

**CHURCHILL COLLEGE IN THE  
UNIVERSITY OF CAMBRIDGE**

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

**Charity Registration Number: 1137476**

**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**  
**INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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# CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

## REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 30 JUNE 2014

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Address	Charity Registration Number	VAT Registration Number
Churchill College Storey's Way Cambridge, CB3 0DS	1137476	GB 732 155 751

### Trustees

The Trustees of the College are the members of the College Council. The Trustees during 2013/14 were:

Master	Prof Sir David Wallace (to 30/09/14), Prof Dame Athene Donald (from 01/10/14)	
Vice-Master	Prof K Siddle	
Senior Tutor	Mr R Partington	
Bursar	Mrs J M Brook	
Tutor for Advanced Students	Dr I B Kingston	
MCR President	Ms J Ramsey (to 01/02/14), Ms J Poon (from 18/02/14)	
MCR Council Member	Mr K Nilakant (to 01/02/14), Ms A Kaminiski (from 18/02/14)	
JCR President	Miss E Sweet (to 01/01/14), Miss E Miller (from 14/01/14)	
JCR Member	Miss J Steinitz (to 01/03/14), Miss C Dormor (from 04/03/14)	
Staff Members	Mrs N Caulfield (to 30/11/13), Mrs S Cook (from 14/01/14) Mrs K Russell-Roberts	
Members	Dr S Boss Dr R H Bracewell (to 09/07/13) Prof A M Finch Miss M Kendall Prof M Kramer Prof N Leader-Williams	Dr P Russell Dr K Stott Dr P van Houten (from 14/01/14)

### Senior Officers

Master	Prof Sir David Wallace (to 30/09/14), Prof Dame Athene Donald (from 01/10/14)	
Vice-Master	Prof K Siddle	
Senior Tutor	Mr R Partington	
Bursar	Mrs J M Brook	
Tutor for Advanced Students	Dr I B Kingston	

### Principal Advisers

#### Auditors

Prentis & Co LLP  
115c Milton Road  
Cambridge  
CB4 1XE

#### Bankers

Lloyds Bank  
3 Sidney Street  
Cambridge  
CB2 3HG

#### Investment Fund Managers

Charles Stanley & Co Ltd  
25 Luke Street  
London  
EC2A 4AR

Heronbridge Investment  
Management LLP  
24 Gay Street, Bath  
Somerset, BA1 2PD

#### Investment Property Managers

Savills LLP  
132-134 Hills Road  
Cambridge  
CB2 8PA

#### Legal Advisers

Ashton KCJ  
Chequers House  
77-81 Newmarket Road  
Cambridge  
CB5 8EU

Hewitsons  
Shakespeare House  
42 Newmarket Road  
Cambridge  
CB5 8EP

Penningtons Solicitors LLP  
Clarendon House  
Clarendon Road  
Cambridge  
CB2 8FH

# CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

## OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2014

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### Introduction

The College has had another good year financially and operationally. The academic performance of the students in the College was again strong. Student numbers increased slightly over the previous year. The College's commercial business, hosting summer schools, conferences and continuing education programmes (delivered through its subsidiary, the Møller Centre and in the College itself) thrived and the profits from these operations contributed to the cost of providing the education for our students, providing financial support for students and improving facilities for our academic staff and students.

### Scope of the Financial Statements

In addition to the educational activities of the College, the consolidated accounts include the commercial activity of the College and through its subsidiaries, the Møller Centre for Continuing Education Ltd and Churchill Conferences Ltd. The surpluses from these operations are donated to the College under Gift Aid and appear as donations in the College's income and expenditure statement. The figures below refer to the College accounts rather than the consolidated accounts.

### Aims and Objectives of the College

The charitable objectives of the College are:

- 1) To advance education, learning and research especially in the field of science and technology
- 2) To provide a College wherein members of the University of Cambridge may work for degrees in that University, or may carry out post-graduate studies or other special studies at Cambridge.

### Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for some 805 (801 in 2012/13) undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

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

In addition, through the Møller Centre for Continuing Education, the College provides courses to develop management knowledge and skills for executives in the private, public and professional service sectors from the UK and elsewhere.

The College advances research through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post; there were 13 research fellows in the College for all or part of the academic year 2013-14;
- the launch of a new scheme in 2013 to provide a collegiate base for 10 post-doctoral By-Fellows each year, for a three year duration.

## CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

### OPERATING AND FINANCIAL REVIEW

#### FOR THE YEAR ENDED 30 JUNE 2014

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- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding senior academics from abroad, of whom 18 spent a minimum of a term in the College during 2013-14; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means;
- supporting students through the provision of more than £730K in grants, bursaries and studentships including the provision of 63 grants to enable postgraduate students to participate in research conferences;
- through the College's own resources, a total subsidy of nearly £1.60 million on the provision of education.
- The Churchill Archives Centre provides facilities for anyone wishing to study the papers in its collection (if allowed under government rules). There are research fellowships, tied to work in the Archives Centre, and the Centre organises lectures, symposia and exhibitions open to members of the public. The Archives Centre was awarded a grant from the Wellcome Trust for the cataloguing of the papers of Sir Aaron Klug.
- The College maintains an extensive Library, so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely.

The College also extends the use of its facilities to the local community and community organisations and participates generously in hosting programmes to bring talented young people from poorer backgrounds to Cambridge.

#### Funding

During the last two years the College was funded in the following proportions:

	<b>2014</b>	<b>2013</b>
Endowment Income	17.9%	16.5%
Fee and Academic Income	22.0%	22.1%
Operating charges (rents and catering to College members)	29.7%	32.8%
Direct Commercial income	13.3%	11.8%
Donations	11.4%	10.8%
Donations from subsidiary companies	5.7%	6.00%
	<hr/>	<hr/>
	100.0%	100.0%

## CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

### OPERATING AND FINANCIAL REVIEW

#### FOR THE YEAR ENDED 30 JUNE 2014

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The use of the facilities and amenities of the College is maximised, particularly out of term time, by extending them to commercial clients, other academic institutions and community education, to provide revenue to cover the fixed costs of the College and to support the academic endeavours. External sales rose by 23.4% over the previous year.

#### **Achievements and Performance**

The College's undergraduates achieved strong results across the board, matching those in the previous year with particularly strong performances in the Asian and Middle Eastern Studies, Natural Sciences and Computing Science. 10 finalists were awarded University named prizes. The number of graduate students awarded a PhD was 60 and of the 71 students undertaking Masters programmes, more than 35 went on to study for a PhD this year.

