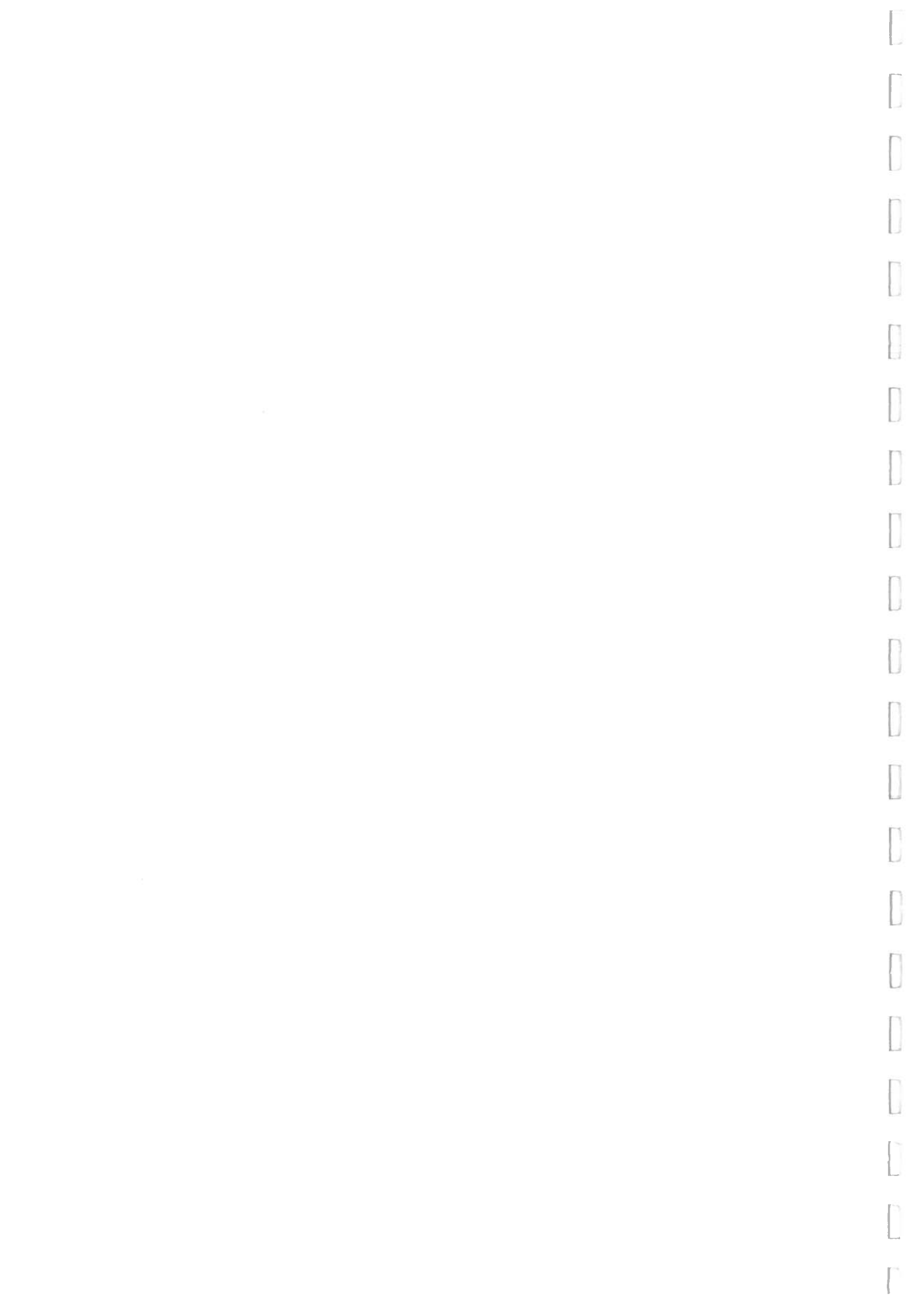


CLARE HALL
CAMBRIDGE, CB3 9AL
Registered Charity Number 1137491
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 30 JUNE 2014

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Clare Hall
Governing Body
Year ended 30 June 2014

Visitor: Chancellor of the High Court, Sir Terence Etherton

MEMBERS OF THE GOVERNING BODY

President: Professor David Ibbetson (from 1 Aug 2013), Sir Martin Harris (to end July 2013)

Fellows under Titles A, B, C and D (in order of Election)

