

**CHURCHILL COLLEGE IN THE
UNIVERSITY OF CAMBRIDGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Charity Registration Number: 1137476

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
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FOR THE YEAR ENDED 30 JUNE 2016

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CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 30 JUNE 2016

Churchill College in the University of Cambridge

Address

Charity Registration Number
1137476

VAT Registration Number
GB 732 155 751

Churchill College
Storey's Way
Cambridge, CB3 0DS

Trustees

The Trustees of the College are the members of the College Council. The Trustees during 2015/16 were:

| | | |
|-----------------------------|---|--|
| Master | Prof Dame Athene Donald | |
| Vice-Master | Prof K Siddle | |
| Senior Tutor | Mr R Partington (to 30 Sep 15), Dr S Boss (from 1 Oct 15) | |
| Bursar | Mrs J M Brook | |
| Tutor for Advanced Students | Dr I B Kingston | |
| MCR President | Mr S Hee (to 31 Jan 16), Ms C Tang (from 1 Feb 16) | |
| MCR Council Member | Ms Y Guo (to 31 Jan 16), Ms M R McGregor (from 1 Feb 16) | |
| JCR President | Mr N Hardisty (to 31 Dec 15), Mr M Gupta (from 1 Jan 16) | |
| JCR Member | Mr N Ash (to 31 Jan 16), Ms C Weston (from 1 Feb 16) | |
| Staff Members | Mrs S Cook (to 31 Dec 15), Mr D Spaxman (from 1 Jan 16) | |
| | Mrs K Russell-Roberts (to 1 Mar 16) | |
| Members | Dr K Stott | Dr A Taylor (from 1 Oct 15 to 30 Sep 16) |
| | Prof A M Finch | Dr P van Houten |
| | Prof M Kramer (to 30 Sep 16) | Mr B Phipps (from 1 Jan 2016) |
| | Dr J Toner | Dr S Savory (from 1 Oct 16) |
| | Dr Jardine-Wright | Dr M Holmes (from 1 Oct 16) |

Senior Officers

| | |
|-----------------------------|---|
| Master | Prof Dame Athene Donald |
| Vice-Master | Prof K Siddle |
| Senior Tutor | Mr R Partington (to 30 Sep 15), Dr S Boss (from 1 Oct 15) |
| 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 and Property Managers

| | | |
|---------------------------|-------------------------------|-----------------------------|
| Aberdeen Asset Management | CIM Dividend Fund | LGT Capital Partners |
| Brandes Investment Fund | Edgbaston Investment Partners | Lindsell Train Global Funds |
| Charities Property Fund | Heronbridge Investment | Querns Asset Managers |
| Charles Stanley Pan Asset | IVI Umbrella Fund | Savills Pic |

Legal Advisers

Ashtons Legal
Chequers House
77-81 Newmarket Road
Cambridge
CB5 8EU

Hewitsons LLP
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

Penningtons Manches 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 2016

Report from the Master of Churchill College, Professor Dame Athene Donald FRS

The College has had another good year of exam results, although slightly less good than the year before in comparison with other colleges. Eight of our students won University Prizes (compared with only two last year), including one in each year of the Asian and Middle Eastern Studies Tripos; this is a remarkable record.

The new court of undergraduate accommodation, named Cowan Court after its main benefactor, was completed in July 2016. It provides 68 light, large en-suite rooms for undergraduates and will also benefit the conference trade during the vacation. There are three accessible rooms, one of which was funded by a grant from the Wolfson Foundation. There is also a large meeting room to be known as the Sixties Room, reflecting the gifts from a group of early graduates who have contributed to the building. Cowan Court enables us to offer accommodation on site to all our undergraduates throughout their degree. The College has also, with its three partners, built a new boathouse by the river.

The College received a significant donation at the end of the financial year of £1M from the family of Don Pinchin, former graduate student who died last year, towards the refurbishment in 2014-15 of the graduate hostel at 64 Storey's Way in memory of Don, who died in 2015, and his graduate student friend Chris Riley. We formally unveiled the plaque naming the building during a visit in June of Don's widow Lydia Lukevich and their daughter, along with Chris Riley and his wife Jenny,

That same week in June we also welcomed alumna Xiaotian Fu back to the College. Xiaotian is now a successful TV presenter with the Chinese TV company Phoenix TV, with her acclaimed programme "Talk with World Leaders". We have received the first in a series of generous gifts she has pledged in order to support academic teaching and learning in the College. In her honour a garden is to be created at the back of 72 Storey's Way where there will be space for college members to study, reflect and be taught. The plans for this garden are well advanced following discussion with John Moore, the Head Gardener.

The Churchill Archives Centre goes from strength to strength, capped by the recognition of the Archivist Allen Packwood who received an OBE in the 2016 Birthday Honours. This year has seen the inscription of the papers of Sir Winston Churchill on the UNESCO International Register of the Memory of the World in a ceremony in Cardiff in June. In February, the Roskill Lecture was a public presentation by Sir Roderick Lyne about the Northern Ireland peace process. Also in February, Randolph Churchill, our Founder's grandson and Honorary Fellow of the College, opened a new permanent exhibition in the Wolfson Foyer telling the story of our remarkable founder, his interactions with the College and more generally about the history of the College and the Archives it holds. This exhibition, equally open to students, the public and to visitors attending events in the lecture theatre, should serve to remind people of Churchill's life and ongoing relevance.

The Møller Centre has been working with the College and the Archives Centre on the creation of a Leadership Hub. One element of this was the course the Møller Centre ran in 2015 for Young Leaders as part of the Churchill 2015 celebrations. This year, for the first time, a course was run in leadership for students from the College, with sessions being run in twilight hours and at weekends. In the future we hope to be able to run this annually, to help equip students for life after university. Additionally, in political leadership, the College, Archives Centre and Møller Centre, together with the Centre for Science and Policy (CSaP) have run a couple of events to bring early career researchers and civil servants together and to facilitate mid-career researchers who might be interested in science policy learning more about the opportunities that exist.

This year, I introduced a series of Conversations with leading women to showcase women's contributions and to highlight some remarkable role models to the community. These were again open to the public and promoted widely in Cambridge and to our alumni.

The year has also seen me make visits to meet alumni of the College in California at the New Year, hosting events in San Francisco as well as holding meetings in Santa Barbara. Alumni events have also been held at the Victoria and Albert Museum for the Ove Arup exhibition and at the High Court in London for the Judge David Stokes Bursary Award.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

Introduction

The introduction of the new UK accounting standards has radically changed the appearance of the financial results of the College this year. The treatment of donations, reserves and investment gains and losses has led to an apparent significant increase in the surplus in the College's accounts. As a result of these changes, the surplus or deficit will also appear to vary much more significantly year on year. Any member of the public who wishes to see a summary of the College's management accounts is very welcome to apply to bursar@chu.cam.ac.uk for a copy.

The College has had another good year financially and operationally. The academic performance of the students in the College remained strong. The number of fee-paying students 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) was again very successful 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. The Møller Centre completed a major extension and refurbishment the previous year and has been investing on building its management team and developing new areas of business during the year, which has again impacted on its financial performance and contribution to the College.