The College again attracted record numbers of undergraduate applications, with its recruitment efforts focussed on the state sector. It also supported, financially, various university vacation programmes to encourage applications from students from less privileged backgrounds. 68% of those admitted to study in 2013 were educated in state schools. This figure rose to 70% in 2014.

#### **Financial Review**

##### **a) Maintenance of Buildings**

Total expenditure on building maintenance including staff costs, was more than £2.35m of which £1.7m was capitalised.

##### **b) Capital Expenditure**

College expenditure amounted to £2,415k including £1,700k on major refurbishment. In addition over £500k was spent progressing the plans for New Court and over £200k was spent on equipment and computing projects. Major projects undertaken in 2013-14 included:

- the rewiring and refurbishment of three Staircases, Staircases 31, 32 and 33;
- the extension and refurbishment of the graduate hostel 64 Storey's Way; and
- refurbishment of the Masters Lodge and guest rooms.

In addition, nearly £2.2m was spent on the Møller Centre extension and fittings and £40k by Churchill Conferences Ltd.

##### **c) Private Bond Issue**

During the year, the College raised money on the capital markets through an aggregated private placement structure with a number of other Cambridge Colleges. Churchill College raised £11m which is to be repaid in 30 and 40 years time and with interest rates of between 4.40% and 4.45%.

##### **d) Endowment and Investment Performance**

The College's Amalgamated Investment Fund, which makes up 94% of the College's investments, delivered a total return of 22.9% compared with 20.4% the previous year. £9,796k new funds were invested in the Amalgamated Investment Fund during the year, including £9m which is part of the proceeds of the private bond issue. The College drew down a total of £2,274k in accordance with the agreed formula for smoothing total return from year to year. This compares with the drawdown of £2,033k the previous year.

The College's overall performance in the Amalgamated Investment Fund compares favourably with all relevant indices except those of the USA where the College had relatively little invested.

## CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

### OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2014

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#### e) Staff Costs and Pensions

Personnel costs as a whole (including related costs such as training, health and safety management, meals, recruitment) rose by 5.2%. A 2% pay increase was awarded to all non-academic staff and 1% to academic staff from October 2013 but many were also eligible for increments. Staff numbers in the operational side of the College have increased with the investment in the post of web editor and with increased use of casuals to meet the needs of the higher level of conference business in vacations.

The College continues to pay into the Combined Colleges Federated Pension Scheme which is now closed to Churchill staff for future service and to new members. £229K was contributed this year. About 70 staff are now members of the Universities Superannuation Scheme and non-academic staff appointed since 2007 have been offered a defined contribution pension, with generous contributions from the College.

Group Pension Scheme membership and an independent consultant has been retained by the College to advise staff on their options.

#### f) Reserves Policy

The College intends to continue to pursue its objectives in perpetuity and has set a reserves policy which requires reserves to be maintained at a level which ensures that the core activity could be continued during a period of unforeseen difficulty.

The Archives Centre has limited reserves but is largely supported by a number of grant-making trusts, most established for that purpose.

#### Principal risks and uncertainties

The College paid a considerable charge for carbon allowances under the Carbon Reduction Commitment Energy Efficiency Scheme which also required considerable administrative input. The cost of the scheme to the College was £25K for 2013-14. However, the nature of our buildings is 80% residential and they are also listed of historic interest and so significant efficiencies are particularly difficult to achieve.

#### Plans for the Future

The major building projects to be progressed in 2014/15 are extensions and improvements to the Møller Centre and the first half of the construction of new court, which should be completed in April 2016 or shortly thereafter. In addition the combined Colleges' boathouse re-building will start and the ongoing refurbishment and rewiring of the College will continue.

## CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

### OPERATING AND FINANCIAL REVIEW

#### FOR THE YEAR ENDED 30 JUNE 2014

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The College has launched a new scheme to welcome academic staff in Cambridge without college affiliations into the establishment, with Post-Doctoral By-Fellowships being offered to 15 of them in October 2013 for a two year period.

The College is also working to ensure the continuation of its schemes for welcoming visiting academics, through sponsorship and links to different funding bodies.

#### Corporate Governance

1. The following statement is provided by the College Council (the Trustees) to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number 1137476) and subject to regulation by the Charity Commission for England and Wales. The members of the College Council are the charity trustees and are responsible for ensuring compliance with charity law.
3. The College Council is advised in carrying out its duties by a number of Committees including a Finance Committee, an Education Committee, a Tutorial Committee, an Estates Committee, an Audit Committee and an Investment Advisory Committee.
4. The principal officers of the College are the Master, Vice-Master, Senior Tutor, Bursar and Tutor for Advanced Students.
5. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the College Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Trustees. Membership of the Finance Committee in 2013-4 included the Master, Bursar, Vice-Master, Senior Tutor, Tutor for Advanced Students, Finance Manager, Domestic Bursar, Dr J Ackroyd, Professor R Goldstein, Mr N Knight, Mrs G Secrett, Dr S Ozanne, Professor D Ralph, Dr J Toner, Dr C Tout, Mr T Ingram (external member), Dr E Powell (external member) and representatives of the JCR and MCR.
6. The Audit Committee is chaired by Dr E Powell (external member) and two elected members of the Governing Body with responsibility for reporting on any matters of operational or financial concern to the College Council.
7. There are Registers of Interests of Trustees and all Fellows and external members of the Finance Committee and Estates Committees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
8. The College's Trustees (members of the College Council) during the year ended 30 June 2014 are set out on page 2.



**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

**OPERATING AND FINANCIAL REVIEW**

**FOR THE YEAR ENDED 30 JUNE 2014**

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**Statement of Internal Control**

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

1. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The systems 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.
4. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

An approval matrix for purchasing and authorisation of actual expenditure;  
Guidelines for limits on personal expenses;  
Counter-signing of claims by Heads of Departments and checking by accounts staff before payment;  
Double signatures on all transactions over £20,000 by whichever means of payment;  
Stock checks on vulnerable items on a regular basis;  
On site security and limited access to vulnerable items.

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



Mrs J M Brook

Bursar

## **CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

### **RESPONSIBILITIES OF THE COLLEGE COUNCIL**

**FOR THE YEAR ENDED 30 JUNE 2014**

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#### **STATEMENT OF RESPONSIBILITIES OF THE COLLEGE COUNCIL**

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

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Council is required to:

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

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

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

## **CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

### **INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF CHURCHILL COLLEGE**

**FOR THE YEAR ENDED 30 JUNE 2014**

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We have audited the financial statements of Churchill 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 sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Account Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective Responsibilities of the Council and Auditors**

As explained more fully in the Trustee's Responsibilities Statement set out on page 9, the Council is responsible for the preparation of financial statements which give a true and fair view.

