent with the College's strategic aim and objectives and then recommended to Council for approval.

#### **Statement of Trustees' Responsibilities**

College Council, as Charitable Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## MURRAY EDWARDS COLLEGE

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

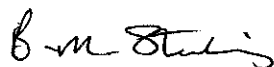
The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent college and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting statements 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 Trustees are responsible for keeping accounting records that are sufficient to show and explain the college's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent college and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge, the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent college and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by College Council on 10<sup>th</sup> November 2014



Dame Barbara Stocking

President

## MURRAY EDWARDS COLLEGE

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

#### **Independent Auditor's Report to the Trustees of Murray Edwards College**

We have audited the group and parent college financial statements ("financial statements") of Murray Edwards 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 the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council Members, as a body, in accordance with College's Statutes, the Statutes of the University of Cambridge, and regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the College's Council Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Council Members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Council members and auditor**

As explained more fully in the statement of Trustees' responsibilities, the Council Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent college's affairs as at 30 June 2014 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge and regulations made thereunder; and
- show the contribution due from the College to the University which 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.

**MURRAY EDWARDS COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**Matters on which we are required to report by exception**

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

- the information given in the Council's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the College's 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.

**BDO LLP**

BDO LLP  
Statutory Auditor  
London  
United Kingdom  
10th November 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## MURRAY EDWARDS COLLEGE

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

## Statement of Principal Accounting Policies

### **Basis of preparation**

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

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

### **Basis of accounting**

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

### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2014. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only has not been included because the balance sheet would not be materially different from the one included in these financial statements. Details of the subsidiary companies are included in note 25. The College has applied the FRS 8 exemption on disclosing intragroup transactions.

## **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.

### ***Restricted grant income***

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

### ***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.



## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

#### ***Capital grants and donations***

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

#### ***Endowment and investment income***

All investment income is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

#### ***Total return on Segregated Funds***

The College also holds certain restricted and unrestricted permanent capital, derived from specific donations, in a Segregated Fund, the terms of which require that 4% per annum of the capital value at the end of January each year is recognised as income in the Income and Expenditure Account. The income is stated net of investment management and property fees.

#### ***Foreign currency translation***

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

#### ***Tangible and fixed Assets***

##### ***Operational land and buildings***

Operational land and buildings are stated at valuation. In accordance with FRS 15 'Tangible Fixed Assets' full valuations are undertaken at least every five years and an interim valuation is carried out in year three. The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve included within Expendable Unrestricted Designated Reserves. Buildings on the main College site, being specialised properties, were valued on the basis of their depreciated replacement cost at 30 June 2010 by Davis Langdon LLP, property consultants. Certain off-campus land and buildings are valued on the basis of their existing use. The most recent valuation was carried out by Carter Jonas LLP, property consultants, as at 30 June 2010.

Land purchased prior to 1 July 2002 is not capitalised unless it is held for investment purposes. Land purchased since 1 July 2002 is capitalised in the balance sheet. Freehold land is not depreciated.

Operational buildings are depreciated on a straight-line basis over their expected useful economic lives at the rate of 1.5% per annum.

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

Where 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.

Buildings under construction are valued at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date and are depreciated at the rate of 1.5% per annum when they are brought into use.

#### ***Maintenance of premises***

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The cost of major refurbishment and maintenance that restores value is capitalised and depreciated at the rate of 1.5% per annum.

#### ***Furniture, fittings and equipment***

Furniture, fittings and equipment with a cost of more than £5,000 are capitalised and depreciated at the rate of 10% per annum. Project specific IT equipment costs were capitalised in 2011-12 and are being depreciated at a rate of 20% per annum from 2012-13.

#### ***Operating leases***

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

#### ***Heritage assets***

In accordance with FRS30 (Heritage Assets), works of art, books and other valuable artefacts are capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The College has a large art collection most of which has been donated to the College. The collection is formally valued every five years. The College includes all assets over £10,000 as valued and includes additions acquired between valuations at a fair value.

All heritage assets are maintained and conserved by College staff with access available by permission of the College. The assets held are properly insured if appropriate, with records kept by those responsible for care of the assets.

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

#### **Investments**

##### **Securities**

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

##### **Investment properties**

Investment properties are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Total Recognised Gains and Losses. In accordance with SSAP 19, no depreciation has been charged on investment properties.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving or 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 1137530) and also a charity within the meaning of Section 467 of the Corporate Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 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 Schemes**

The College participates in the following pension schemes:

- Universities Superannuation Scheme (USS) - a defined benefit scheme that is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with

## **MURRAY EDWARDS COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period. The scheme is closed to new non-academic members of the College.