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 the 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 807 (805 in 2014/15) 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 and leadership training for executives in the private, public and professional service sectors from the UK and elsewhere.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

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 8 research fellows in the College for all or part of the academic year 2015/16.
- the launch of a new scheme in 2013 to provide a collegiate base for 10 post-doctoral By-Fellows each year, for three year duration. There were 25 post-doctoral By-Fellows in 2015/16.
- 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 16 spent a minimum of a term in the College during 2015/16;
- 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 £921k in grants, bursaries and studentships including the provision of 77 grants to enable postgraduate students to participate in research conferences;
- the College's own resources, a total subsidy of over £1.4 million on the provision of education.
- the Churchill Archives Centre providing 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.
- maintaining 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:

| | 2016 | 2015 |
|---|--------|--------|
| Endowment Income | 12.9% | 18.0% |
| Fee and Academic Income | 22.7% | 22.0% |
| Operating charges (rents and catering to College members) | 26.6% | 29.6% |
| Direct Commercial income | 11.5% | 13.3% |
| Donations | 23.0% | 11.4% |
| Donations from subsidiary companies | 3.3% | 5.7% |
| | <hr/> | <hr/> |
| | 100.0% | 100.0% |

The new accounting standard requires all donations to be included in the income for the year, even if they are for capital expenditure that will take place in future years. The figures for 2014/15 have been restated accordingly.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

The use of the facilities and amenities of the College is maximised, particularly out of term time, by extending them to commercial clients, including learned societies, other academic institutions and community education, to provide revenue to cover the fixed costs of the College and to support the academic endeavours.

Achievements and Performance

The College's undergraduates achieved strong results across the board. In absolute terms, i.e. in terms of the overall College score, this year's results are (very narrowly) the second best in recent history with only last year's results proving to be better. The number of graduate students awarded a PhD was 77 and of the 45 students undertaking Masters programmes, more than 31 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 support applications from students from less privileged backgrounds. 68.4% of those admitted to study in 2015/16 were educated in state schools, a similar level to the 69.0% in 2014/15.

The construction of Cowan Court was completed during the summer of 2016 and the rebuilding of the Combined Colleges boathouse was completed in June 2016.

In July 2015 the Churchill Archives centre was awarded Accreditation by The National Archives. Archive Service Accreditation defines good practice and agreed standards for archive services across the UK, thereby encouraging and supporting the development of the archive service.

Financial Review

a) Maintenance of Buildings

Total expenditure on routine building maintenance, including staff costs, was just under £990k. In addition a further £233k was spent on the cost of replacing the College boilers and this sum was capitalised.

b) Capital Expenditure

College capital expenditure amounted to £9,710k. The majority of this expenditure, £7,916k, was spent on the new Undergraduate accommodation block, Cowan Court and £693k was spent on the College's quarter share of rebuilding the boathouse.

Major projects undertaken in 2015/16 included:

- the rewiring and refurbishment of three staircases (36, 38, 39);
- the cost of replacing the main boilers;
- the major part of the construction of Cowan Court (March 2015-July 2016);
- the College's quarter share of the cost of rebuilding the Boathouse; and
- the replacement of the kitchen lift

We also replaced the combined heat and power unit at marginal cost as it has a different financing arrangement.

In addition, £178k was spent on the Møller Centre fixtures and fittings and £46k by Churchill Conferences Ltd.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

c) Endowment and Investment Performance

The College's Amalgamated Investment Fund, which makes up 90% of the College's investments, delivered a total return of 2.5% compared with 6.6% the previous year. £1,260k new funds were invested in the Amalgamated Investment Fund during the year and £5,837k was withdrawn, from funds accumulated towards the cost of construction of Cowan Court.

The College drew down a total of £2,707k in accordance with the agreed formula for smoothing total return from year to year, equivalent to 3.58% of the value at 30 June 2016. This compares with the drawdown of £2,590k the previous year, 3.23% of the 2014/15 year end valuation.

d) Staff Costs and Pensions

Personnel costs as a whole (including related costs such as training, health and safety management, meals, recruitment) rose by 4.2%. A 1% pay increase was awarded to all staff from October 2015 but many were also eligible for increments. In addition, an increase in contributions to the USS pension scheme and an increase in employers' national insurance contributions took place during the year.

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. At the year end there were 45 non-academic members and 52 academic members of the Universities Superannuation Scheme. Non-academic staff appointed since 2007 have been offered a defined contribution pension, with generous contributions from the College.

The College opened an auto-enrolment pension scheme with NOW Pensions and continues to offer Group Pension Scheme membership to its non-academic staff. It retains an independent consultant to advise staff on their options. The College also offers pre-retirement courses and spent over £27K on staff training during the year.

e) 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 pays a considerable charge for carbon allowances under the Carbon Reduction Commitment Energy Efficiency Scheme which also requires considerable administrative input. The cost of the scheme to the College and Møller Centre was £29K for 2015/16 (£26k in 2014/15). 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 2016/17 are the ongoing refurbishment and rewiring of another 4 staircases and the development of plans for 36 Storey's Way to replace an old office building with additional graduate accommodation.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

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 and to make an annual report to the Trustees.

Membership of the Finance Committee in 2015/16 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 is a Register 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 2016 are set out on page 2.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

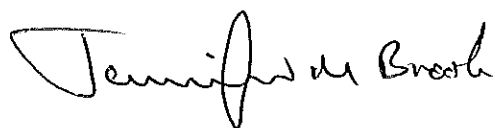
OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

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.
2. 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 2016 and up to the date of approval of the financial statements.
3. 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
4. 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

23rd November 2016

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

RESPONSIBILITIES OF THE COLLEGE COUNCIL

FOR THE YEAR ENDED 30 JUNE 2016

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 2016

We have audited the financial statements of Churchill College for the year ended 30 June 2016 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 10, 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 2016

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 2016 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 Statutory Auditors
115c Milton Road
Cambridge
CB4 1XE

Chartered Accountants and Statutory Auditors

Date: 30th November 2016

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 2016

Basis of Preparation

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

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 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] which is included at 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. The College, through the Møller Centre for Continuing Education, has a minority interest in the Møller PSFG Cambridge Ltd.

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. Grant Income

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

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

c. Donations and Benefactions

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

c. Donations and Benefactions (continued)

Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

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

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

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

d. Investment income and change in value of investment assets

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

e. 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 18.

f. Other Income

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

g. Cambridge Bursary Scheme

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

However, to remain consistent with previous years' presentation as well as the system agreed for 2016/17 (where the College pays Cambridge Bursaries to eligible students and receives a contribution from the University), for 2015/16 the College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges", although strictly speaking this was not a College transaction for this year.

The net payment of £117,547 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

| | |
|---------------------|----------|
| Income (see note 1) | £185,382 |
| Expenditure | £302,929 |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)
FOR THE YEAR ENDED 30 JUNE 2016

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 comprehensive income and expenditure for the financial year.