Dr Murray Stewart	1982	Dr Silvia Pasquetti	2011
Professor Stefan Collini	1986	Dr Jean-Baptiste Sallée	2011
Dr Christopher Hope	1987	Dr Katrin Müller-Johnson	2012
Dr Rosemary Luff	1988	Professor David Neal	2012
Professor Charles Smith	1993	Mr Andrew Nairne (ret Oct 13)	2012
Professor Maria Spillantini	1994	Dr Stephen Mawdsley	2012
Dr Robert Carlyon	1996	Dr Amir Amel-Zadeh	2012
Professor Barbara Sahakian	1996	Dr Iain Black	2012
Professor John Barrow	1999	Dr Natalia Petrovskaia	2012
Professor Andrew Blake	2000	Dr John Regan	2012
Dr Trudi Tate	2001	Dr Ferdinandos Skoulidis	2012
Dr Jonathon Pines	2001	Dr Riccardo Strobino	2012
Mr Stephen Bourne	2001	Dr Brian Walker	2012
Professor Alan Short	2002	Dr Emilia Wilton-Godbefforde	2012
Dr Anthony Street	2002	Dr E Karanasios	2012
Dr Ian Farnan	2002	Professor Richard McMahon	2013
Professor Hans-Friedrich Graf	2004	Professor Peter Wadhams	2013
Professor Athanassios Fokas	2005	Dr Michael Evans	2013
Dr Robert Anderson	2006	Dr Karen Ersche	2013
Dr Lori Passmore	2006	Dr Emily Holmes	2013
Professor John Parker	2007	Mr Ranj Majumdar	2013
Dr Daniel Bergstralh	2009	Ms Helen Pennant	2013
Professor Peter Markowich	2009	Dr Carlo Camilloni	2013
Dr Elizabeth Rowe	2009	Dr Joan Camps	2013
Dr Sohini Kar-Narayan	2009	Dr Varodom Charoensawan	2013
Mrs Moira Gardiner (ret Mar 14)	2010	Dr Warren Dockter	2013
Dr Wai Yi Feng	2010	Dr Gabriele Ferrario	2013
Dr Marco Polin	2010	Dr Yan Yan Hu	2013
Dr Jennifer Rampling (resigned Dec 13)	2010	Dr Annamaria Montrescu-Mayes	2013
Professor Hasok Chang	2011	Dr Kate Orkin	2013
Dr Alexander Archibald	2011	Dr Hyun Gwi Park	2013
Dr Peter Bond (resigned Oct 13)	2011	Dr Lucia Tantardini	2013
Dr Susana Carvalho (resigned Jan 14)	2011	Dr Marcella Sutcliffe	2014
Dr Cristina Cotobal Martin	2011		

Two elected members of the Graduate Student Body: Ms Jennifer Upton, Mr Jun Bo Chan.

Senior Officers of Clare Hall

President: Sir Martin Harris (to 31st July 2013), Professor David Ibbetson (from 1st Aug 2013)

Senior Tutor: Dr Iain Black

Bursar: Mrs Moira Gardiner (until end March 2014) Acting Bursar: Mrs Joanna Womack

Clare Hall

Professional Advisors

Auditors

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

Bankers

Barclays Bank plc
St Andrews Street
Cambridge
CB2 3AA

Investment Fund Managers

The Charities Property Fund
c/o Carr Sheppards Crosthwaite
2 Gresham Street
London
EC2V 7QN

Cambridge University Endowment Fund
University of Cambridge Investment Office
Daedalus House
26-30 Station Road
Cambridge
CB1 2RE

Solicitors

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

Clare Hall

Report of the Governing Body, Year ended 30 June 2014

The Members of the Governing Body who act as Charity Trustees, present the audited financial statements for the year ended 30 June 2014.

Founded in 1966 as a centre for advanced study, Clare Hall is a graduate college in the University of Cambridge and a registered charity. It was incorporated by Royal Charter on 22 October 1984 and is an autonomous, self-governing community of scholars. In accordance with its Statutes, the control of the College as a place of education, learning and research is vested in the Governing Body, which is responsible for administering the College's estates and property. The Finance Committee consists of the President, the Vice President, the Bursar and four other members of the Governing Body elected by the Governing Body. The Finance Committee exercises the authority delegated to it by the Governing Body to manage, in accordance with general policies laid down from time to time by the Governing Body, the land, property and investments of the College and its financial affairs in general and to direct the Bursar in the performance of her financial duties.

Scope of the financial statements

The statements cover the activities of the College during the year ended 30 June 2014 and the net assets as at that date. The College has no subsidiaries.

In August 2010 the College's charitable status changed from Exempt Charity to Registered Charity, regulated by the Charity Commission.

These accounts are presented in the format of the Recommended Cambridge College Accounts (RCCA), which comply with the Higher Education SORP (Statement of Recommended Practice: Accounting for Further and Higher Education).

Aims and Objectives

The objects of the College are set out in its Royal Charter, effective from 1 January 1984.

The College aims:

- To remain an independent graduate college within the University of Cambridge, dedicated to advanced study;
- To bring together research scholars of different nationalities and academic disciplines and to promote academic research of the highest quality by Fellows and postgraduate students;
- To integrate fully into the fabric of academic life senior visitors who come to Cambridge on study leave together with their spouses and partners;
- To encourage interdisciplinary links between scholars from all over the world;
- To achieve excellence in education at postgraduate level; and
- To maintain and enhance the endowments and benefactions, buildings and grounds of the College for the benefit of future generations.