- Cambridge Colleges Federated Pension Scheme (CCFPS) - a similar defined benefit scheme which is externally funded and contracted out of the (S2P). The scheme is closed to new members of the College. As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by FRS 17 'Retirement Benefits'. As a result, the amount charged to the Income and Expenditure Account represents the amount calculated under FRS17 guidelines.
- Aviva - a defined contributions pension scheme set up for non-academic staff in 2010-11. The College matches employee contributions to a maximum of 5%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

**MURRAY EDWARDS COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 £	2013 £
<b>Income</b>			
Academic fees and charges	1	2,196,729	2,063,771
Residences, catering and conferences	2	2,776,645	2,764,946
Endowment income	3	1,636,353	1,675,522
Donations	4	689,298	395,706
Other income		49,981	49,590
<b>Total income</b>		<b>7,349,006</b>	<b>6,949,535</b>
<b>Expenditure</b>			
Education	5	3,124,809	3,118,362
Residences, catering and conferences	6	3,401,977	3,462,127
Fundraising		291,808	283,835
General administration		97,269	149,020
<b>Total expenditure</b>	7a	<b>6,915,863</b>	<b>7,013,344</b>
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		433,143	(63,809)
Contribution under Statute G,II		-	-
Surplus/(deficit) on continuing operations after contribution under Statute G, II		433,143	(63,809)
(Surplus)/deficit for year transferred to accumulated income in endowment funds	18	(134,614)	2,994
<b>Surplus/(deficit) for the year retained within general reserves</b>		<b>298,529</b>	<b>(60,815)</b>

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Restricted Funds	Unrestricted Funds	Total funds	Total funds
	2014	2014	2014	2013
	£	£	£	£
Surplus/(deficit) on income and expenditure account	-	298,529	298,529	(60,815)
Unspent endowment fund income	134,614	-	134,614	(2,994)
Realised/unrealised gains on investments	172,517	573,324	745,841	4,517,744
Actual return on Segregated Fund	35,736	671,322	707,058	519,546
Total return transferred to Income & Expenditure Account	(58,431)	(1,090,945)	(1,149,376)	(1,119,762)
Revaluation reserve adjustment on sale	-	(7,833)	(7,833)	-
New endowments	13,490	-	13,490	330,117
Heritage assets capitalised	9a 385,000	-	385,000	-
Transfers between funds	(28,155)	28,155	-	-
Actuarial loss in respect of pension scheme	16 -	(317,653)	(317,653)	(317,729)
Total recognised gains/(losses) for the year	<u>654,771</u>	<u>154,899</u>	<u>809,670</u>	<u>3,866,107</u>
Reconciliation				
Opening reserves and endowments	5,436,760	58,433,443	63,870,203	60,004,095
Total recognised gains and losses for the year	654,771	154,899	809,670	3,866,107
Closing reserves and endowments	<u>6,091,531</u>	<u>58,588,342</u>	<u>64,679,873</u>	<u>63,870,202</u>

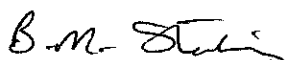
MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

	Note	2014 £	2013 £		
<b>Fixed assets</b>					
Tangible assets	9	38,295,641	39,042,470		
Investments	10	15,665,314	14,670,501		
<b>Endowment assets</b>					
Endowments	11	32,537,871	32,493,702		
<b>Current assets</b>					
Stocks		26,112	19,598		
Debtors	12	332,866	282,559		
Cash at bank and in hand	13	2,243,821	1,825,125		
		<u>2,602,799</u>	<u>2,127,282</u>		
Creditors: amounts falling due within one year	14	(788,695)	(965,928)		
<b>Net current assets</b>		<u>1,814,104</u>	<u>1,161,354</u>		
Creditors: amounts falling due after more than one year	15	(13,500,000)	(13,500,000)		
<b>Net assets excluding pension liability</b>		<u>74,812,930</u>	<u>73,868,027</u>		
Net pension liability	16	(1,999,999)	(1,697,760)		
<b>Net assets including pension liability</b>		<u>72,812,931</u>	<u>72,170,267</u>		
<b>Represented by</b>					
		<b>Restricted funds</b>	<b>Unrestricted funds</b>	<b>2014 Total</b>	<b>2013 Total</b>
		£	£	£	£
Deferred capital grants	17	8,133,058	-	8,133,058	8,300,064
<b>Endowments</b>					
Expendable endowments		904,183	-	904,183	803,709
Permanent endowments	18	5,187,348	26,446,340	31,633,688	31,689,993
		<u>6,091,531</u>	<u>26,446,340</u>	<u>32,537,871</u>	<u>32,493,702</u>
<b>Reserves</b>					
General reserves excluding pension reserve of which corporate capital		-	34,142,001	34,142,001	33,074,261
			22,014,191	22,014,191	20,290,376
Pension Reserve		-	(1,999,999)	(1,999,999)	(1,697,760)
	19	<u>-</u>	<u>32,142,002</u>	<u>32,142,002</u>	<u>31,376,501</u>
<b>Closing Reserves and Endowments</b>		<u>6,091,531</u>	<u>58,588,342</u>	<u>64,679,873</u>	<u>63,870,203</u>
<b>Total</b>		<u>14,224,589</u>	<u>58,588,342</u>	<u>72,812,931</u>	<u>72,170,267</u>