Tangible fixed assets

a. Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

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

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

Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 60 years. Freehold land is not depreciated as it is considered to have an indefinite useful life.

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

b. 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 |

c. Leased assets

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

d. Heritage Assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. 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 donated 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.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

Investments

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

Stocks

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

Provisions

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

Taxation

The College is a registered charity (number 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 institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

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.

Transition to the 2015 RCCA (Recommended Form of Cambridge College Accounts)

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 25.

Application of first time adoption grants certain exemptions from the full requirements of 2015 RCCA in the transition period. The following exemptions have been taken into these financial statements:

Reserves

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

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

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2016

| CONSOLIDATED | 2016 | 2015 | | | | | |
|--|---------------------|-------------------|--------------|---------------|--------------|--------------|---------------|
| INCOME | Total | Total | | | | | |
| Note | £'000 | £'000 | | | | | |
| | Unrestricted | Restricted | | | | | |
| | £'000 | £'000 | | | | | |
| | Endowment | Endowment | | | | | |
| | £'000 | £'000 | | | | | |
| | Unrestricted | Restricted | | | | | |
| | £'000 | £'000 | | | | | |
| | Total | Total | | | | | |
| | £'000 | £'000 | | | | | |
| Total income before donations and endowments | 17,099 | 1,221 | (767) | 17,553 | 1,139 | (675) | 18,509 |
| Donations | 363 | 583 | - | 946 | 310 | - | 2,597 |
| New endowments | - | 592 | 110 | 702 | 738 | 1,110 | 1,848 |
| Other capital grants for assets | - | 1,994 | - | 1,994 | 506 | - | 506 |
| Total income | 17,462 | 4,390 | (657) | 21,195 | 2,693 | 435 | 23,460 |
| EXPENDITURE | | | | | | | |
| Education | 4,104 | 776 | - | 4,880 | 634 | - | 4,896 |
| Residence, catering and conferences | 12,573 | 8 | - | 12,581 | 14 | - | 12,749 |
| Investment Management Costs | 123 | - | - | 123 | 97 | - | 97 |
| Other expenditure | 718 | 537 | - | 1,255 | 308 | - | 1,360 |
| Contribution under statute G,II | 34 | - | - | 34 | 44 | - | 44 |
| Total expenditure | 17,552 | 1,321 | - | 18,873 | 956 | - | 19,146 |
| (Deficit)/Surplus before other gains and losses | (90) | 3,069 | (657) | 2,322 | 1,737 | 435 | 4,314 |
| (Loss)/Gain on investments | (126) | (38) | 458 | 294 | 321 | 1,602 | 3,436 |
| (Deficit)/Surplus for the year | (216) | 3,031 | (199) | 2,616 | 2,058 | 2,037 | 7,750 |
| Other comprehensive Income | | | | | | | |
| Actuarial gain in respect of pension schemes | 456 | - | - | 456 | - | - | 316 |
| Share of Associate | 4 | - | - | 4 | - | - | 9 |
| Total comprehensive income/(loss) for the year | 244 | 3,031 | (199) | 3,076 | 2,058 | 2,037 | 8,075 |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 JUNE 2016

| CONSOLIDATED | Income and Expenditure Reserve | | | Total £'000 |
|--|--------------------------------|---------------------|--------------------|----------------|
| | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | |
| Balance at 1 July 2015 | 107,054 | 13,620 | 28,816 | 149,490 |
| Surplus from statement of comprehensive income and expenditure | (216) | 3,031 | (199) | 2,616 |
| Other Comprehensive Income | 460 | - | - | 460 |
| Balance at 30 June 2016 | <u>107,298</u> | <u>16,651</u> | <u>28,617</u> | <u>152,566</u> |

| | Income and Expenditure Reserve | | | Total £'000 |
|---|--------------------------------|---------------------|--------------------|----------------|
| | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | |
| Balance at 1 July 2014 | 104,033 | 11,562 | 26,779 | 142,374 |
| Prior Year Adjustment (see note 25) | (959) | - | - | (959) |
| Restated Balance as at 1 July 2014 | <u>103,074</u> | <u>11,562</u> | <u>26,779</u> | <u>141,415</u> |
| Surplus from statement of comprehensive | 3,655 | 2,058 | 2,037 | 7,750 |
| Other Comprehensive Income | 325 | - | - | 325 |
| Balance at 30 June 2015 | <u>107,054</u> | <u>13,620</u> | <u>28,816</u> | <u>149,490</u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 JUNE 2016

| COLLEGE | Income and Expenditure Reserve | | | Total £'000 |
|--|--------------------------------|---------------------|--------------------|----------------|
| | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | |
| Balance at 1 July 2015 | 103,686 | 13,620 | 28,816 | 146,122 |
| Surplus from statement of comprehensive income and expenditure | 113 | 3,031 | (199) | 2,945 |
| Other Comprehensive Income | 456 | - | - | 456 |
| Balance at 30 June 2016 | <u>104,255</u> | <u>16,651</u> | <u>28,617</u> | <u>149,523</u> |

| | Income and Expenditure Reserve | | | Total £'000 |
|--|--------------------------------|---------------------|--------------------|----------------|
| | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | |
| Balance at 1 July 2014 | 102,565 | 11,562 | 26,779 | 140,906 |
| Prior Year Adjustment (see note 25) | (959) | - | - | (959) |
| Restated Balance as at 1 July 2014 | <u>101,606</u> | <u>11,562</u> | <u>26,779</u> | <u>139,947</u> |
| Surplus from statement of comprehensive income and expenditure | 1,764 | 2,058 | 2,037 | 5,859 |
| Other Comprehensive Income | 316 | - | - | 316 |
| Balance at 30 June 2015 | <u>103,686</u> | <u>13,620</u> | <u>28,816</u> | <u>146,122</u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

| | Note | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|---|------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| NON-CURRENT ASSETS | | | | | |
| Fixed Assets | 9 | 90,034 | 79,414 | 82,388 | 71,380 |
| Investments | 10 | 76,536 | 83,521 | 81,586 | 88,571 |
| Investment in Associate | 27 | 60 | - | 57 | - |
| | | <u>166,630</u> | <u>162,935</u> | <u>164,031</u> | <u>159,951</u> |
| CURRENT ASSETS | | | | | |
| Stock | | 53 | 31 | 59 | 41 |
| Trade and Other Receivables | 11 | 3,149 | 2,606 | 2,634 | 2,805 |
| Cash and Cash Equivalents | 12 | 4,675 | 4,203 | 5,996 | 5,539 |
| | | <u>7,877</u> | <u>6,840</u> | <u>8,689</u> | <u>8,385</u> |
| Creditors: Amounts Falling Due Within One Year | 13 | (5,437) | (3,748) | (5,806) | (4,790) |
| NET CURRENT ASSETS | | <u>2,440</u> | <u>3,092</u> | <u>2,883</u> | <u>3,595</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 169,070 | 166,027 | 166,914 | 163,546 |
| Creditors: Amounts Falling Due After One Year | 14 | (14,338) | (14,338) | (14,649) | (14,649) |
| PROVISIONS | | | | | |
| Pension Liability | 15 | (2,166) | (2,166) | (2,775) | (2,775) |
| TOTAL NET ASSETS | | <u><u>152,566</u></u> | <u><u>149,523</u></u> | <u><u>149,490</u></u> | <u><u>146,122</u></u> |
| REPRESENTED BY: | | | | | |
| ENDOWMENTS | | | | | |
| Income and Expenditure Reserve | | | | | |
| - Endowment Reserve | 16 | 28,617 | 28,617 | 28,816 | 28,816 |
| Income and Expenditure Reserve | | | | | |
| - Restricted Reserve | 17 | 16,651 | 16,651 | 13,620 | 13,620 |
| | | <u>45,268</u> | <u>45,268</u> | <u>42,436</u> | <u>42,436</u> |
| UNRESTRICTED RESERVES | | | | | |
| Income and Expenditure Reserve | | | | | |
| - Unrestricted | | 107,298 | 104,255 | 107,054 | 103,686 |
| | | <u>152,566</u> | <u>149,523</u> | <u>149,490</u> | <u>146,122</u> |