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

#### **Scope of the Audit of Financial Statements**

Our audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimate made by the College Council; and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

**INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF CHURCHILL COLLEGE**

**FOR THE YEAR ENDED 30 JUNE 2014**

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**Opinion of Financial Statements**

In our opinion:

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

**Matters on which we are Required to Report by Exception**

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

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



PRENTIS & CO LLP  
Chartered Accountants and  
Registered Auditors  
115c Milton Road  
Cambridge  
CB4 1XE

Chartered Accountants and Statutory Auditors

Date: 18<sup>th</sup> December 2014

Prentis and Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2014

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### **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 Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice; Accounting in 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 8.

### **Basis of Accounting**

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

### **Basis of Consolidation**

The consolidated financial statements include the College and its wholly owned subsidiary undertakings:

- The Møller Centre for Continuing Education Limited, whose principal activity is the provision of facilities for residential training courses and day courses, and the delivery of executive education programmes.
- Churchill Conferences Limited, whose principal activity is the provision of residential and day conference facilities

The activities of Churchill Residences II Limited, which develops property on the College site on behalf of the College, have not been consolidated as its activities are too dissimilar to those of the College.

Intra-group balances are eliminated on consolidation. The consolidated financial statements do not include the activities of student societies (as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no control).

### **Recognition of income**

#### **a. Academic Fees**

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

#### **b. Restricted Grant Income**

Grants received for restricted purposes are recognised as income to the extent of the completion of the contract or service concerned.

#### **c. Income from Research Grants**

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

#### **d. 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 restriction 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 of construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2014**

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**e. Capital Grants and Donations**

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

**f. Other Income**

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

**g. Total Return**

The Endowment is invested on a Total Return basis. The total actual income and gains/losses in the year are taken to a reserve, from which the planned Endowment drawdown is released to the Income and Expenditure account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within reserves as set out in Note 20.

**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 exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the income and expenditure for the financial year.

**Tangible fixed assets**

**a. Land and buildings**

Land and buildings are stated at valuation. The College's buildings on the main site were re-valued during the year by the College's principal insurers. Where buildings have been revalued, they are valued on the basis of their depreciated replacement cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 60 years. Freehold land is not depreciated.

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

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

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June. They are not depreciated until they are brought into use.

**b. Maintenance of premises**

The College has a ten year rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College may also set aside sums to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds where applicable.

## CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

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#### **c. Furniture, fittings and equipment**

Furniture, fittings and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% to 20% per annum
Motor vehicles and general equipment	10% to 20% per annum
Computer equipment	10% to 33% per annum

Where equipment is acquired with the aid of specific bequests or donations it is 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.

#### **d. Leased assets**

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excesses of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

#### **e. Heritage Assets**

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. In accordance with FRS15 and FRS30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at cost or, in the case of donation assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

#### **Investments**

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

A desk-top valuation of freehold land and buildings is carried out annually by Savills.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

#### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**Taxation**

The College is a registered charity (number 1137476) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

**Contribution under Statute G,II**

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

**Pension schemes**

**a) Universities Superannuation Scheme**

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its shares 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.

**b) CCFPS**

The College is also a member of the multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension scheme. The Churchill College section closed for accrual on 31 March 2007 when all active members were made deferred. The fund is valued every three years by a professionally qualified independent actuary. In the intervening years, the actuary reviews the progress of the scheme.



**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 30 JUNE 2014**

		<b>Consolidated 2014 £'000</b>	<b>College 2014 £'000</b>	<b>Consolidated 2013 £'000</b>	<b>College 2013 £'000</b>
<b>INCOME</b>	<b>Note</b>				
Academic Fees and Charges	1	2,903	2,903	2,779	2,779
Residences Catering, and Conferences	2	12,578	5,658	11,926	5,639
Endowment and Investment Income	3	2,367	2,365	2,075	2,073
Donations	4	1,295	2,249	1,408	2,110
		<hr/>	<hr/>	<hr/>	<hr/>
Total Income		19,143	13,175	18,188	12,601
<b>EXPENDITURE</b>					
Education	5	4,474	4,474	4,375	4,375
Residences, Catering and Conferences	6	11,690	5,786	11,011	5,549
Other Expenditure	7	1,497	1,382	1,223	1,100
		<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure	8	17,661	11,642	16,609	11,024
Operating Surplus		1,482	1,533	1,579	1,577
Contribution Under Statute G,II		(36)	(36)	(29)	(29)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET SURPLUS</b>		1,446	1,497	1,550	1,548
Share of Net Profit of Associate	28	4	-	11	-
Transfer to accumulated income within restricted expendable capital		(310)	(310)	(314)	(314)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>RETAINED SURPLUS FOR YEAR</b>		<u>1,140</u>	<u>1,187</u>	<u>1,247</u>	<u>1,234</u>

**CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE**

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Restricted Funds £'000	Unrestricted Funds £'000	Total 2014 £'000	Total 2013 £'000
Surplus of Income and Expenditure Accounts		-	1,140	1,140	1,247
Unspent Endowment Fund Income	18	309	-	309	314
Unapplied Total Return for Year	3b	6,345	5,994	12,339	7,554
New Endowments	18	398	-	398	74
Actuarial Loss in Respect of Pension Fund	17	-	(470)	(470)	(405)
<b>Total Recognised Gains/(Losses) for the Year</b>		<u>7,052</u>	<u>6,664</u>	<u>13,716</u>	<u>8,784</u>

**RECONCILIATION**

Opening Reserves and Endowments	27,698	94,065	121,763	112,979
Total Recognised Gains/(Losses) for the Year	7,052	6,664	13,716	8,784
Closing Reserves and Endowments	<u>34,750</u>	<u>100,729</u>	<u>135,479</u>	<u>121,763</u>

The above figures exclude deferred capital grants of £5,696k (2013 £5,574k) shown in note 25 on page 31.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED BALANCE SHEET