These accounts were approved by the College Council on 10th November 2014 and are signed on their behalf by:



Dame Barbara Stocking  
President

**MURRAY EDWARDS COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**CONSOLIDATED CASH FLOW STATEMENT**

		2014 £	2013 £
<b>Net cash outflow from operating activities</b>	23	<u>(212,684)</u>	<u>(365,065)</u>
<b>Returns on investments and servicing of finance</b>			
Net investment income		1,194,035	1,075,306
Interest paid		(685,621)	(687,622)
<b>Net cash inflow from returns on investment and servicing of finance</b>		<u>508,414</u>	<u>387,684</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(159,119)	(232,105)
Proceeds of disposals of fixed assets		176,323	-
Net (purchase)/sale of investment assets		(1,723,516)	2,530,210
New endowments received		13,902	331,194
<b>Net cash (outflow)/inflow from capital transactions</b>		<u>(1,692,410)</u>	<u>2,629,299</u>
<b>Net cash (outflow)/inflow before financing</b>		<u>(1,396,680)</u>	<u>2,651,918</u>
<b>(Decrease)/Increase in cash in the year</b>		(1,396,680)	2,651,918
Net debt at beginning of year		(7,775,930)	(10,427,848)
<b>Net debt at end of year</b>	23	<u>(9,172,610)</u>	<u>(7,775,930)</u>



MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

1 ACADEMIC FEES AND CHARGES

	2014	2013
	£	£
<b>COLLEGE FEES</b>		
Fee income paid on behalf of undergraduates at the Publicly-funded		
Undergraduate rate (per capita fee £4,068; 2013 - £3,951)	647,436	1,001,120
Undergraduate rate (per capita fee £4,500)	819,000	396,000
Privately-funded undergraduate fee income (per capita fee £5,634; 2013 - £5,367)	214,092	196,790
Affiliated students paying reduced college fee	594	1,176
Graduate fee income (per capita fee £2,424; 2013 - £2,349)	246,440	217,050
Privately-funded Graduate fee income (per capita fee £5,634)	16,902	-
Graduate part time students with reduced college fee	7,030	6,188
Sub-total College Fees	<u>1,951,494</u>	<u>1,818,324</u>
Degree fees and other academic income	245,235	245,447
Total	<u>2,196,729</u>	<u>2,063,771</u>

Income in respect of the Cambridge Bursary Scheme is included in Degree Fees and Other Academic Income.

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2014	2013
	£	£
Accommodation		
College members	1,766,365	1,675,978
Conferences	326,899	398,211
Catering		
College members	405,706	374,354
Conferences	277,675	316,403
Total	<u>2,776,645</u>	<u>2,764,946</u>

3 ENDOWMENT INCOME

	2014	2014	2014	2013
	Income from	Income from	Total	Total
	restricted funds	unrestricted	£	£
	£	£	£	£
Total return contribution from Segregated Fund	58,431	1,090,945	1,149,376	1,119,762
Amalgamated fund administration fee		-	-	172,542
Quoted securities - equities	49,911	214,906	264,817	243,730
Quoted securities - fixed interest	38,396	165,324	203,720	129,048
Other interest receivable	4,459	13,981	18,440	10,440
Total Endowment Income	<u>151,197</u>	<u>1,485,156</u>	<u>1,636,353</u>	<u>1,675,522</u>