Public Benefit

The following Public Benefit Statement was provided to the Charity Commission on first registration as a charity:

The College provides, in conjunction with the University of Cambridge, an education which is recognised internationally as being of the highest standard for some 201 graduate students. 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 the financial year under consideration, the College members graduating achieved 31 PhDs and 67 Masters-level degrees (2013: 39 and 69 respectively) between them.

In particular, the College provides:

- teaching facilities and pastoral, administrative and academic support for all students through its tutorial and mentoring systems;
- social, cultural, musical, recreational and sporting facilities which enable each of its students to realise their academic and personal potential to the full whilst studying at the College.

Clare Hall

Report of the Governing Body, Year ended 30 June 2014, continued

The College advances research through:

- providing 24 Research Fellowships to outstanding young academics in 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;
- supporting the research work of its other Fellows by promoting interaction across disciplines and providing facilities for seminars;
- fostering academic networking by encouraging visits from outstanding academics from abroad as Visiting Fellows and Visiting Scholars.

The College maintains a Library which provides a valuable resource for students and Fellows of the College.

The resident members of the College, both students and Fellows, are the primary beneficiaries and are directly engaged in education, learning or research.

More widely, beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and visiting alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities. The general public is also able to attend various educational activities in the College such as lectures, seminars, concerts and art exhibitions.

The College admits students who have the highest potential for benefiting from the education provided by the College and the University, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the College's objects and students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College's objects but students of the College are predominantly aged 21 years and above; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

The focus of the College is strongly academic and students are required to satisfy high academic entry requirements. To support the costs of graduate students, the College provides various scholarships and bursaries, to help fund fees and living costs. The total awarded in 2013-2014 was £89,962 (2012-13 £67,500). The College also supports students through a grant scheme to assist with attendance at conferences and travel grants. The total awarded in 2013-2014 was £10,969 (2012-13 £13,274).

In addition to its other programmes, the College operates a hardship scheme for students in financial hardship. The total awarded in 2013-2014 was £10,231 (2012-13 £9,045).

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to Clare Hall, the College provides guidance and information for prospective applicants on the College website and through staff in its Tutorial Office.

In order to fulfil its charitable purposes of advancing education, learning and research, the College employs a number of Fellows as Tutors and senior administrative officers. All serve as charity trustees through being members of the College Governing Body. The employment of the President and Fellows is undertaken with the intention of furthering the College's aims and their employment directly contributes to the fulfilment of those aims. The private benefit accruing to the President and Fellows through salaries, stipends and employment-related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the employment of Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

Clare Hall

Report of the Governing Body, Year ended 30 June 2014, continued

Funding

The College funds its activities through academic fees, by charging for student and Visiting Fellows accommodation and catering services, from investment income, and through individual and corporate donations and bequests.

Summary

This year's result is a surplus of £122,797 (2012-13 £51,350) before depreciation and a deficit of £242,369 (2012-13 £330,866) after depreciation. The balance sheet is stronger by £1,149,600 over the previous year at £25,518,398.

Income and Expenditure Account

The Income and Expenditure Account shows a net deficit of £242,369 after the transfer of unspent restricted income. This is a welcome improvement on last year's deficit of £330,866 helped in part by both the increase in the dividends paid by the Cambridge University Endowment Fund and growth in academic fees and charges due to higher student numbers. Residence and catering income has grown marginally over the prior year.

The increase in total expenditure amounts to 6.5% (2013 2.7%). Incremental changes in expenditure headings include inflation pressures and specifically ~ Education costs increased by £64,440 (2013 £43,580) due to greater spend on research and scholarships & awards; Residence and catering increased by £38,268 (2013 £79,805) and Other expenditure increased by £89,768 in part due to an increase in development office costs, marking a transition to more pro-active fundraising (2013 saw a reduction due to the unfilled development office vacancy).

A planned rolling maintenance programme seeks to ensure that the estate is maintained to the highest standard. Donations which are deemed to be restricted are included in the Income and Expenditure account amounting to £217,569 (2013 £130,357) of the Endowment Income total of £1,056,987 (2013 £922,857); donations, which are deemed to be unrestricted are included in the Income and Expenditure account amounting to £75,238 (2013 £72,193). The remainder of £764,180 (2013 £720,307) in Endowment Income represents the investment income (dividends and interest) and includes the release of deferred capital to income of £57,582 (2013 £57,582).

The allocation of fixed costs to the separate headings of expenditure within the Education Account has been calculated to reflect as accurately as possible the use of staff time and physical space.

Statement of Total Recognised Gains and Losses (STRGL)

This statement shows the movements that affect the balance sheet, and in 2013-2014 shows an increase in the Capital and Reserves of the College of just over £1.2m bringing the closing balance to some £23m, before deferred capital grants.

Balance Sheet

No material capital transactions have taken place during the year.

Creditors includes a payment of £107k due to the University for Composition Fees and which has since been paid.