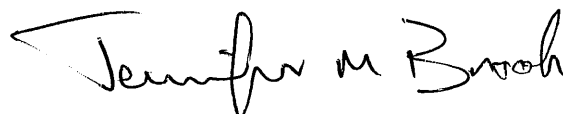
AS AT 30 JUNE 2014

	Note	Consolidated 2014 £'000	College 2014 £'000	Consolidated 2013 £'000	College 2013 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10	77,260	70,597	74,639	69,800
Investments	11	45,606	50,092	29,225	30,711
Investment in Associate	28	48	-	44	-
		<u>122,914</u>	<u>120,689</u>	<u>103,908</u>	<u>100,511</u>
<b>ENDOWMENT ASSETS</b>	12	34,750	34,750	27,698	27,698
<b>CURRENT ASSETS</b>					
Stock		62	30	56	32
Debtors	13	3,254	3,580	3,287	2,968
Cash	14	3,672	2,990	3,938	3,484
		<u>6,988</u>	<u>6,600</u>	<u>7,281</u>	<u>6,484</u>
Creditors: Amounts Falling Due Within One Year	15	(4,303)	(3,094)	(4,185)	(2,466)
<b>NET CURRENT ASSETS</b>		<u>2,685</u>	<u>3,506</u>	<u>3,096</u>	<u>4,018</u>
Creditors: Amounts Falling Due After One Year	16	(16,554)	(15,420)	(5,023)	(2,865)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>143,795</u>	<u>143,525</u>	<u>129,679</u>	<u>129,362</u>
Pension Liability	17	(2,620)	(2,620)	(2,342)	(2,342)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>141,175</u>	<u>140,905</u>	<u>127,337</u>	<u>127,020</u>
<b>REPRESENTED BY:</b>					
<b>DEFERRED CAPITAL DONATIONS</b>	25	5,696	5,696	5,574	5,574
<b>ENDOWMENTS</b>	18				
Expendable Endowments		7,971	7,971	5,623	5,623
Permanent Endowments		26,779	26,779	22,075	22,075
		<u>34,750</u>	<u>34,750</u>	<u>27,698</u>	<u>27,698</u>
<b>RESERVES</b>	19				
General Reserves Excluding Pension Reserve		103,349	103,079	96,407	96,090
Pension Reserve		(2,620)	(2,620)	(2,342)	(2,342)
		<u>100,729</u>	<u>100,459</u>	<u>94,065</u>	<u>93,748</u>
		<u>141,175</u>	<u>140,905</u>	<u>127,337</u>	<u>127,020</u>

The financial statements on pages 1 to 37 were approved by College Council on 25 November 2014 and are signed on their behalf by:



Prof Dame Athene Donald  
Master



Mrs J M Brook  
Bursar

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

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	Note	2014 £'000	2013 £'000
Net Cash Inflow from Operating Activities	21	2,108	1,006
Returns on Investments and Servicing of Finance	22	1,615	1,405
Capital Expenditure and Financial Investment	22	(14,543)	(764)
Net Cash (Outflow)/Inflow before Financing		(10,820)	1,647
Net Cash Inflow/(Outflow) from Financing	22	10,554	(421)
<b>Change in Net Funds</b>		<b>(266)</b>	<b>1,226</b>
Net funds at Beginning of Year		3,938	2,712
<b>Net funds at End of Year</b>		<b><u>3,672</u></b>	<b><u>3,938</u></b>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

<b>1 ACADEMIC FEES AND CHARGES</b>	<b>2014</b>	<b>2013</b>
	£'000	£'000
College Fees:		
Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita fee £4,500 / £4,068)	1,731	1,627
Privately-funded Undergraduate Fee Income (per Capita Fee £5,380)	516	476
Fee Income received at the Graduate fee rate (per Capita Fee £2,424)	537	512
	<u>2,784</u>	<u>2,615</u>
Other Income:		
Teaching/Research/Training Grants	57	94
Supervisors Income	62	70
	<u>2,903</u>	<u>2,779</u>

**2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES**

		<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
		<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
		£'000	£'000	£'000	£'000
Accommodation	College Members	2,979	2,979	3,241	3,241
	Conferences	2,755	753	2,900	679
	International Programmes	3,448	223	2,620	222
Catering	College Members	932	932	901	901
	Conferences	1,949	631	1,857	456
	International Programmes	515	140	407	140
		<u>12,578</u>	<u>5,658</u>	<u>11,926</u>	<u>5,639</u>

**3 ENDOWMENT AND INVESTMENT INCOME**

<b>3a ANALYSIS</b>	<b>2014</b>	<b>2013</b>
	£'000	£'000
Total Return Contribution (see note 3b)	2,274	2,033
Quoted Securities	8	7
Interest	83	33
	<u>2,365</u>	<u>2,073</u>
<b>COLLEGE</b>		
Interest	2	2
<b>CONSOLIDATED</b>	<u>2,367</u>	<u>2,075</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

<b>3b Summary of Total Return</b>	<b>2014</b> £'000	<b>2013</b> £'000
Income From:		
Land and Buildings	660	639
Quoted and Other Securities and Cash	1,091	983
Gains/(Losses) on Endowment Assets		
Land and Buildings	610	205
Quoted and Other Securities	12,366	7,895
Investment Management Costs (see note 3c)	(114)	(135)
<b>Total Return for the Year</b>	<b>14,613</b>	<b>9,587</b>
Total Return Transferred to Income and Expenditure Account (see note 3a)	(2,274)	(2,033)
Unapplied Total Return for Year Included within Statement of Total Recognised Gains and Losses (see note 20)	<u><b>12,339</b></u>	<u><b>7,554</b></u>

**3c Investment Management Costs**

Quoted Securities	77	81
Land and Buildings	37	54
	<u><b>114</b></u>	<u><b>135</b></u>

**4 DONATIONS**

	<b>Consolidated</b> <b>2014</b> £'000	<b>College</b> <b>2014</b> £'000	<b>Consolidated</b> <b>2013</b> £'000	<b>College</b> <b>2013</b> £'000
Donations	1,251	2,205	1,364	2,066
Released from Deferred Capital Grants (see note 25)	44	44	44	44
	<u><b>1,295</b></u>	<u><b>2,249</b></u>	<u><b>1,408</b></u>	<u><b>2,110</b></u>

**5 EDUCATION EXPENDITURE**

	<b>College</b> <b>2014</b> £'000	<b>College</b> <b>2013</b> £'000
Teaching	1,913	1,933
Tutorial	656	601
Admissions (Incl Access Grants)	806	797
Research	368	355
Scholarships and Awards	395	358
Other Educational Facilities	335	331
	<u><b>4,473</b></u>	<u><b>4,375</b></u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

6 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

		Consolidated 2014 £'000	College 2014 £'000	Consolidated 2013 £'000	College 2013 £'000
Accommodation	College Members	3,101	3,101	3,100	3,100
	Conferences	2,810	753	3,001	685
	International Programmes	2,509	223	1,939	224
Catering	College Members	1,262	1,262	1,161	1,161
	Conferences	1,148	366	1,126	290
	International Programmes	860	81	684	89
Total		<u>11,690</u>	<u>5,786</u>	<u>11,011</u>	<u>5,549</u>