3b SUMMARY OF TOTAL RETURN

	2014	2013
	£	£
Income from:		
Quoted securities and cash	486,977	383,218
Segregated Fund	707,058	519,546
Gains/losses on endowment assets	745,841	4,517,744
Total return for year	<u>1,939,876</u>	<u>5,420,508</u>
Return transferred to income & expenditure account	(1,636,353)	(1,675,522)
Unapplied total return for the year included within statement of total recognised gains and losses	<u>303,523</u>	<u>3,744,986</u>

4 DONATIONS

	2014	2013
	Total	Total
	£	£
Unrestricted donations	377,931	120,924
Restricted donations	143,949	107,375
Release of Deferred Capital	167,418	167,407
	<u>689,298</u>	<u>395,706</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

5 EDUCATION EXPENDITURE	2014 £	2013 £
Teaching	1,763,773	1,732,480
Tutorial	426,750	476,380
Admissions	372,221	300,083
Research	105,036	92,010
Scholarships and awards	291,977	337,991
Other educational facilities	165,052	179,418
<b>Total</b>	<b>3,124,809</b>	<b>3,118,362</b>

Gross expenditure in respect of the Cambridge Bursary Scheme is included in scholarships and awards.

6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE		2014 £	2013 £
Accommodation	College members	2,306,630	2,284,643
	Conferences	574,415	569,194
Catering	College members	347,077	379,752
	Conferences	173,855	228,538
<b>Total</b>		<b>3,401,977</b>	<b>3,462,127</b>

7a ANALYSIS OF 2013/14 EXPENDITURE BY ACTIVITY

	Staff costs (note 8) £	Other operating expenses £	Depreciation £	Total £
Education (note 5)	1,803,341	1,197,532	123,936	3,124,809
Residences, catering and conferences (note 6)	1,412,150	1,377,071	612,756	3,401,977
Fundraising	169,834	121,974	-	291,808
General administration	88,209	9,060	-	97,269
	<b>3,473,534</b>	<b>2,705,637</b>	<b>736,692</b>	<b>6,915,863</b>

7b ANALYSIS OF 2012/2013 EXPENDITURE BY ACTIVITY

	Staff costs (note 8) £	Other operating expenses £	Depreciation £	Total £
Education (note 5)	1,734,551	1,255,210	128,601	3,118,362
Residences, catering and conferences (note 6)	1,345,195	1,505,287	611,645	3,462,127
Fundraising	185,590	98,245	-	283,835
General administration	121,649	27,371	-	149,020
	<b>3,386,985</b>	<b>2,886,113</b>	<b>740,246</b>	<b>7,013,344</b>

Gross expenditure in respect of the Cambridge Bursary Scheme is included in other operating expenses.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

7c AUDITORS REMUNERATION

	2014	2013
	£	£
Other operating expenses include:-		
Auditors fees payable to College's external auditors	19,570	19,500
Other fees payable to the College's external auditors	1,250	5,740
Internal auditors fees	1,500	3,000

8 STAFF

	2014	2014	2014	2014	2014	2013
	Head of House & College Fellows £	Non- academic Staff £	Sub- Total £	External supervisors & directors of studies £	Total £	Total £
Staff costs:						
Emoluments	789,407	1,797,924	2,587,331	-	2,587,331	2,409,446
Social security costs	59,630	131,446	191,076	-	191,076	184,615
Pension costs (see note 24)	87,901	232,699	320,600	-	320,600	305,597
Other staff costs	68,169	173,248	241,417	-	241,417	335,061
	<u>1,005,107</u>	<u>2,335,317</u>	<u>3,340,424</u>	-	<u>3,340,424</u>	<u>3,234,719</u>
External supervisors, directors of studies, etc	-	-	-	133,110	133,110	152,265
Total	<u>1,005,107</u>	<u>2,335,317</u>	<u>3,340,424</u>	<u>133,110</u>	<u>3,473,534</u>	<u>3,386,984</u>

Total College staff as at 30 June

	2014	2014	2014	2013
	Academic	Non-academic	Total	Total
Head of House	1	-	1	-
Acting Head of House	-	-	-	1
Fellows - Academic	49	-	49	48
Fellows - Non-academic	3	-	3	3
Non-academic staff (Full-time equivalents)	-	89	89	85
<b>Total as at 30 June</b>	<u>53</u>	<u>89</u>	<u>142</u>	<u>137</u>

Of the 53 Fellows declared above, 50 are stipendiary (2013 - 50 stipendiary).