In accordance with the guidelines laid down in FRS17, the Balance Sheet Net Assets now include the Cambridge Colleges Federated Pension Scheme position. The deficit of £314k last year has now increased to £446k following a change in actuarial assumptions.

The closing value of the investment portfolio is split between investments and endowment assets and Capital and Reserves are divided into deferred capital grants, endowments and reserves.

Clare Hall

Report of the Governing Body, Year ended 30 June 2014, continued

Donations and Benefactions

The College records with gratitude the receipt of the capital grant from the Colleges Fund during the year totalling £264k (2013 £259k). There have been no specific donations during the year. (2013 £781k).

The Endowment

Since June 2010 the major part of the College's endowment has been invested in the Cambridge University Endowment Fund (CUEF).

The CUEF is effectively a unit trust, in which the College has purchased units, and from which it receives a monthly dividend. The total number of units held with CUEF is 406,949 at £42.30 each with a value of £17,212,314. The distribution rate for the University's financial year to 31 July 2014 is £1.5591 per unit. The fund's investment objective is to achieve or exceed a long run average annual rate of total return equal to the Retail Prices Index (RPI) for each calendar year plus 5.25%, net of investment management costs. The fund has adopted a total return policy, determined by a hybrid rule with a long-term rate of 4.25% of capital value, so the investment objective is RPI+1% after distribution and costs. The asset allocation of the fund has been shifting since the CUIO took over the management of the fund in 2007, away from public equity and fixed interest, towards alternative asset classes. The asset allocation as at 31 July 2014 is shown below.

Asset Class	Allocation 2014	Allocation 2013
Public equities	63%	63%
Real assets (including property)	11%	10%
Absolute return (including hedge funds)	12%	14%
Corporate credit	3%	3%
Fixed Income (including cash)	1%	1%
Private investments	10%	9%

The proportion of the College's endowment funds invested in the CUEF represent 92% of the total endowment funds (2013 92%) . The remaining 8% (2013 8%) continues to be held with the Charities Property Fund to add diversification to the asset allocation of investments.

Property is represented by investment in the Charities Property Fund. The day-to-day management of non-property assets is delegated to the Cambridge University Endowment Fund (CUEF). Performance is monitored against a customised benchmark made up of 50% FTSE All-Share Index, 25% MSCI AC World Index and 25% FTA UK Government All Stocks Index. The WM unconstrained ex property Charity Universe is used as an additional benchmark in order to compare the investment managers' performance with that of their peers.

Statement of Investment Principles, including Ethical Investment Policy

Clare Hall's Investment Policy reflects the belief that the interests of the College are, in general, best served by seeking to obtain the best financial return from investments, consistent with commercial prudence. The College's investments are outsourced to the Cambridge University Endowment Fund (CUEF) and the Charities Property Fund and within that constraint Clare Hall adheres to the Charity Commission's guidance on ethical investments. It does not knowingly engage financially with any company whose practices are considered to be in conflict with the purposes or aims of the College as a place of education, learning and research; nor are investments knowingly made that are judged likely to alienate the members or benefactors of the College.

Cash flow and Treasury Management

At the end of the financial year the College continued to hold a large cash balance of £912k (2013 £1,170k). This included amounts on deposit of £108k (2013 £69k) due to the University in respect of the balance of fees for 2013-2014 and the Colleges Fund grant of £264k (2013 £259k). At 30 June 2014, the College had an outstanding loan of £1.5m from Barclays Bank plc. £1m of this was taken out to help fund the acquisition and refurbishment of houses in Herschel Road, Cambridge in 2001. The balance was borrowed in January 2009. Short-term overdraft facilities have also been negotiated with Barclays Bank for use if required.

Clare Hall

Report of the Governing Body, Year ended 30 June 2014, continued

Reserves policy

The College aims to continue to meet its charitable objectives in perpetuity and to seek to build up its Reserves so as to support this aim.

Risk assessment

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to mitigate those risks. A Risk Register has been prepared for approval and continuing review by the Governing Body.

During the year the College has carried out its annual Health and Safety Review and a Fire Risk Assessment. Regular testing includes Fixed Wiring, Portable Appliances, Fire Alarms, emergency lighting and fire extinguishers. The new computerised system of Planned Preventative Maintenance continues to provide considerable benefit and there is improved maintenance and management of the pool and gym.

Energy Conservation

The College aims to reduce its energy consumption each year through use of energy-efficient boilers and lighting, improved insulation and reduced waste.