7 OTHER EXPENDITURE

	2014 £'000	2013 £'000
Archives Centre	430	438
Fundraising Costs (including costs of alumni relations)	217	213
Bond & Loan Interest & Set Up Costs	432	-
Other	303	449
<b>COLLEGE</b>	<u>1,382</u>	<u>1,100</u>
Bank Loan Interest	115	123
<b>CONSOLIDATED</b>	<u>1,497</u>	<u>1,223</u>

8a ANALYSIS OF 2013/14 EXPENDITURE BY ACTIVITY

	<u>Staff Costs (Note 9) £'000</u>	<u>Other Operating Expenses £'000</u>	<u>Depreciation £'000</u>	<u>Total £'000</u>
<b>CONSOLIDATED</b>				
Education (Note 5)	2,361	1,683	430	4,474
Residences, Catering and Conferences (Note 6)	4,823	5,269	1,598	11,690
Other (Note 7)	520	977	-	1,497
	<u>7,704</u>	<u>7,929</u>	<u>2,028</u>	<u>17,661</u>
<b>COLLEGE</b>				
Education (Note 5)	2,361	1,683	430	4,474
Residences, Catering and Conferences (Note 6)	2,367	2,231	1,188	5,786
Other (Note 7)	520	862	-	1,382
	<u>5,248</u>	<u>4,776</u>	<u>1,618</u>	<u>11,642</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

8b ANALYSIS OF 2012/13 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 9) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
<b>CONSOLIDATED</b>				
Education (Note 5)	2,278	1,690	407	4,375
Residences, Catering, and Conferences (Note 6)	4,344	5,170	1,497	11,011
Other (Note 7)	498	725	-	1,223
	<b>7,120</b>	<b>7,585</b>	<b>1,904</b>	<b>16,609</b>
<b>COLLEGE</b>				
Education (Note 5)	2,278	1,690	407	4,375
Residences, Catering, and Conferences (Note 6)	2,213	2,200	1,136	5,549
Other (Note 7)	498	602	-	1,100
	<b>4,989</b>	<b>4,492</b>	<b>1,543</b>	<b>11,024</b>

8c Auditors Remuneration

	2014 £'000	2013 £'000
Other Operating Costs include:		
Audit Fees paid to College's External Auditors	11	11
Audit Fees paid to Subsidiaries' External Auditors	6	6
	<b>17</b>	<b>17</b>

9 STAFF COSTS

	Academic 2014 £'000	Academic Related 2014 £'000	Non - Academic 2014 £'000	Total 2014 £'000	Total 2013 £'000
<b>CONSOLIDATED</b>					
Staff Costs:					
Emoluments	765	1,015	4,990	6,770	6,214
Social Security Costs	60	45	354	459	438
Other Pension Costs	90	88	297	475	468
	<b>915</b>	<b>1,148</b>	<b>5,641</b>	<b>7,704</b>	<b>7,120</b>

Staff Numbers

	2014	2013
Academic	44	47
Academic Related	23	25
Non-Academics	179	175
	<b>246</b>	<b>247</b>

The number of officers and employees of the College who received emoluments in the following ranges was:

	2014	2013
£100,000 - £109,999	1	1



CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

9 STAFF COSTS (CONT)

	Academic 2014 £'000	Academic Related 2014 £'000	Non - Academic 2014 £'000	Total 2014 £'000	Total 2013 £'000
<b>COLLEGE</b>					
Staff Costs:					
Emoluments	765	1,015	2,748	4,528	4,286
Social Security Costs	60	45	179	284	271
Other Pension Costs	90	88	258	436	432
	<b>915</b>	<b>1,148</b>	<b>3,185</b>	<b>5,248</b>	<b>4,989</b>

Staff Numbers (Full time equivalent)

Academic	44	47
Academic Related	23	25
Non-Academics	103	101
	<b>170</b>	<b>173</b>

There were 101 fellows with voting rights on the Governing Body at 30 June 2014. The remuneration of all fellows has been included in the figures above.

10 FIXED ASSETS

a Tangible Assets - Consolidated

	College Site Flats & Buildings £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Møller Centre £'000	Total £'000
<b>COST/VALUATION</b>					
At 1 July 2013	65,344	6,798	5,319	15,394	92,855
Additions	1,298	893	392	2,066	4,649
Disposals	-	-	(140)	(61)	(201)
Cost/valuation as at 30 June 2014	<b>66,642</b>	<b>7,691</b>	<b>5,571</b>	<b>17,399</b>	<b>97,303</b>
<b>DEPRECIATION</b>					
At 1 July 2013	10,904	1,227	3,076	3,009	18,216
Provided for the year	1,099	128	477	324	2,028
Eliminated on Disposal	-	-	(140)	(61)	(201)
Depreciation at 30 June 2014	<b>12,003</b>	<b>1,355</b>	<b>3,413</b>	<b>3,272</b>	<b>20,043</b>
<b>NET BOOK VALUE</b>					
At 30 June 2014	<b>54,639</b>	<b>6,336</b>	<b>2,158</b>	<b>14,127</b>	<b>77,260</b>
At 30 June 2013	<b>54,440</b>	<b>5,571</b>	<b>2,243</b>	<b>12,385</b>	<b>74,639</b>

The Insured Value of Freehold Land and Buildings as at 30 June 2014 was £94,310k (2013: £97,850k).

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

<b>10a Tangible Assets - College</b>	<b>College Site Flats &amp; Buildings £'000</b>	<b>College Hostels &amp; Houses £'000</b>	<b>Fixtures Fittings Equipment £'000</b>	<b>Møller Centre £'000</b>	<b>Total £'000</b>
<b>COST/VALUATION</b>					
At 1 July 2013	65,345	6,798	1,957	11,105	85,205
Additions	1,298	893	224	-	2,415
Disposals	-	-	(140)	-	(140)
Cost/valuation as at 30 June 2014	<u>66,643</u>	<u>7,691</u>	<u>2,041</u>	<u>11,105</u>	<u>87,480</u>
<b>DEPRECIATION</b>					
At 1 July 2013	10,903	1,228	1,238	2,036	15,405
Provided for the year	1,099	128	206	185	1,618
Eliminated on Disposal	-	-	(140)	-	(140)
Depreciation at 30 June 2014	<u>12,002</u>	<u>1,356</u>	<u>1,304</u>	<u>2,221</u>	<u>16,883</u>
<b>NET BOOK VALUE</b>					
At 30 June 2014	<u><u>54,641</u></u>	<u><u>6,335</u></u>	<u><u>737</u></u>	<u><u>8,884</u></u>	<u><u>70,597</u></u>
At 30 June 2013	<u><u>54,442</u></u>	<u><u>5,570</u></u>	<u><u>719</u></u>	<u><u>9,069</u></u>	<u><u>69,800</u></u>

**10b Heritage Assets**

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 1999 have been capitalised. However, as none have been acquired since this date the value of capitalised heritage assets is £Nil.