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

The trustees receive no emoluments in their role as trustees of the charity

During the year the trustees received £492,378 (2013 £353,732) in remuneration for college duties.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

9 FIXED ASSETS	2014	2014	2014	2014
9a TANGIBLE FIXED ASSETS	Freehold land and buildings	Furniture, fittings and equipment	Heritage Assets	Total
	£	£	£	£
<b>Cost/valuation</b>				
As at 1 July 2013	40,269,858	1,199,928	310,500	41,780,286
Heritage assets capitalised			385,000	385,000
Additions at cost	159,119	-	-	159,119
Disposals as cost	(172,324)	-	-	(172,324)
Cost/valuation as at 30 June 2014	<u>40,256,653</u>	<u>1,199,928</u>	<u>695,500</u>	<u>42,152,081</u>
<b>Depreciation</b>				
As at 1 July 2013	1,804,765	622,551	-	2,427,316
Depreciation on disposals	(3,068)	-	-	(3,068)
Charge for the year	612,756	123,936	-	736,692
Accumulated Depreciation as at 30 June 2014	<u>2,414,453</u>	<u>746,487</u>	<u>-</u>	<u>3,160,940</u>
<b>Net Book Value</b>				
At 30 June 2014	<u>37,842,200</u>	<u>453,441</u>	<u>695,500</u>	<u>38,991,141</u>
At 30 June 2013	<u>38,465,093</u>	<u>577,377</u>	<u>310,500</u>	<u>39,352,970</u>

Included in the Balance sheet as follows:	2014	2013
	£	£
Fixed Assets	<u>38,295,641</u>	<u>39,042,470</u>
Endowment Assets (see note 11)	<u>695,500</u>	<u>310,500</u>

The College's land and buildings were revalued at 30 June 2010 and in accordance with the accounting policies will be revalued after five years.

The insured value of freehold operational buildings (excluding investment assets) at 30 June 2014 was £89,279,063 (2013 £78,785,607).

9b HERITAGE ASSETS

According to FRS30 (Heritage Assets), works of art, books and other valuable artefacts acquired should be capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. The College holds and conserves an Art Collection which has been built up over a number of years and which consists of mainly donated works. The Art Collection is preserved, conserved and managed in accordance with recognised national standards and the collection on display is open to the public for viewing. Those items not on general display can be accessed by the wider public by prior arrangement. The works are normally donated on a permanent basis so will be included as endowment assets. The Collection is professionally valued every five years, the latest being carried out in 2012 by Bonhams. As stated in the Statement of Accounting Policies all works of art valued over £10,000 are included in the accounts. Heritage Assets capitalised in the year were £385,000 (2012 £Nil).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

10 INVESTMENTS

	2014	2013
	£	£
Balance at 1 July 2013		
Additions	46,715,466	42,226,868
Disposals	14,906,784	20,234,139
Appreciation on disposals/revaluation	(13,183,267)	(22,764,348)
(Decrease)/Increase in cash balances	745,841	4,517,744
Balance at 30 June 2014	<u>47,124,901</u>	<u>46,715,466</u>
<b>Represented by:</b>		
Freehold buildings	£ 2,309,399	£ 2,309,399
Quoted securities - equities	24,783,170	22,085,777
Quoted securities - fixed interest	12,916,379	12,308,391
Alternative investments	5,412,203	6,247,256
Loan-Joint Colleges Nursery Scheme	2,965	3,935
Cash held for reinvestment	1,700,785	3,760,708
<b>Total Investment Assets</b>	<u>47,124,901</u>	<u>46,715,466</u>

One property was acquired as an investment asset in 2011 and is included at management valuation of £2,309,399. The College incurred investment management advice charges of £385,373 (2013 £362,645) in the year. £30,000 (2013 £122,789) has been deducted from income in note 3 and £355,373 (2013 £239,856) has been included in gains and losses for the year. This reflects the treatment by fund managers and advisers.

Allocated as:-

	£	£
Fixed Asset investments	15,665,314	14,670,501
Endowment investments	31,459,587	32,044,965
<b>Total Investment Assets</b>	<u>47,124,901</u>	<u>46,715,466</u>

11 ENDOWMENT ASSETS

	£	£
<b>Investments</b>		
Freehold buildings	2,309,399	2,309,399
Quoted securities - equities	15,425,077	14,411,150
Quoted securities - fixed interest	9,255,017	8,989,331
Alternative investments	3,517,369	4,235,040
Loan-Joint Colleges Nursery Scheme	569	770
Cash held for reinvestment	952,156	2,099,275
<b>Total Investment Assets - as above</b>	31,459,587	32,044,965
Heritage Assets - see notes 9a and 9b	695,500	310,500
Other assets included in cash (note 13)	382,784	138,237
	<u>32,537,871</u>	<u>32,493,702</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