The financial statements were approved by College Council on 23 November 2016 and signed on its behalf by:



Dame Athene Donald
Master



Mrs J M Brook
Bursar

The notes on pages 24 to 39 form part of these financial statements

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 £'000 | 2015 £'000 |
|--|------|----------------|---------------|
| Net Cash Inflow from Operating Activities | 19 | 4,875 | 8,281 |
| Cash Flows from Investing Activities | 20 | (4,591) | (7,748) |
| Cash Flows from Financing Activities | 21 | (1,605) | (1,116) |
| Decrease in Cash and Cash Equivalents in Year | | (1,321) | (583) |
| Cash and Cash Equivalents at Beginning of Year | | 5,996 | 6,579 |
| Cash and Cash Equivalents at End of Year | | 4,675 | 5,996 |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

| 1 ACADEMIC FEES AND CHARGES | 2016 | 2015 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| College Fees: | | |
| Fee income received at the Publicly-funded Undergraduate rate | 1,789 | 1,789 |
| Fee income received at the Privately-funded Undergraduate rate | 543 | 396 |
| Fee income received at the Graduate rate | 634 | 634 |
| | <u>2,966</u> | <u>2,819</u> |
| Other Income | 515 | 463 |
| | <u>3,481</u> | <u>3,282</u> |

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

| | | Consolidated | College | Consolidated | College |
|---------------|--------------------------|----------------------|---------------------|----------------------|---------------------|
| | | 2016 | 2016 | 2015 | 2015 |
| | | £'000 | £'000 | £'000 | £'000 |
| Accommodation | College Members | 3,368 | 3,727 | 3,353 | 3,709 |
| | Conferences | 4,036 | 652 | 2,946 | 829 |
| | International Programmes | 1,328 | 296 | 3,643 | 186 |
| Catering | College Members | 731 | 731 | 701 | 702 |
| | Conferences | 2,300 | 645 | 2,094 | 787 |
| | International Programmes | 328 | 179 | 496 | 126 |
| | | <u>12,091</u> | <u>6,230</u> | <u>13,233</u> | <u>6,339</u> |

3 ENDOWMENT RETURN AND INVESTMENT INCOME

| 3a Analysis | 2016 | 2015 |
|--|----------------------------|----------------------------|
| | £'000 | £'000 |
| Total Return Contribution (see note 3b) | 2,707 | 2,590 |
| Quoted Securities | 10 | 10 |
| Interest | 29 | 64 |
| Less: Excess of Total Return over Investment Income Received | (767) | (674) |
| COLLEGE | <u>1,979</u> | <u>1,990</u> |
| Interest | 2 | 4 |
| CONSOLIDATED | <u><u>1,981</u></u> | <u><u>1,994</u></u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

| 3b Summary of Total Return | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Income From: | | |
| Land and Buildings | 604 | 665 |
| Quoted and Other Securities and Cash | 1,336 | 1,250 |
| | <u>1,940</u> | <u>1,915</u> |
| (Losses)/Gains on Endowment Assets | | |
| Land and Buildings | (600) | 595 |
| Quoted and Other Securities | 894 | 2,841 |
| | <u>294</u> | <u>3,436</u> |
| Investment Management Costs (see note 3c) | (123) | (97) |
| Total Return for the Year | 2,111 | 5,254 |
| Total Return Transferred to Income and Expenditure Account (see note 3a) | (2,707) | (2,590) |
| Unapplied Total Return for Year Included within Statement of Comprehensive Income and Expenditure (see note 19) | <u>(596)</u> | <u>2,664</u> |

3c Investment Management Costs

| | | |
|--------------------|------------|-----------|
| Quoted Securities | 55 | 62 |
| Land and Buildings | 68 | 34 |
| | <u>123</u> | <u>96</u> |

4 EDUCATION EXPENDITURE

| | College | College |
|---------------------------------|----------------|----------------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| Teaching | 1,881 | 2,116 |
| Tutorial | 553 | 715 |
| Admissions (Incl Access Grants) | 916 | 886 |
| Research | 572 | 380 |
| Scholarships and Awards | 571 | 439 |
| Other Educational Facilities | 387 | 360 |
| | <u>4,880</u> | <u>4,896</u> |

5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

| | | Consolidated | College | Consolidated | College |
|---------------|--------------------------|----------------------|---------------------|----------------------|---------------------|
| | | 2016 | 2016 | 2015 | 2015 |
| | | £'000 | £'000 | £'000 | £'000 |
| Accommodation | College Members | 3,459 | 3,459 | 3,220 | 3,220 |
| | Conferences | 4,098 | 766 | 3,008 | 824 |
| | International Programmes | 1,192 | 348 | 3,009 | 187 |
| Catering | College Members | 1,369 | 1,369 | 1,378 | 1,378 |
| | Conferences | 1,958 | 370 | 1,172 | 425 |
| | International Programmes | 505 | 103 | 962 | 68 |
| Total | | <u>12,581</u> | <u>6,415</u> | <u>12,749</u> | <u>6,102</u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

| 6 OTHER EXPENDITURE | 2016 £'000 | 2015 £'000 |
|---------------------------------|---------------------|---------------------|
| Archives Centre | 462 | 447 |
| Bond & Loan Interest | 617 | 662 |
| Other | 176 | 251 |
| COLLEGE AND CONSOLIDATED | <u>1,255</u> | <u>1,360</u> |

7a ANALYSIS OF 2015/16 EXPENDITURE BY ACTIVITY

| | Staff Costs (Note 8) £'000 | Other Operating Expenses £'000 | Depreciation £'000 | Total £'000 |
|---|-------------------------------------|---|-----------------------|----------------------|
| CONSOLIDATED | | | | |
| Education (Note 4) | 2,606 | 1,939 | 335 | 4,880 |
| Residences, Catering and Conferences (Note 5) | 5,495 | 5,131 | 1,955 | 12,581 |
| Other (Note 6) | 438 | 817 | - | 1,255 |
| | <u>8,539</u> | <u>7,887</u> | <u>2,290</u> | <u>18,716</u> |
| COLLEGE | | | | |
| Education (Note 4) | 2,606 | 1,939 | 335 | 4,880 |
| Residences, Catering and Conferences (Note 5) | 2,695 | 2,380 | 1,341 | 6,416 |
| Other (Note 6) | 438 | 817 | - | 1,255 |
| | <u>5,739</u> | <u>5,136</u> | <u>1,676</u> | <u>12,551</u> |

Expenditure includes fundraising costs of £277,695. This expenditure includes the cost of the alumni office.