<b>11 INVESTMENT ASSETS</b>	<b>Consolidated 2014 £'000</b>	<b>College 2014 £'000</b>	<b>Consolidated 2013 £'000</b>	<b>College 2013 £'000</b>
Balance at 1 July 2013	55,210	56,696	46,589	48,075
Additions	24,797	27,797	17,378	17,378
Disposals	(16,088)	(16,088)	(15,296)	(15,296)
Appreciation/(Depreciation) on Revaluation/Disposals	12,976	12,976	8,100	8,100
(Decrease)/Increase in Cash Balances at Fund Manag	554	554	(1,561)	(1,561)
Balance as at 30 June 2014	<u><u>77,449</u></u>	<u><u>81,935</u></u>	<u><u>55,210</u></u>	<u><u>56,696</u></u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

<b>11 INVESTMENT ASSETS (CONT)</b>	<b>Consolidated 2014</b>	<b>College 2014</b>	<b>Consolidated 2013</b>	<b>College 2013</b>
<b>Represented by:</b>	£'000	£'000	£'000	£'000
Property	7,775	7,775	6,873	6,873
Quoted Securities - Equities	68,733	68,733	45,355	45,355
Quoted Securities - Fixed Interest	473	473	2,671	2,671
Unquoted Securities - Equities	14	4,500	14	1,500
Cash Held For Reinvestment	454	454	297	297
	<u>77,449</u>	<u>81,935</u>	<u>55,210</u>	<u>56,696</u>
<b>Analysis:</b>				
Total Investment Assets	77,449	81,935	55,210	56,696
Less: Endowment Assets (Note 12)	(31,843)	(31,843)	(25,985)	(25,985)
Investment Asset Total	<u>45,606</u>	<u>50,092</u>	<u>29,225</u>	<u>30,711</u>
<b>12 ENDOWMENT ASSETS</b>	<b>Consolidated 2014</b>	<b>College 2014</b>	<b>Consolidated 2013</b>	<b>College 2013</b>
	£'000	£'000	£'000	£'000
Investments (Note 11)	31,843	31,843	25,985	25,985
Funds held by College	2,907	2,907	1,713	1,713
	<u>34,750</u>	<u>34,750</u>	<u>27,698</u>	<u>27,698</u>
<b>13 DEBTORS</b>	<b>Consolidated 2014</b>	<b>College 2014</b>	<b>Consolidated 2013</b>	<b>College 2013</b>
	£'000	£'000	£'000	£'000
Trade Debtors	1,359	377	1,112	368
Members of the College	861	861	792	792
Amounts due from Subsidiary Undertakings	-	1,459	-	1,030
Prepayments and Accrued Income	236	85	646	41
Other	758	758	693	693
Debtors due in greater than one year	40	40	44	44
	<u>3,254</u>	<u>3,580</u>	<u>3,287</u>	<u>2,968</u>
<b>14 CASH</b>	<b>Consolidated 2014</b>	<b>College 2014</b>	<b>Consolidated 2013</b>	<b>College 2013</b>
	£'000	£'000	£'000	£'000
Bank Deposits	2,952	2,952	3,465	3,465
Current Accounts and in Hand	720	38	473	19
	<u>3,672</u>	<u>2,990</u>	<u>3,938</u>	<u>3,484</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Consolidated	College	Consolidated	College
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Trade Creditors	1,051	493	739	238
Members of the College	995	995	971	971
Amounts due to Subsidiary Companies		1		1
University Fees	106	106	157	157
Contribution to Colleges Fund	36	36	29	29
Bank Loans	454	454	447	249
Social Security and other Taxation payable	199	199	185	185
Other	1,462	810	1,657	636
	<b>4,303</b>	<b>3,094</b>	<b>4,185</b>	<b>2,466</b>

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	Consolidated	College	Consolidated	College
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Bank Loans	2,754	2,754	2,210	1,345
Other Creditors	1,134	-	150	-
Amounts due within 1 to 5 years	<u>3,888</u>	<u>2,754</u>	<u>2,360</u>	<u>1,345</u>
Amounts payable wholly or partly after 5 years				
College Bond	11,000	11,000	-	-
Bank Loans	1,666	1,666	2,663	1,520
Total	<b>16,554</b>	<b>15,420</b>	<b>5,023</b>	<b>2,865</b>

The bank loan to the Møller Centre is unsecured and is in two tranches. Tranche one is for £2.1 million and is repayable over 15 years. Tranche two is for £1 million and is repayable over 8 years. Interest on tranche 1 is charged at 5.42% per annum. Interest on tranche 2 is charged at 5.42% per annum until 30 September 2015, and at base rate plus 0.5% from then on until the end of the agreement. The Møller Centre loan was novated from the Møller Centre to the College on 30 June 2014 with no changes to the interest rate or repayment terms.

The bank loan to the College is unsecured and was for £4 million. The loan is repayable over 15 years. Interest is charged at the rate of 1.5% above base rate with a minimum rate of 2.5%.

During the year the College issued a long term bond of £11m. Tranche 1 is for £6,360k and interest is charged at 4.40%. Tranche 2 is for £4,640k and interest is payable at 4.45%. £3,533k is due for repayment in October 2043, £4,640k is due for repayment in January 2044 and the remaining £2,827k is to be repaid in October 2053.