<b>12 DEBTORS</b>	<b>2014</b>	<b>2013</b>
	£	£
Members of College	4,345	29,538
Other debtors	328,521	253,021
	<u>332,866</u>	<u>282,559</u>
<b>13 CASH</b>	£	£
Bank and Building Society deposits	2,512,078	1,779,934
Current accounts	113,527	181,206
Cash in hand	1,000	2,222
	<u>2,626,605</u>	<u>1,963,362</u>
Endowment Assets (Note 11)	(382,784)	(138,237)
	<u>2,243,821</u>	<u>1,825,125</u>
The cash held in subsidiaries at the year end was £176,507 (2012 £410,241) included in Current accounts above.		
<b>14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	£	£
Members of College	109,986	38,016
Other creditors	678,709	927,912
	<u>788,695</u>	<u>965,928</u>
<b>15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	£	£
Loan-Barclays Bank	13,500,000	13,500,000
	<u>13,500,000</u>	<u>13,500,000</u>
During 2009/10 the repayment terms of the bank loans of £13.5m were rescheduled and are repayable as follows: £3 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048.		
The loans are subject to the following fixed interest rate contracts:		
Loan amount	Rate	Maturity
£3m	5.65%	2016
£1.5m	4.56%	2029
£9m	5.00%	2048
<b>16 PENSION LIABILITY</b>	£	£
Deficit in scheme at beginning of year	(1,697,760)	(1,441,116)
Movement in year		
Current service cost	(31,728)	(36,304)
Contributions paid by college	75,850	138,372
Finance cost	(28,708)	(40,983)
Actuarial loss recognised in statement of total recognised gains and losses	(317,653)	(317,729)
	<u>(1,999,999)</u>	<u>(1,697,760)</u>
Deficit in scheme at end of year (note 24)		
<b>17 DEFERRED CAPITAL GRANTS</b>	£	£
Balance at the beginning of the year	8,300,064	8,466,394
Donations received	412	1,077
Released to Income & Expenditure account	(167,418)	(167,407)
	<u>8,133,058</u>	<u>8,300,064</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

18 ENDOWMENTS

	2014 Restricted Permanent £	2014 Unrestricted Permanent £	2014 Total Permanent £	2014 Restricted Expendable £	2014 Total £	2013 Total £
Balance at beginning of year	4,633,051	27,056,942	31,689,993	803,709	32,493,702	29,597,764
(Decrease)/increase in Investments	128,618	(327,394)	(198,776)	33,780	(164,996)	3,110,162
Income receivable from endowment asset investments	35,736	671,322	707,058	-	707,058	519,546
Transfer of income to Income & Expenditure account	(58,431)	(1,090,945)	(1,149,376)	-	(1,149,376)	(1,119,761)
New endowments received	12,413	-	12,413	1,078	13,491	330,117
Heritage Assets capitalised	385,000	-	385,000	-	385,000	-
Capital returned from investments	10,118	130,931	141,049	-	141,049	64,609
Transfers	(362)	5,484	5,122	(27,793)	(22,671)	(5,741)
Income receivable from endowment asset investments and donations	85,113	-	85,113	168,915	254,028	207,236
Expenditure	(43,908)	-	(43,908)	(75,506)	(119,414)	(210,230)
Net transfer from Income & Expenditure accounts	41,205	-	41,205	93,409	134,614	(2,994)
Balance at end of year	<u>5,187,348</u>	<u>26,446,340</u>	<u>31,633,688</u>	<u>904,183</u>	<u>32,537,871</u>	<u>32,493,702</u>
Representing:-						
Awards Funds	417,533	19,050	436,583	237,358	673,941	664,719
Hardship Funds	433,044	-	433,044	240,075	673,119	582,362
Other Student Support	6,082	-	6,082	104,599	110,681	98,564
Research Funds	991,431	-	991,431	93,586	1,085,017	1,023,800
Graduate Studentships Funds	-	-	-	4,808	4,808	4,593
Travel Funds	-	-	-	84,113	84,113	88,308
Fellowships Funds	2,643,756	884,196	3,527,952	98,144	3,626,096	3,546,381
Other Funds	695,500	25,543,094	26,238,594	41,500	26,280,094	26,484,975
Total	<u>5,187,348</u>	<u>26,446,340</u>	<u>31,633,688</u>	<u>904,183</u>	<u>32,537,869</u>	<u>32,493,702</u>