Corporate Governance

1. The following statement is provided by the Governing Body 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 1137491) and subject to regulation by the Charity Commission for England and Wales. The members of the Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Governing Body is advised in carrying out its duties by a number of Committees.
 - a) Council
 - b) Finance
 - c) Official Fellowship
 - d) Fellowship
4. The principal officers of the College during the year were:

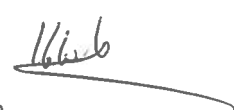

President:	Professor David Ibbetson [from 1 st Aug 13], Sir M Harris [to 31 st Jul 13]
Senior Tutor:	Dr Iain Black
Bursar:	Mrs Moira Gardiner [to 31 st Mar 14]
Acting Bursar	Mrs Joanna Womack [from 1 st Apr 14]
5. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body 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 Governing Body. Membership of the Finance Committee includes the President, Vice President and Bursar ex officio, plus 4 other members of GB, to include the Senior Tutor, or a Tutor. GSB President in attendance.
6. There are Registers of Interests of Members of the Governing Body, the Finance Committee and of the senior administrative officers. Declarations of interest are made systematically at meetings.
7. The College's Members of the Governing Body during the year ended 30 June 2014 are set out on page 1.

Clare Hall


Statement of Internal Control

1. The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
2. 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 system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2014 and up to the date of approval of the financial statements.
4. The Governing Body is responsible for reviewing the effectiveness of the system of internal control. As part of its supervision of the College's activities, the Finance Committee identifies and considers the major risks to which the College is exposed, and establishes systems and procedures to manage those risks which have been categorised as follows: Owning and operating buildings; Information technology; Legislation and regulation; Academic and pastoral care; and Financial management.
5. The Governing Body'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 Key Issues Memorandum and other reports.

On behalf of the Governing Body:



Professor David Ibbetson
President



Amanda Walker
Bursar

Clare Hall

Statement of Responsibilities of the Governing Body

The Finance Committee is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is the duty of the Bursar to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University, to the Governing Body.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent; and
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

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

Clare Hall

Independent Auditors' Report to the Governing Body of Clare Hall Year ended 30 June 2014

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

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge and with section 144 of the Charities Act 2011 and regulations under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Responsibilities of the Governing Body on page 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

Clare Hall

**Independent Auditors' Report to the Governing Body of Clare Hall
Year ended 30 June 2014 (continued)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Governing Bodies 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.



PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 04 November 2014

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

Clare Hall

Statement of Principal Accounting Policies Year ended 30 June 2014

Basis of preparation

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

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 8.

Basis of accounting

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

Consolidation

The College has no subsidiaries. The financial statements do not include the activities of student societies.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

Restricted grant income

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

Donations and benefactions

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

Capital grants and donations

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

Other income

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

Endowment and investment income

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

Clare Hall

Statement of Principal Accounting Policies, Year ended 30 June 2014, continued

Foreign currency translation

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

Tangible fixed assets

Land and buildings

Operational land and buildings are stated at depreciated replacement cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 50 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to permanent capital.

Finance costs which are directly attributable to the construction of buildings are not 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. They are not depreciated until they are brought into use.

The cost of additions to operational property shown in the balance sheet includes the cost of land.

Maintenance of premises

The College has a five 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 also sets aside sums on a regular basis to meet major maintenance costs which occur on an irregular basis.

Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £5,000 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Plant and machinery	4% per annum
Furniture and fittings	15% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	25% per annum

Rare books, silver, works of art and other assets not related to education

Assets deemed to be inalienable are not included in the balance sheet.

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.

Clare Hall

Statement of Principal Accounting Policies, Year ended 30 June 2014, continued

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. 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.

Investments

Fixed asset investment and endowment assets are included in the balance sheet at market value.

Stocks

Stocks are valued at the lower of cost and net realisable value.

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.

Endowment funds

Endowment funds are classified under three headings:

- Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College, the fund is classified as an unrestricted permanent endowment.
- Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.
- Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the College must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

Taxation

The College is a registered charity (number 1137491) 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.

Clare Hall

Statement of Principal Accounting Policies, Year ended 30 June 2014, continued

Contribution under Statute G, II

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

Pension costs

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The College also participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme, the assets of which are held in a separate, trustee-administered fund. Pension costs are assessed on the latest actuarial valuation of the scheme. The contribution rates current as at 30 June 2014 were 15.06% employer and 5% employee.

Clare Hall
Income & Expenditure Account
Year ended 30 June 2014

		2014	2013
		£	£
INCOME	Note	<u>Total</u>	<u>Total</u>
Academic fees and charges	1	535,201	414,261
Residences, catering and conferences	2	1,462,033	1,405,574
Endowment income	3	1,056,987	922,857
Other income	4	3,127	(1,053)
		<hr/>	<hr/>
Total income		3,057,348	2,741,639
		<hr/>	<hr/>
EXPENDITURE			
Education	5	963,740	899,300
Residences, catering and conferences	6	1,933,303	1,894,675
Other expenditure	7	276,412	186,644
		<hr/>	<hr/>
Total expenditure	8a	3,173,455	2,980,619
		<hr/>	<hr/>
Operating (deficit)/surplus		(116,107)	(238,980)
Contribution under Statute G,II	8	-	-
Transfer from accumulated income within restricted expendable capital		(126,262)	(91,886)
		<hr/>	<hr/>
NET (DEFICIT)/SURPLUS		<u>(242,369)</u>	<u>(330,866)</u>