17 PENSION LIABILITIES	2014	2013
	£'000	£'000
Balance at 1 July 2013	(2,342)	(2,100)
Movement in the year:		
Contributions paid by the College	229	229
Finance cost	(37)	(66)
Actuarial loss Recognised in Statement of Total Recognised Gains and Losses	(470)	(405)
Balance as at 30 June 2014	<b>(2,620)</b>	<b>(2,342)</b>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

18 ENDOWMENTS

CONSOLIDATED/COLLEGE	Unrestricted Permanent £'000	Restricted Permanent £'000	Restricted Expendable £'000	Total 2014 £'000	Total 2013 £'000
Balance at 1 July 2013					
Capital	11,434	10,641	3,093	25,168	22,261
Unspent Income	-	-	2,530	2,530	1,012
	<u>11,434</u>	<u>10,641</u>	<u>5,623</u>	<u>27,698</u>	<u>23,273</u>
New Endowments Received	-	10	388	398	74
Income Receivable from Endowment Asset Investments	-	-	300	300	647
Expenditure	-	-	9	9	(333)
Net Transfer to Income and Expenditure Account	<u>-</u>	<u>-</u>	<u>309</u>	<u>309</u>	<u>314</u>
Increase in Market Value of Investments	2,429	2,265	1,651	6,345	4,037
Balance as at 30 June 2014	<u><b>13,863</b></u>	<u><b>12,916</b></u>	<u><b>7,971</b></u>	<u><b>34,750</b></u>	<u><b>27,698</b></u>
Balance as at 30 June 2014					
Capital	13,863	12,916	8,045	34,824	25,168
Unspent Income	-	-	(74)	(74)	2,530
CONSOLIDATED/COLLEGE	<u><b>13,863</b></u>	<u><b>12,916</b></u>	<u><b>7,971</b></u>	<u><b>34,750</b></u>	<u><b>27,698</b></u>

ENDOWMENTS BY FUND TYPE	Unrestricted Permanent £'000	Restricted Permanent £'000	Restricted Expendable £'000	Total 2014 £'000	Total 2013 £'000
Archives	-	7,839	1,132	8,971	7,108
Building	-	-	1,723	1,723	842
Bursary	-	285	451	736	612
Development Office	-	-	168	168	140
Endowment	-	63	167	230	189
Fellowship	-	397	1,242	1,639	1,310
JRF	-	1,034	580	1,614	1,316
Library	-	226	17	243	202
Other	-	4	1,369	1,373	1,084
Prize	-	37	93	130	108
Research Funds	-	-	24	24	22
Studentship/Scholarship	-	2,946	970	3,916	3,232
Travel Funds	-	85	35	120	99
Corporate Capital	13,863	-	-	13,863	11,434
	<u><b>13,863</b></u>	<u><b>12,916</b></u>	<u><b>7,971</b></u>	<u><b>34,750</b></u>	<u><b>27,698</b></u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

19 GENERAL RESERVES

<b>CONSOLIDATED</b>	<b>General Reserves</b> £'000	<b>Total 2014</b> £'000	<b>Total 2013</b> £'000
Balance at 1 July 2013	94,065	94,065	89,707
Surplus Retained for the Year	1,140	1,140	1,247
Actuarial Loss	(470)	(470)	(405)
Increase in Market Value of Investments	5,994	5,994	3,516
Balance at 30 June 2014	<u><b>100,729</b></u>	<u><b>100,729</b></u>	<u><b>94,065</b></u>

<b>COLLEGE</b>	<b>General Reserves</b> £'000	<b>Total 2014</b> £'000	<b>Total 2013</b> £'000
Balance at 1 July 2013	93,748	93,748	89,403
Surplus Retained for the Year	1,187	1,187	1,234
Actuarial Gain	(470)	(470)	(405)
Increase in Market Value of Investments	5,994	5,994	3,516
Balance at 30 June 2014	<u><b>100,459</b></u>	<u><b>100,459</b></u>	<u><b>93,748</b></u>

20 MEMORANDUM OF UNAPPLIED TOTAL RETURN

Included within reserves the following amounts represent the Unapplied Total Return of the College:

	<b>2014</b> £'000	<b>2013</b> £'000
Unapplied Total Return at 1 July 2013	27,905	20,351
Unapplied Total Return for the Year (see note 3b)	12,339	7,554
Unapplied Total Return at 30 June 2014	<u><b>40,244</b></u>	<u><b>27,905</b></u>

21 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<b>2014</b> £'000	<b>2013</b> £'000
Operating Surplus	1,446	1,550
Depreciation	2,028	1,904
Investment Income	(2,367)	(2,075)
Surplus on Disposal of Fixed Assets	-	3
Donations for buildings and other deferred capital grants received	(44)	(44)
Interest Payable	115	123
(Decrease) in Stocks	(6)	(4)
Increase/(Decrease) in Debtors	33	(732)
Increase in Creditors	1,095	444
Pension Deficit Increase	(192)	(163)
Net Cash Inflow from Operating Activities	<u><b>2,108</b></u>	<u><b>1,006</b></u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

<b>22 CASH FLOWS</b>	<b>2014</b>	<b>2013</b>
	£'000	£'000
<b>Returns on Investments and Servicing of Finance</b>		
Endowment Investment Income Received	1,751	1,621
Other Investment Income Received	93	42
Less: Management Costs	(114)	(135)
Interest Paid	(115)	(123)
Net Cash Inflow from Returns on Investment and Servicing of Finance	<u>1,615</u>	<u>1,405</u>
 <b>Capital Expenditure and Financial Investment</b>		
Purchase of Tangible Fixed Assets	(4,649)	(893)
Purchase of Investment Assets	(17,403)	(15,369)
Sale of Investment Assets	6,422	14,013
Capital Grants Received	166	1,000
New Endowment	398	74
Drawdown of Investment Capital	523	411
Net Cash (Outflow) from Capital Expenditure and Financial Investment	<u>(14,543)</u>	<u>(764)</u>
 <b>Financing</b>		
Increase/(Decrease) in Long Term Loan/Bond	10,554	(421)
Net Cash Inflow from Financing	<u>10,554</u>	<u>(421)</u>

<b>23 ANALYSIS OF CASH BALANCES</b>	<b>At Beginning of Year</b>	<b>Cash Flows</b>	<b>At End of Year</b>
	£'000	£'000	£'000
Cash at Bank and in Hand	3,938	(266)	3,672
Net Funds	<u>3,938</u>	<u>(266)</u>	<u>3,672</u>

<b>24 CAPITAL COMMITMENTS</b>	<b>2014</b>	<b>2013</b>
	£'000	£'000

Capital Commitments at 30 June 2014 are as follows:

**CONSOLIDATED**

Authorised and Contracted	<u>1,068</u>	<u>571</u>
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**COLLEGE**

Authorised and Contracted	<u>1,025</u>	<u>528</u>
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CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

25 DEFERRED CAPITAL GRANTS

	2014	2013
COLLEGE	£'000	£'000
<b>Donations for Buildings</b>		
Balance at 30 July 2013	5,574	4,618
Capital Grants received during the year	166	1,000
Released to Income and Expenditure Account (Note 4)	(44)	(44)
Balance at 30 June 2014	<u>5,696</u>	<u>5,574</u>

26 PENSION SCHEMES

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS).