19 RESERVES

	2014 Total £	2013 Total £
Balance at beginning of year	31,376,501	30,406,331
Surplus/(deficit) for year		
Revaluation gain on investments	298,529	(60,814)
Transfer to funds	769,787	1,342,972
Adjustment to revaluation reserve on sale of property	22,671	5,741
Pension fund movement	(7,833)	
Balance at end of year	<u>(317,653)</u>	<u>(317,729)</u>
	<u>32,142,002</u>	<u>31,376,501</u>

Included within reserves is an amount of £22,014,191 (2013:£20,290,376) required by the ordinances to be identified as representing corporate capital and previously described as corporate capital and an amount of £1,289,336 (2013: £1,297,169) representing buildings revaluation reserve.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE ACCOUNTS

	2014 £	2013 £
<b>20 CAPITAL COMMITMENTS</b>		
Commitments contracted for at 30 June: Authorised and contracted	143,258	152,831

**21 FINANCIAL COMMITMENTS**

At 30 June the College had annual commitments under non-cancellable operating leases as follows:

	£	£
Land and Buildings: Expiring between one and five years' time	32,040	3,900
Other: Expiring between one and five years' time	5,757	2,319

**22 CONTINGENT LIABILITIES**

The College's endowment capital includes conditional capital donations amounting in total to £25,443,572 (2013 £24,952,676). Under certain limited circumstances these donations could be repayable to the donor, but in the opinion of the members of Council, such repayment is not foreseen and accordingly no provision is made in these accounts.

**23 CASH FLOW STATEMENT**

**Reconciliation of consolidated operating surplus to net cash outflow from operating activities**

	£	£
Operating (Deficit)/surplus	433,143	(63,808)
Depreciation of tangible fixed assets	736,692	740,246
Profit on disposal of tangible fixed assets	(14,900)	-
Deferred capital grants released to income	(167,418)	(167,407)
Investment income	(1,636,353)	(1,675,522)
Interest payable	685,621	687,622
Pension costs less contributions payable	(15,414)	(61,085)
Decrease/(increase) in stocks	(6,514)	6,149
Decrease/(increase) in debtors	(50,307)	164,663
Increase/(decrease) in creditors	(177,233)	4,077
<b>Net cash outflow from operating activities</b>	<b>(212,684)</b>	<b>(365,065)</b>

Analysis of cash and bank balances

	At 1 July 2013 £	Cash Flows £	At 30 June 2014 £
Cash at bank and in hand*	1,963,362	663,243	2,626,605
Cash held as part of investments	3,760,708	(2,059,923)	1,700,785
	5,724,070	(1,396,680)	4,327,390
Debt due after one year	(13,500,000)	-	(13,500,000)
	<b>(7,775,930)</b>	<b>(1,396,680)</b>	<b>(9,172,610)</b>

\* This balance is stated before re-analysis of cash to Endowment Assets (see notes 11 and 13).



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## **24 PENSION SCHEMES**

### **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 trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of four are co-opted 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 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 2012 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 (ie 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

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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 (ie 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. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the on-going 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 valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

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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 previous valuation as at 31 March 2008 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 on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

#### *Normal pension age*

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

#### *Flexible Retirement*

Flexible retirement options were introduced.

#### *Member contributions increased*

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

#### *Cost sharing*

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

#### *Pension increase cap*

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

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

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On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

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:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on shortfall</i>
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
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

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 trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set by the trustees are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustees recognises that, putting the issue of the USS fund's size and scale to one side for a moment, it might be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee received advice from its internal investment team, its investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

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The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Some short-term volatility in returns, can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together – in an integrated form – the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had over 148,000 active members and the College had 72 active members participating in the scheme.

The total pension cost for the College was £213,130 (2012: £264,911). This includes £27,696 (2012: £30,532 outstanding contributions at the balance sheet date. The contribution rate payable by the College was 16% of pensionable salaries.

#### CCFPS

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

	June 2014 % p.a.	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

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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).