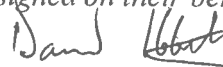
Clare Hall
Statement of Total Recognised Gains and Losses
Year ended 30 June 2014


	Restricted funds	Unrestricted funds	Total 2014	Total 2013
	£	£	£	£
Balance b/f 1.7.2013	<u>7,348,349</u>	<u>14,441,663</u>	<u>21,790,012</u>	<u>19,047,434</u>
Appreciation/(depreciation) of investment assets	477,633	681,779	1,159,412	2,029,842
Retained (deficit)/surplus for the year	-	(242,369)	(242,369)	(330,866)
Unspent trust fund income retained by funds	-	3,528	3,528	1,228
Unspent restricted fund income retained by funds	126,262	-	126,262	91,886
Benefactions and donations	-	-	-	781,091
Capital Grants received from Colleges Fund	-	264,000	264,000	259,000
Actuarial return less expected return on pension scheme assets	-	(211)	(211)	61,431
Changes in assumptions underlying the present value of the scheme liabilities	-	(98,340)	(98,340)	(147,794)
Experience gains and losses arising on scheme liabilities	-	(5,101)	(5,101)	(3,240)
Total recognised gains for the year	<u>603,895</u>	<u>603,286</u>	<u>1,207,181</u>	<u>2,742,578</u>
Balance c/f 30.6.2014	<u>7,952,244</u>	<u>15,044,949</u>	<u>22,997,193</u>	<u>21,790,012</u>

Clare Hall
Balance Sheet as at 30 June 2014

	Note		2014 £	2013 £
FIXED ASSETS				
Tangible assets	9		8,003,212	8,153,263
Investments	10		4,533,904	4,036,938
			12,537,116	12,190,201
ENDOWMENT ASSETS				
	11		14,219,450	12,957,003
CURRENT ASSETS				
Stocks			64,699	65,864
Debtors	12		163,261	162,685
Cash	13		912,033	1,170,579
			1,139,993	1,399,128
Creditors: amounts falling due within one year	14		(431,718)	(363,895)
Net current assets			708,275	1,035,233
Total assets less current liabilities			27,464,841	26,182,437
Creditors: amounts falling due after more than one year	15		(1,500,000)	(1,500,000)
Net assets excluding pension (deficit)/surplus			25,964,841	24,682,437
Pension (deficit)/surplus of CCFPS	20		(446,443)	(313,639)
Net assets including pension (deficit)/surplus			25,518,398	24,368,798
CAPITAL AND RESERVES				
		Restricted funds	Unrestricted funds	
		£	£	
Deferred Capital Grants	16	2,521,204	-	2,521,204
Endowments				
Expendable endowments	17	1,482,246	-	1,482,246
Permanent endowments	17	6,469,998	6,267,207	12,737,205
		7,952,244	6,267,207	14,219,451
Reserves				
General reserves excluding pension reserve	18	-	9,224,186	9,224,186
Pension reserve	18	-	(446,443)	(446,443)
		-	8,777,743	8,777,743
Subtotal		7,952,244	15,044,950	22,997,194
TOTAL		10,473,448	15,044,950	25,518,398

Approved by the Governing Body on 22 October 2014
and signed on their behalf by:


Professor D Ibbetson
President


Amanda Walker
Bursar

Clare Hall
Cash Flow Statement
Year ended 30 June 2014

	Note	2014 £	2013 £
OPERATING ACTIVITIES			
Net (deficit)/surplus		(242,369)	(330,866)
Depreciation	9	365,166	382,216
Investment income	3	(706,598)	(662,725)
Interest payable		72,252	72,334
Movement in pension surplus		29,152	14,750
(Increase)/decrease in stocks		1,165	3,140
Decrease in debtors		(576)	74,946
Increase/(decrease) in creditors		67,823	(52,893)
Net outflow from operating activities		<u>(413,985)</u>	<u>(499,098)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from Endowments	3	706,598	662,725
Retained endowment income		129,790	93,114
Release from Deferred Capital		(57,582)	(57,582)
Interest paid		(72,252)	(72,334)
Net cash inflow from returns on investment and servicing of finance		<u>706,554</u>	<u>625,923</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Donations and benefactions		-	781,096
Capital Grant received from Colleges Fund		264,000	259,000
Total capital receipts		<u>264,000</u>	<u>1,040,096</u>
			(98,371)
Payments to acquire tangible fixed assets		(215,115)	
Payments to acquire investment assets		(600,000)	(600,000)
Total capital expenditure		<u>(815,115)</u>	<u>(698,371)</u>
Net cash (outflow)/inflow from investing activities		<u>(551,115)</u>	<u>341,725</u>
FINANCING			
Long term loans received		-	-
Net cash inflow from financing		<u>-</u>	<u>-</u>
(Decrease)/increase in cash in the period		<u>(258,546)</u>	<u>468,550</u>
Reconciliation of net cash flow to movement in net liquid assets			
(Decrease)/increase in cash in the period	13	(258,546)	468,550
Change in long term loan		-	-
Net change		(258,546)	468,550
Net debt at 1 July 2013		<u>(329,427)</u>	<u>(797,977)</u>
Net debt at 1 July 2014		<u>(587,973)</u>	<u>(329,427)</u>