7b ANALYSIS OF 2014/15 EXPENDITURE BY ACTIVITY

| | Staff Costs (Note 8) £'000 | Other Operating Expenses £'000 | Depreciation £'000 | Total £'000 |
|---|-------------------------------------|---|-----------------------|----------------------|
| CONSOLIDATED | | | | |
| Education (Note 4) | 2,625 | 1,833 | 438 | 4,896 |
| Residences, Catering and Conferences (Note 5) | 5,217 | 5,874 | 1,658 | 12,749 |
| Other (Note 6) | 531 | 829 | - | 1,360 |
| | <u>8,373</u> | <u>8,536</u> | <u>2,096</u> | <u>19,005</u> |
| COLLEGE | | | | |
| Education (Note 4) | 2,625 | 1,834 | 438 | 4,897 |
| Residences, Catering and Conferences (Note 5) | 2,649 | 2,245 | 1,208 | 6,102 |
| Other (Note 6) | 532 | 828 | - | 1,360 |
| | <u>5,806</u> | <u>4,907</u> | <u>1,646</u> | <u>12,359</u> |

Expenditure includes fundraising costs of £241,883. This expenditure includes the cost of the alumni office.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

7c Auditors Remuneration

| | 2016 | 2015 |
|---|-------------|-------------|
| | £'000 | £'000 |
| Other Operating Costs include: | | |
| Audit Fees payable to College's External Auditors | 12 | 11 |
| Audit Fees payable to Subsidiaries' External Auditors | 7 | 4 |
| Other Fees payable to Subsidiaries' External Auditors | 1 | 1 |
| | <u>20</u> | <u>16</u> |

8 STAFF COSTS

| | Academic | Academic | Non - | Total | Total |
|-----------------------|-----------------|-----------------|-----------------|--------------|--------------|
| | 2016 | Related | Academic | 2016 | 2015 |
| CONSOLIDATED | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff Costs: | | | | | |
| Emoluments | 1,214 | 855 | 5,305 | 7,373 | 7,253 |
| Social Security Costs | 52 | 67 | 442 | 561 | 503 |
| Other Pension Costs | 75 | 86 | 444 | 605 | 617 |
| | <u>1,341</u> | <u>1,008</u> | <u>6,191</u> | <u>8,539</u> | <u>8,373</u> |

There were 108 fellows with voting rights on the Governing Body at 30 June 2016. The remuneration of all fellows has been included in the figures above.

Average Staff Numbers (Full time equivalents)

| | Number | Number |
|------------------|---------------|---------------|
| Academic | 26 | 27 |
| Academic Related | 28 | 27 |
| Non-Academics | 200 | 188 |
| | <u>254</u> | <u>242</u> |

The number of staff who received emoluments in the following ranges was:

| | 2016 | 2015 |
|---------------------|-------------|-------------|
| £110,000 - £119,999 | <u>2</u> | <u>2</u> |

During the year emoluments paid to trustees (key personnel) in their capacity as Council members was:

| | Total | Total |
|-------------------------------------|--------------|--------------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| Aggregate Emoluments (College only) | <u>200</u> | <u>212</u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

8 STAFF COSTS (CONT)

The key management personnel are the Master, the Vice-Master, Bursar, the Senior Tutor and the Tutor for Advanced Students. They have authority and responsibility for planning, directing and controlling the activities of the College. The aggregate emoluments for the key management personnel are included in the figures above.

No emoluments were paid to trustees in their capacity as trustees of the College.

| | Academic 2016 £'000 | Academic Related 2016 £'000 | Non - Academic 2016 £'000 | Total 2016 £'000 | Total 2015 £'000 |
|-----------------------|---------------------------|--------------------------------------|------------------------------------|------------------------|------------------------|
| COLLEGE | | | | | |
| Staff Costs: | | | | | |
| Emoluments | 1,214 | 855 | 2,846 | 4,915 | 4,952 |
| Social Security Costs | 52 | 67 | 205 | 324 | 307 |
| Other Pension Costs | 75 | 86 | 339 | 500 | 547 |
| | <u>1,341</u> | <u>1,008</u> | <u>3,390</u> | <u>5,739</u> | <u>5,806</u> |

9 FIXED ASSETS

a Tangible Assets - Consolidated

| | College Site Flats & Buildings £'000 | Assets in Construction £'000 | College Hostels & Houses £'000 | Fixtures Fittings Equipment £'000 | Møller Centre £'000 | Total £'000 |
|------------------------------|---|------------------------------------|---|--|---------------------------|----------------|
| COST/VALUATION | | | | | | |
| At 1 July 2015 | 66,474 | 2,495 | 7,548 | 6,238 | 21,573 | 104,328 |
| Additions | 750 | 8,530 | 22 | 613 | 21 | 9,936 |
| Disposals | - | - | - | (347) | - | (347) |
| Transfers | 727 | (727) | - | - | - | - |
| Cost/valuation at 30 June 16 | <u>67,951</u> | <u>10,298</u> | <u>7,570</u> | <u>6,504</u> | <u>21,594</u> | <u>113,917</u> |
| DEPRECIATION | | | | | | |
| At 1 July 2015 | 13,107 | - | 1,452 | 3,823 | 3,558 | 21,940 |
| Provided for the year | 1,119 | - | 126 | 560 | 485 | 2,290 |
| Eliminated on Disposal | - | - | - | (347) | - | (347) |
| Depreciation at 30 June 16 | <u>14,226</u> | <u>-</u> | <u>1,578</u> | <u>4,036</u> | <u>4,043</u> | <u>23,883</u> |
| NET BOOK VALUE | | | | | | |
| At 30 June 2016 | <u>53,725</u> | <u>10,298</u> | <u>5,992</u> | <u>2,468</u> | <u>17,551</u> | <u>90,034</u> |
| At 30 June 2015 | <u>53,367</u> | <u>2,495</u> | <u>6,096</u> | <u>2,415</u> | <u>18,015</u> | <u>82,388</u> |

The Insured Value of Freehold Land and Buildings as at 30 June 2016 was £95,776k (2015: £93,949k).