**Employee Benefit Obligations**

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

	June 2014 £	June 2013 £
Present value of Scheme liabilities	(5,295,880)	(4,921,712)
Market value of Scheme assets	3,295,881	3,223,952
<b>Surplus/(deficit) in the Scheme</b>	<b>(1,999,999)</b>	<b>(1,697,760)</b>

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

	June 2014 £	June 2013 £
Current service cost	31,728	36,304
Interest on Scheme liabilities	222,567	203,163
Expected return on Scheme Assets	(193,859)	(162,180)
Past service cost	0	0
Curtailment gain	0	0
<b>Total</b>	<b>60,436</b>	<b>77,287</b>

Actual return on Scheme assets	193,440	349,716
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Changes in the present value of the Scheme liabilities for the year ending 30 June 2014 (with comparative figures for the year ending 30 June 2013) are as follows:

	June 2014 £	June 2013 £
Present value of Scheme liabilities at beginning of period	4,921,712	4,448,116
Service cost (including Employee contributions)	39,677	47,595

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Interest cost	222,567	203,163
Past service cost	0	0
Curtailment gain	0	0
Actuarial losses/(gains)	317,234	505,265
Benefits paid	(205,310)	(282,427)
<b>Present value of Scheme liabilities at end of period</b>	<b>5,295,880</b>	<b>4,921,712</b>

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

	June 2014 £	June 2013 £
Market value of Scheme assets at beginning of period	3,223,952	3,007,000
Expected return	193,859	162,180
Actuarial gains/(losses)	(419)	187,536
Contributions paid by the College	75,850	138,372
Employee contributions	7,949	11,291
Benefits paid	(205,310)	(282,427)
<b>Market value of Scheme assets at end of period</b>	<b>3,295,881</b>	<b>3,223,952</b>

The agreed contributions to be paid by the College for the forthcoming year are 7.28% of Contribution Pay plus £10,861 p.a. to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

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

	June 2014	June 2013
Equities & Hedge Funds	70%	68%
Bonds & Cash	23%	24%
Properties	7%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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%), an expected rate of return on properties of 6.0% (2013: 6.0%) and an expected rate of return on bonds and cash of 3.8% (2013: 4.0%).

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

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	June 2014 £	June 2013 £
Actual return less expected return on Scheme assets	(419)	187,536
Experience gains and losses arising on Scheme liabilities	(21,426)	(18,668)
Changes in assumptions underlying the present value of Scheme liabilities	(295,808)	(486,597)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>(317,653)</b>	<b>(317,729)</b>

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

	June 2014 £	June 2013 £
Cumulative actuarial gain/(loss) at beginning of period	(1,778,562)	(1,460,833)
Recognised during the period	(317,653)	(317,729)
<b>Cumulative actuarial gain/(loss) at end of period</b>	<b>(2,096,215)</b>	<b>(1,778,562)</b>

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

	June 2014 £	June 2013 £
Surplus/(deficit) in Scheme at beginning of year	(1,697,760)	(1,441,116)
Service Cost (Employer Only)	(31,728)	(36,304)
Contributions paid by the College	75,850	138,372
Finance Cost	(28,708)	(40,983)
Actuarial gain/(loss)	(317,653)	(317,729)
<b>Surplus/(deficit) in Scheme at the end of the year</b>	<b>(1,999,999)</b>	<b>(1,697,760)</b>

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

	Jun 2014 £	Jun 2013 £	Jun 2012 £	Jun 2011 £	Mar 2010 £
Present value of Scheme liabilities	(5,295,880)	(4,921,712)	(4,448,116)	(4,353,213)	(4,358,822)
Market value of Scheme assets	3,295,881	3,223,952	3,007,000	3,618,652	3,224,788
<b>Surplus/(deficit) in the Scheme</b>	<b>(1,999,999)</b>	<b>(1,697,760)</b>	<b>(1,441,116)</b>	<b>(734,561)</b>	<b>(1,134,034)</b>
Actual return less expected return on Scheme assets	(419)	187,536	(625,477)	101,473	364,281
Experience gain/(loss) arising on Scheme liabilities	(21,426)	(18,668)	(100,036)	20,738	45,028



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Change in assumptions underlying present value of Scheme liabilities	(295,808)	(486,597)	(47,638)	187,933	(909,941)
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#### Total Pension Cost

The total pension cost for the year to 30<sup>th</sup> June 2014 was as follows

	2014 £	2013 £
USS: Contributions	236,627	213,130
CCFPS: Charged to income and expenditure account	60,436	77,287
Other pension schemes: contributions and administration fees	23,537	15,180
	320,600	305,597

## 25 PRINCIPAL SUBSIDIARY AND UNDERTAKINGS

The College owns 100% of the share capital of the following companies:

Company	Principal Activities
Murray Edwards Conferences Limited	Conferencing and Catering
Murray Edwards Developments Limited	Dormant

## 26 RELATED PART 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.