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

1 ACADEMIC FEES AND CHARGES		2014	2013
COLLEGE FEES		£	£
Undergraduate fee income		-	-
Graduate fee income			
per capita fee 2014 £2,408 (2013 £2,349)		<u>535,201</u>	<u>414,261</u>
Total		<u>535,201</u>	<u>414,261</u>
2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES		2014	2013
		£	£
Accommodation	College members	1,326,927	1,303,576
	Conferences	-	-
Catering	College members	135,106	101,998
	Conferences	<u>-</u>	<u>-</u>
Total		<u>1,462,033</u>	<u>1,405,574</u>
3 ENDOWMENT INCOME		2014	2013
	Income from restricted funds for collegiate purposes	Income from unrestricted funds	Total
	£	£	£
Income from:			Total
Cambridge University Endowment Fund	257,859	369,228	627,087
Charity Property Fund	<u>32,695</u>	<u>46,816</u>	<u>79,511</u>
	290,554	416,044	662,725
Donations and benefactions	217,569	75,238	292,807
Release from Deferred Capital	<u>-</u>	<u>57,582</u>	<u>57,582</u>
Total	<u>508,123</u>	<u>548,864</u>	<u>1,056,987</u>
4 OTHER INCOME		2014	2013
		£	£
Net Finance income in respect of defined benefit pension scheme		<u>3,127</u>	<u>(1,053)</u>
Total		<u>3,127</u>	<u>(1,053)</u>
5 EDUCATION EXPENDITURE		2014	2013
		£	£
Teaching		41,084	38,682
Tutorial		136,722	134,891
Admissions		59,558	59,313
Research		404,463	362,043
Scholarships and awards		100,931	80,774
Other educational facilities		<u>220,982</u>	<u>223,597</u>
Total		<u>963,740</u>	<u>899,300</u>

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

		2014	2013
		£	£
Accommodation	College members	1,557,596	1,542,136
	Conferences	-	-
Catering	College members	375,707	352,539
	Conferences	-	-
Total		1,933,303	1,894,675

7 OTHER EXPENDITURE

		2014	2013
		£	£
Vending Machines		-	5,228
Fellows Commons		34,789	25,278
Student Meals Subsidy		36,664	26,295
Development Office Salaries		114,178	81,077
Art Fund		953	1,750
Music Series		6,704	10,541
Misc.		2,384	275
Development Account		80,740	36,200
Total		276,412	186,644

8a ANALYSIS OF 2013/14 EXPENDITURE BY ACTIVITY

	Staff costs (note 19)	Other operating expenses	Depreciation	Interest	Total
	£	£	£	£	£
Education (note 5)	384,344	539,374	40,022	-	963,740
Residences, catering and conferences (note 6)	565,721	970,186	325,144	72,252	1,933,303
Other (note 7)	109,498	166,914	-	-	276,412
	1,059,563	1,676,474	365,166	72,252	3,173,455

8b ANALYSIS OF 2012/13 EXPENDITURE BY ACTIVITY

	Staff costs (note 19)	Other operating expenses	Depreciation	Interest	Total
	£	£	£	£	£
Education (note 5)	355,029	502,380	41,891	-	899,300
Residences, catering and conferences (note 6)	538,179	943,837	340,325	72,334	1,894,675
Other (note 7)	75,383	111,261	-	-	186,644
	968,591	1,557,478	382,216	72,334	2,980,619

Expenditure includes £194,918 as the costs of fund raising (2013: £117,277). This expenditure includes the costs of alumni relations.

8c AUDITORS' REMUNERATION

	2014	2013
	£	£
Other operating expenses include:		
Audit fees payable to the College's external auditors	10,000	11,124
Other fees payable to the College's external auditors	3,793	2,584
	13,793	13,708

The amounts above are stated inclusive of VAT.

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

9 TANGIBLE FIXED ASSETS	Freehold land and buildings	Infrastructure and equipment	Heritage assets	2014
	£	£	£	£
VALUATION				
As at 1st July 2013	10,299,374	1,095,903	150,000	11,545,277
Additions at cost	14,357	200,758	-	215,115
Eliminations	-	-	-	-
Valuation as at 30th June 2014	<u>10,313,731</u>	<u>1,296,661</u>	<u>150,000</u>	<u>11,760,392</u>
DEPRECIATION				
As at 1st July 2013	2,988,873	403,141	-	3,392,014
Charge for the year	298,616	66,550	-	365,166
Eliminations	-	-	-	-
Provision for depreciation as at 30th June 2014	<u>3,287,489</u>	<u>469,691</u>	<u>-</u>	<u>3,757,180</u>
Net book value as at 30th June 2014	<u>7,026,242</u>	<u>826,970</u>	<u>150,000</u>	<u>8,003,212</u>
Net book value as at 30th June 2013	<u>7,310,502</u>	<u>692,762</u>	<u>150,000</u>	<u>8,153,263</u>

The College's operational buildings are insured for a rebuilding cost of £31,156,250 (2013: £25,616,868). There has been no movement in heritage assets during the past five years.