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

9a Tangible Assets - College

| | College Site Flats & Buildings £'000 | Assets in Construction £'000 | College Hostels & Houses £'000 | Fixtures Fittings Equipment £'000 | Møller Centre £'000 | Total £'000 |
|------------------------------|---|------------------------------------|---|--|---------------------------|----------------|
| COST/VALUATION | | | | | | |
| At 1 July 2015 | 66,474 | 2,495 | 7,548 | 2,100 | 11,105 | 89,722 |
| Additions | 750 | 8,530 | 22 | 408 | - | 9,710 |
| Disposals | - | - | - | (89) | - | (89) |
| Transfers | 727 | (727) | - | - | - | - |
| Cost/valuation at 30 June 16 | <u>67,951</u> | <u>10,298</u> | <u>7,570</u> | <u>2,419</u> | <u>11,105</u> | <u>99,343</u> |
| DEPRECIATION | | | | | | |
| At 1 July 2015 | 13,107 | - | 1,452 | 1,377 | 2,406 | 18,342 |
| Provided for the year | 1,119 | - | 126 | 246 | 185 | 1,676 |
| Eliminated on Disposal | - | - | - | (89) | - | (89) |
| Depreciation at 30 June 16 | <u>14,226</u> | <u>-</u> | <u>1,578</u> | <u>1,534</u> | <u>2,591</u> | <u>19,929</u> |
| NET BOOK VALUE | | | | | | |
| At 30 June 2016 | <u>53,725</u> | <u>10,298</u> | <u>5,992</u> | <u>885</u> | <u>8,514</u> | <u>79,414</u> |
| At 30 June 2015 | <u>53,367</u> | <u>2,495</u> | <u>6,096</u> | <u>723</u> | <u>8,699</u> | <u>71,380</u> |

9b 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.

10 INVESTMENT ASSETS

| | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
| Balance at 1 July 2015 | 81,586 | 88,571 | 77,449 | 81,935 |
| Additions | 3,249 | 3,249 | 8,631 | 11,131 |
| Disposals | (5,997) | (5,997) | (9,670) | (9,670) |
| Appreciation on Revaluation/Disposals | 294 | 294 | 3,436 | 3,436 |
| (Decrease)/Increase in Cash Balances at Fund Managers | (2,596) | (2,596) | 1,740 | 1,740 |
| Balance as at 30 June 2016 | <u>76,536</u> | <u>83,521</u> | <u>81,586</u> | <u>88,571</u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

| 10 INVESTMENT ASSETS (CONT) | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|---------------------------------------|--|-----------------------------------|--|-----------------------------------|
| Represented by: | | | | |
| Property | 8,145 | 8,145 | 8,714 | 8,714 |
| Quoted Securities - Equities | 67,785 | 67,785 | 69,789 | 69,789 |
| Investment in Subsidiary Undertakings | 15 | 7,000 | 15 | 7,000 |
| Cash Held For Reinvestment | 591 | 591 | 3,068 | 3,068 |
| | <u>76,536</u> | <u>83,521</u> | <u>81,586</u> | <u>88,571</u> |

| 11 TRADE AND OTHER RECEIVABLES | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|--|--|-----------------------------------|--|-----------------------------------|
| Trade Debtors | 1,023 | 139 | 1,108 | 382 |
| Members of the College | 846 | 846 | 784 | 784 |
| Amounts due from Subsidiary Undertakings | (270.00) | 586 | - | 1,023 |
| Prepayments and Accrued Income | 155 | 49 | 191 | 65 |
| Other | 1,095 | 956 | 516 | 516 |
| Debtors due in greater than one year | 30 | 30 | 35 | 35 |
| | <u>3,149</u> | <u>2,606</u> | <u>2,634</u> | <u>2,805</u> |

| 12 CASH AND CASH EQUIVALENTS | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|-------------------------------------|--|-----------------------------------|--|-----------------------------------|
| Bank Deposits | 4,028 | 4,028 | 5,364 | 5,364 |
| Current Accounts and in Hand | 647 | 175 | 632 | 175 |
| | <u>4,675</u> | <u>4,203</u> | <u>5,996</u> | <u>5,539</u> |

| 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|--|--|-----------------------------------|--|-----------------------------------|
| Trade Creditors | 1,146 | 725 | 776 | 415 |
| Members of the College | 947 | 947 | 904 | 904 |
| Amounts due to Subsidiary Companies | - | 1 | - | 1 |
| University Fees | 64 | 64 | 196 | 196 |
| Contribution to Colleges Fund | 34 | 34 | 44 | 44 |
| Bank Loans | 418 | 418 | 987 | 987 |
| Social Security and other Taxation payable | 393 | 272 | 279 | 279 |
| Other | 2,435 | 1,287 | 2,620 | 1,964 |
| | <u>5,437</u> | <u>3,748</u> | <u>5,806</u> | <u>4,790</u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

| 14 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR | Consolidated 2016 £'000 | College 2016 £'000 | Consolidated 2015 £'000 | College 2015 £'000 |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
| Bank Loans | 2,331 | 2,331 | 2,249 | 2,249 |
| Other Creditors | 325 | 325 | 217 | 217 |
| Amounts due within 1 to 5 years | <u>2,656</u> | <u>2,656</u> | <u>2,466</u> | <u>2,466</u> |
| Amounts payable wholly or partly after 5 years | | | | |
| College Bond | 11,000 | 11,000 | 11,000 | 11,000 |
| Bank Loans | 682 | 682 | 1,183 | 1,183 |
| Total | <u><u>14,338</u></u> | <u><u>14,338</u></u> | <u><u>14,649</u></u> | <u><u>14,649</u></u> |

The College has a loan with Lloyds Bank with a year end balance of £1,084k (2015: £1,810k). The final repayment is due in August 2022. Interest is charged at 5.42%.

The College also has a loan with Unity Trust with a year end balance of £2,347k (2015: £2,609k). The final repayment is due in June 2024. Interest is charged at 1.5% above base rate with a minimum rate of 2.5%.

During 2013/14 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.

15 PENSION PROVISIONS

| CONSOLIDATED/COLLEGE | CCFPS £'000 | USS £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|-----------------------|---------------------|------------------------|------------------------|
| Balance at 1 July 2015 | (2,208) | (567) | (2,775) | (2,944) |
| Movement in the year: | | | | |
| Contributions paid by the College | 229 | - | 229 | 229 |
| Finance cost | (105) | 29 | (76) | (376) |
| Actuarial Gain Recognised in Statement of Comprehensive Income and Expenditure | 456 | - | 456 | 316 |
| Balance as at 30 June 2016 | <u><u>(1,628)</u></u> | <u><u>(538)</u></u> | <u><u>(2,166)</u></u> | <u><u>(2,775)</u></u> |

16 ENDOWMENT RESERVE

Restricted net assets relating to endowments are as follows:

| CONSOLIDATED/COLLEGE | Restricted Permanent £'000 | Unrestricted Permanent £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|----------------------------------|------------------------------------|------------------------|------------------------|
| Balance at 1 July 2015 | 14,495 | 14,321 | 28,816 | 26,779 |
| New Endowments Received | 110 | - | 110 | 1,110 |
| Capital withdrawn | - | (767) | (767) | (675) |
| | <u>110</u> | <u>(767)</u> | <u>(657)</u> | <u>435</u> |
| Increase in Market Value of Investments | (154) | (155) | (309) | 927 |
| Plus: Capital withdrawn to Income | - | 767 | 767 | 675 |
| | <u>(154)</u> | <u>612</u> | <u>458</u> | <u>1,602</u> |
| Balance as at 30 June 2016 | <u><u>14,451</u></u> | <u><u>14,166</u></u> | <u><u>28,617</u></u> | <u><u>28,816</u></u> |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