**Universities Superannuation Scheme**

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is contracted out of the State Second Pension. 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 three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

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

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

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

Standard mortality tables were used as follows:

Male members' mortality	S1NA ("light") YOB tables - No age rating
Female members' mortality	S1NA ("light") YOB tables - Rated down 1 year



**26 PENSION SCHEMES (CONT)**

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 that the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

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

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

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

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

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

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

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

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

26 PENSION SCHEMES (CONT)

Assumption	Change in Assumption	Impact on scheme liabilities
Investment Return (Valuation rate of interest)	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries. Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

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

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

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

*Flexible Retirement:* Flexible retirement options were introduced.

*Member contributions increased:* Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section 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%.

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

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

**26 PENSION SCHEMES (CONT)**

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

At 31 March 2014, the USS had over 162,000 active members and the College had 103 active members participating in the scheme.

The total USS pension cost for the College was £302,139 (2013: £298,373). The contribution rate payable by the College was 16% of pensionable salary.

**Cambridge Colleges Federated Pension Scheme**

The College is also a member of a multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme. This College section closed for all accrual on 31 March 2007 when all active members were made deferred. 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

	<b>30/06/14</b>	<b>30/06/13</b>
	<b>% pa</b>	<b>% pa</b>
Discount rate	4.2%	4.6%
Expected long-term rate of return on Scheme assets	5.9% *	5.9% *
Retail Price Index (RPI) assumption	3.3%	3.3%
Consumer Price Index (CPI)	2.3%	2.3%
Pension Increases (RPI linked)	3.3%	3.3%

\* adjusted for expenses

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

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

**Employee Benefit Obligations**

The amounts recognised in the balance sheet as at 30 June 2014 are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Present value of Scheme liabilities	(8,358)	(7,933)
Market Value of Scheme assets	5,738	5,591
Deficit in the Scheme	<b><u>(2,620)</u></b>	<b><u>(2,342)</u></b>

**26 PENSION SCHEMES (CONT)**

The following amounts have been recognised within the income and expenditure account:

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Interest on pension scheme liabilities	356	335
Expected return on pension scheme assets	(320)	(269)
<b>Total operating charge</b>	<b>36</b>	<b>66</b>

<b>Actual return on scheme assets</b>	<b>313</b>	<b>589</b>
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Changes in the present value of the scheme liabilities are as follows:

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Present value of scheme liabilities at beginning of period	7,933	7,386
Interest cost	356	335
Actuarial (Losses)/Gains	464	725
Benefits paid	(395)	(513)
<b>Present value of scheme liabilities at end of period</b>	<b>8,358</b>	<b>7,933</b>

Changes in the fair value scheme assets are as follows:

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Market value of scheme assets at beginning of period	5,592	5,287
Expected return	320	269
Actuarial Losses/Gains)	(7)	320
Contributions by Employer	229	229
Benefits and expenses paid	(395)	(513)
<b>Market value of scheme assets at end of period</b>	<b>5,739</b>	<b>5,592</b>

The agreed minimum contributions to be paid by the College for the forthcoming year are £15,048 to cover expenses, subject to review at future actuarial valuations.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2014</b>	<b>2013</b>
Equities and Hedge Funds	70.0%	68.0%
Bonds and Cash	23.0%	24.0%
Property	7.0%	8.0%
	<b>100.0%</b>	<b>100.0%</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: 3.8%).

**26 PENSION SCHEMES (CONT)**

Analysis of the amount recognisable in the statement of total recognised gains and losses are as follows:

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Actual return less expected return on scheme assets	(7)	320
Experience gains and losses arising on scheme liabilities	(32)	(11)
Changes in assumptions underlying the present value of scheme liabilities	(431)	(714)
Actuarial loss recognised in the statement of total recognised gains and losses	<u><b>(470)</b></u>	<u><b>(405)</b></u>

The cumulative amount of actuarial gains and losses recognised in the STRGL are as follows:

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Cumulative actuarial loss at beginning of year	(2,742)	(2,337)
Recognised during the year	(470)	(405)
Cumulative actuarial loss at end of year	<u><b>(3,212)</b></u>	<u><b>(2,742)</b></u>

Movement in surplus/(deficit) during the years are as follows:

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Deficit in scheme at beginning of year	(2,342)	(2,100)
Contributions paid by the College	229	229
Finance cost	(37)	(66)
Actuarial gain/(loss)	(470)	(405)
Surplus/(deficit) in scheme at the end of the year	<u><b>(2,620)</b></u>	<u><b>(2,342)</b></u>

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(8,358)	(7,933)	(7,387)	(7,184)
Market value of scheme assets	5,739	5,592	5,288	6,163
Deficit in the scheme	<u><b>(2,619)</b></u>	<u><b>(2,341)</b></u>	<u><b>(2,099)</b></u>	<u><b>(1,021)</b></u>
Experience gain/(loss) on scheme liabilities	(32)	(11)	(11)	15
Actual return less expected return on scheme assets	(7)	320	(1,064)	443
Changes in assumptions underlying present value of scheme liabilities	<u><b>(431)</b></u>	<u><b>(714)</b></u>	<u><b>137</b></u>	<u><b>(821)</b></u>

# CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

## NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2014

### 27 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have 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.

### 28 GROUP STRUCTURE

The College has 3 fully owned subsidiaries:

The Møller Centre for Continuing Education Ltd	- Residential and Day Conferences
Churchill Conferences Ltd	- Residential and Day Conferences
Churchill Residences II Ltd	- Residential Construction

The activities of the Møller Centre for Continuing Education Ltd and Churchill Conferences Ltd have been consolidated with those of the College. The activities of Churchill Residences II Ltd are too dissimilar from those of the College to allow them to be consolidated with those of the College.

The Møller Centre for Continuing Education Ltd owns 26% of the shares of Møller PSFG Cambridge Ltd. Møller PSFG Cambridge Ltd is therefore an associate of Churchill College in the University of Cambridge. The College's share of the net profit and balance sheet are included within the consolidated accounts. The College's share of the income and expenditure and assets of Møller PSFG Cambridge Ltd are as follows:

<b>College share of Møller PSFG Cambridge Ltd</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	682	732
Profit before tax	13	13
Taxation	(3)	(3)
Profit after tax	10	10
Plus Late Adjustment to 2013	(6)	-
	4	10
Fixed assets	1	1
Current Assets	263	167
Liabilities due within one year	(216)	(123)
	48	45
<b>Intercompany Balances</b>		
Due from Møller PSFG Cambridge to Møller Centre	4	5