16 ENDOWMENT RESERVE (CONT)

| Analysis by Fund | Restricted Permanent £'000 | Unrestricted Permanent £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--------------------------|----------------------------------|------------------------------------|------------------------|------------------------|
| Archives | 8,011 | - | 8,011 | 8,099 |
| Bursary | 309 | - | 309 | 303 |
| Endowment | 64 | - | 64 | 65 |
| Fellowship | 406 | - | 406 | 410 |
| JRF | 2,087 | - | 2,087 | 2,110 |
| Library | 231 | - | 231 | 233 |
| Other | 4 | - | 4 | 4 |
| Prize | 38 | - | 38 | 39 |
| Studentship/Scholarship | 3,215 | - | 3,215 | 3,145 |
| Travel Funds | 86 | - | 86 | 87 |
| Corporate Capital | - | 14,166 | 14,166 | 14,321 |
| | 14,451 | 14,166 | 28,617 | 28,816 |
| Analysis by Asset | | | | |
| Investments | 14,451 | 14,166 | 28,617 | 28,816 |
| | 14,451 | 14,166 | 28,617 | 28,816 |

17 RESTRICTED RESERVE

Reserves with restrictions are as follows:

| CONSOLIDATED/COLLEGE | Capital Grants Unspent £'000 | Permanent Unspent & Other Restricted Income £'000 | Restricted Expendable Endowment £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|---------------------------------------|--|--|------------------------|------------------------|
| Balance at 1 July 2015 | | | | | |
| Capital | 4,097 | - | 6,030 | 10,127 | 8,902 |
| Accumulated Income | - | 3,493 | - | 3,493 | 2,660 |
| | 4,097 | 3,493 | 6,030 | 13,620 | 11,562 |
| New Endowments Received | 1,994 | 1,020 | 593 | 3,607 | 1,245 |
| Income Receivable from Endowment | | | | | |
| Asset Investments | - | 497 | 285 | 782 | 752 |
| Expenditure | - | (1,108) | (212) | (1,320) | (260) |
| Net Transfer to Income and Expenditure Account | - | (611) | 73 | (538) | 492 |
| Increase in Market Value of Investments | - | (8) | (30) | (38) | 321 |
| Balance as at 30 June 2016 | 6,091 | 3,894 | 6,666 | 16,651 | 13,620 |
| Balance as at 30 June 2016 | | | | | |
| Capital | 6,091 | - | 6,666 | 12,757 | 10,127 |
| Accumulated Income | - | 3,894 | - | 3,894 | 3,493 |
| CONSOLIDATED/COLLEGE | 6,091 | 3,894 | 6,666 | 16,651 | 13,620 |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

17 RESTRICTED RESERVE (CONT)

| Analysis by Type of Purpose | Capital | Permanent | Restricted | Total | Total |
|-----------------------------|-------------------|--|-------------------------|---------------|---------------|
| | Grants Unspent | Unspent & Other Restricted Income | Expendable Endowment | 2016 | 2015 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Archives | - | 900 | 319 | 1,219 | 1,207 |
| Building | 6,091 | 60 | 2,141 | 8,292 | 6,232 |
| Bursary | - | 224 | 847 | 1,071 | 510 |
| Development Office | - | 122 | 171 | 293 | 192 |
| Endowment | - | 21 | 160 | 181 | 177 |
| Fellowship | - | 461 | 1,099 | 1,560 | 1,495 |
| JRF | - | 615 | 89 | 704 | 658 |
| Library | - | 38 | 6 | 44 | 30 |
| Other | - | 115 | 1,467 | 1,582 | 1,487 |
| Prize | - | 36 | 69 | 105 | 99 |
| Research Funds | - | 8 | 21 | 29 | 30 |
| Studentship/Scholarship | - | 1,259 | 258 | 1,517 | 1,465 |
| Travel Funds | - | 35 | 19 | 54 | 38 |
| | 6,091 | 3,894 | 6,666 | 16,651 | 13,620 |

18 MEMORANDUM OF UNAPPLIED TOTAL RETURN

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

| | 2016 | 2015 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Unapplied Total Return at 1 July 2015 | 42,908 | 40,243 |
| Unapplied Total Return for the Year (see note 3b) | (596) | 2,665 |
| Unapplied Total Return at 30 June 2016 | 42,312 | 42,908 |

19 RECONCILIATION OF CONSOLIDATED SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Surplus for the Year | 2,616 | 7,750 |
| Adjustment for Non-cash Items | | |
| Depreciation | 2,290 | 2,096 |
| Investment Income | (1,981) | (1,994) |
| Gain on Investments | (294) | (3,436) |
| Surplus on Disposal of Fixed Assets | - | (178) |
| Increase/(Decrease) in Stocks | 6 | 3 |
| (Increase)/Decrease in Debtors | (515) | 620 |
| Increase in Creditors | 308 | 904 |
| Pension Costs Less Pensions Payable | (153) | (140) |
| Adjustment for investing or financing activities | | |
| Investment Income | 1,981 | 1,994 |
| Interest Payable | 617 | 662 |
| Net Cash Inflow from Operating Activities | 4,875 | 8,281 |

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

20 CASH FLOWS FROM INVESTING ACTIVITIES

| | 2016 £'000 | 2015 £'000 |
|--|----------------|----------------|
| Payments to Acquire Non-current Assets | (9,936) | (7,355) |
| Purchase of Investment Assets | (6,288) | (8,504) |
| Sale of Tangible Fixed Assets | - | 308 |
| Sale of Investment Assets | 11,633 | 7,803 |
| Net Cash Outflow from Capital Expenditure and Financial Investment | <u>(4,591)</u> | <u>(7,748)</u> |

21 CASH FLOWS FROM FINANCING ACTIVITIES

| | 2016 £'000 | 2015 £'000 |
|---------------------------------|----------------|----------------|
| Repayment of Amounts Borrowed | (988) | (454) |
| Interest Payable | (617) | (662) |
| Net Cash Outflow from Financing | <u>(1,605)</u> | <u>(1,116)</u> |

22 ANALYSIS OF CASH BALANCES

| | At Beginning of Year £'000 | Cash Flows £'000 | At End of Year £'000 |
|--------------------------|----------------------------------|------------------------|----------------------------|
| Cash at Bank and in Hand | 5,996 | (1,321) | 4,675 |
| Net Funds | <u>5,996</u> | <u>(1,321)</u> | <u>4,675</u> |

23 CAPITAL COMMITMENTS

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Capital Commitments at 30 June 2016 are as follows: | | |
| CONSOLIDATED | | |
| Authorised and Contracted | <u>1,934</u> | <u>10,013</u> |
| COLLEGE | | |
| Authorised and Contracted | <u>1,534</u> | <u>9,613</u> |

24 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). In addition, the College operates two defined contribution schemes - a stakeholder scheme and an autoenrolment scheme.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The total cost charged to the profit and loss account is £292,432 (2015: £294,236). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

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

| | 2016 | 2015 |
|---------------------------|------|---|
| Discount rate | 4% | 5% |
| Pensionable salary growth | N/A | 3.5% in first year and 4.0% thereafter |
| Price inflation (CPI) | 2% | 3% |

24 PENSION SCHEMES (CONT)

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

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

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

| | 2016 | 2015 |
|-----------------------------------|----------|----------|
| Males currently aged 65 (years) | 24.3 | 24.2 |
| Females currently aged 65 (years) | 26.5 | 26.4 |
| Males currently aged 45 (years) | 26.4 | 26.3 |
| Females currently aged 45 (years) | 28.8 | 28.7 |
| Existing benefits: | | |
| Scheme assets | £49.8 bn | £49.1 bn |
| Total scheme liabilities | £58.3 bn | £60.2 bn |
| FRS 102 total scheme deficit | £8.5 bn | £11.1 bn |
| FRS 102 total funding level | 85% | 82% |

Cambridge Colleges Federated Pension Scheme

The College also operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme. This College section closed for all accrual on 31 March 2007 when all active members were made deferred.

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

| | 30/06/16 % pa | 30/06/15 % pa |
|-------------------------------------|------------------|------------------|
| Discount rate | 2.80% | 3.70% |
| Retail Price Index (RPI) assumption | 2.90% | 3.25% |
| Consumer Price Index (CPI) | 1.90% | 2.25% |
| Pension Increases (RPI max 5% pa) | 2.70% | 3.05% |

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI 2015 future improvement factors and a long-term rate of future improvement of 1.0% pa. (2015: Same base table with CMI 2014 future improvement factors and a long-term future improvement rate of 1% pa). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years
- Female age 65 now has a life expectancy of 23.9
- Male age 45 now and retiring in 20 years has a life expectancy of 23.2 years
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

24 PENSION SCHEMES (CONT)

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2016 are as follows:

| | 2016 | 2015 |
|-------------------------------------|-----------------------|-----------------------|
| | £'000 | £'000 |
| Present value of scheme liabilities | (8,939) | (8,572) |
| Market value of scheme assets | 7,311 | 6,365 |
| Deficit in the Scheme | <u><u>(1,628)</u></u> | <u><u>(2,207)</u></u> |

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

| | 2016 | 2015 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Administrative expenses | 23 | 23 |
| Interest on net defined benefit liability | 82 | 110 |
| | <u><u>105</u></u> | <u><u>133</u></u> |

Changes in the present value of the scheme liabilities are as follows:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| Present value of scheme liabilities at beginning of period | 8,571 | 8,358 |
| Interest cost | 311 | 343 |
| Actuarial gain | 409 | 236 |
| Benefits paid | (353) | (366) |
| Present value of scheme liabilities at end of period | <u><u>8,938</u></u> | <u><u>8,571</u></u> |

Changes in the fair value scheme assets are as follows:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| Market value of scheme assets at beginning of period | 6,364 | 5,739 |
| Return on assets, less interest included in income and expenditure | 866 | 552 |
| Administrative expenses | (23) | (23) |
| Contributions by employer | 229 | 229 |
| Interest on plan assets | 229 | 233 |
| Benefits and expenses paid | (353) | (366) |
| Market value of scheme assets at end of period | <u><u>7,312</u></u> | <u><u>6,364</u></u> |
| Actual return on plan assets | <u><u>1,095</u></u> | <u><u>786</u></u> |

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

| | 2016 | 2015 |
|--------------------------|--------------------|--------------------|
| Equities and Hedge Funds | 59% | 70% |
| Bonds and Cash | 35% | 23% |
| Property | 6% | 7% |
| | <u><u>100%</u></u> | <u><u>100%</u></u> |

24 PENSION SCHEMES (CONT)

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ended 30 June 2016 is as follows:

| | 2016 | 2015 |
|---|-------------|-------------|
| | £'000 | £'000 |
| Actual return less expected return on plan assets | 866 | 553 |
| Experience gains and losses arising on plan liabilities | 191 | 105 |
| Changes in assumptions underlying the present value of plan liabilities | (600) | (341) |
| Actuarial gain recognised in the statement of total recognised gains and losses | <u>457</u> | <u>317</u> |

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

| | 2016 | 2015 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Deficit in scheme at beginning of year | (2,208) | (2,620) |
| Contributions paid by the College | 229 | 229 |
| Recognised in income and expenditure account | (105) | (133) |
| Actuarial gain | 456 | 316 |
| Deficit in plan at the end of the year | <u>(1,628)</u> | <u>(2,208)</u> |

25 TRANSITION TO 2015 RCCA

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS102 and the 2015 RCCA. The accounting policies set out in Note 1 have been applied in preparing the comparative information for the year ended 30 June 2015 and the opening financial position at 1 July 2014 resulting in a restatement of these figures.

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

| | Consolidated | College |
|--|---------------------|----------------|
| | 2015 | 2015 |
| | £'000 | £'000 |
| Surplus for the year as previously stated | 724 | 715 |
| Adjustment for transfer from restricted funds | 493 | 493 |
| Revised treatment of deferred capital | (44) | (44) |
| Adjustment for studentship commitment accrual | 19 | 19 |
| Adjustment for JRF commitment accrual | 69 | 69 |
| Adjustment for sabbatical commitment accrual | (49) | (49) |
| Adjustment for movement in pension deficit funding provision of USS | (243) | (243) |
| Adjustment for movement in pension deficit funding provision of CCFPS | (119) | (119) |
| Grant to Møller Centre shown as Income | 1,890 | - |
| Adjustment for gains previously recognised in the Statement of Recognised Gains and losses | | |
| Unapplied total return transferred to Endowment | 2,665 | 2,665 |
| New endowments | 1,848 | 1,848 |
| Other capital grants for fixed assets | 506 | 506 |
| Actuarial profit in respect of pension schemes | 316 | 316 |
| Total Comprehensive Income as restated | <u>8,075</u> | <u>6,176</u> |

26 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.

27 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:

| College share of Møller PSFG Cambridge Ltd | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Turnover | <u>962</u> | <u>867</u> |
| Profit before tax | 5 | 11 |
| Taxation | <u>(1)</u> | <u>(2)</u> |
| Profit after tax | <u>4</u> | <u>9</u> |
| Fixed assets | 1 | 1 |
| Current Assets | 275 | 279 |
| Liabilities due within one year | <u>(216)</u> | <u>(223)</u> |
| | <u>60</u> | <u>57</u> |
| Intercompany Balances | | |
| Due from Møller Centre to Møller PSFG Cambridge | <u>(9)</u> | <u>66</u> |