10 INVESTMENT ASSETS	2014	2013
	£	£
Balance at 1st July 2013	16,993,941	14,364,104
Additions	600,000	599,995
Disposals	-	-
Appreciation/(depreciation) on revaluation	<u>1,159,413</u>	<u>2,029,842</u>
Balance at 30th June 2014	<u>18,753,354</u>	<u>16,993,941</u>
Represented by:		
Charities Property Fund	1,541,040	1,402,916
Cambridge University Endowment Fund	<u>17,212,314</u>	<u>15,591,025</u>
Total	<u>18,753,354</u>	<u>16,993,941</u>
Disclosed as:		
Investments	4,533,904	4,036,938
Endowment assets (see note 17)	<u>14,219,450</u>	<u>12,957,003</u>
	<u>18,753,354</u>	<u>16,993,941</u>

11 ENDOWMENT ASSETS	2014	2013
	£	£
Investments (see note 10)	<u>14,219,450</u>	<u>12,957,003</u>

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

12 DEBTORS	2014	2013
	£	£
Members of College	71,526	68,096
Sundry debtors	<u>91,735</u>	<u>94,589</u>
	<u>163,261</u>	<u>162,685</u>
13 CASH	2014	2013
	£	£
Bank current accounts	910,093	1,167,026
Cash in hand	<u>1,940</u>	<u>3,553</u>
	<u>912,033</u>	<u>1,170,579</u>
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014	2013
	£	£
Members of College	127,367	106,446
Trade creditors	165,650	163,634
Cambridge Foundation exp. allocation	-	342
Tax and pension funds	30,747	24,235
University composition fees	<u>107,954</u>	<u>69,238</u>
	<u>431,718</u>	<u>363,895</u>
15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2014	2013
	£	£
Bank loans	<u>1,500,000</u>	<u>1,500,000</u>
	<u>1,500,000</u>	<u>1,500,000</u>
16 DEFERRED CAPITAL GRANTS	2014	2013
	Total	Total
	£	£
Buildings:		
Balance at beginning of year	2,578,786	2,636,368
Released to income and expenditure account	<u>(57,582)</u>	<u>(57,582)</u>
	<u>2,521,204</u>	<u>2,578,786</u>

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

17 ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	Total 2014	Total 2013
	£	£	£	£	£	£
Balance at beginning of year:						
Capital	5,602,368	5,907,220	11,509,588	1,083,806	12,593,394	10,313,168
Unspent income	6,287	120,851	127,138	236,472	363,610	265,436
Transfers	-	-	-	-	-	-
	<u>5,608,655</u>	<u>6,028,071</u>	<u>11,636,726</u>	<u>1,320,278</u>	<u>12,957,004</u>	<u>10,578,604</u>
New Endowments received	264,000	-	264,000	-	264,000	1,040,091
Income received from endowment asset investment	232,895	256,777	489,672	251,346	741,018	606,953
Expenditure	(229,367)	(211,035)	(440,402)	(170,826)	(611,228)	(513,838)
Net transfer from income and expenditure account	3,528	45,742	49,270	80,520	129,790	93,115
Transfers	1,416	-	1,416	-	1,416	(259,000)
Increase/(decrease) in market value of investments	389,608	396,185	785,793	81,448	867,241	1,504,194
Balance at end of year	<u>6,267,207</u>	<u>6,469,998</u>	<u>12,737,205</u>	<u>1,482,246</u>	<u>14,219,451</u>	<u>12,957,004</u>
<i>Comprising:</i>						
Capital	6,257,392	6,363,003	12,620,395	1,308,118	13,928,513	12,599,681
Unspent income	9,815	106,995	116,810	174,128	290,938	357,323
Balance at end of year	<u>6,267,207</u>	<u>6,469,998</u>	<u>12,737,205</u>	<u>1,482,246</u>	<u>14,219,451</u>	<u>12,957,004</u>
<i>Representing:</i>						
Fellowship Funds	-	4,773,824	4,773,824	1,174,667	5,948,491	5,774,930
Scholarship Funds	-	1,552,516	1,552,516	177,058	1,729,574	1,386,068
Prize Funds	-	-	-	-	-	-
Hardship Funds	-	-	-	-	-	-
Bursary Funds	280,688	32,777	313,465	37,339	350,804	316,602
Other Funds	-	110,881	110,881	93,182	204,063	131,042
General Endowments	5,986,519	-	5,986,519	-	5,986,519	5,348,362
	<u>6,267,207</u>	<u>6,469,998</u>	<u>12,737,205</u>	<u>1,482,246</u>	<u>14,219,451</u>	<u>12,957,004</u>

18 RESERVES

	General Reserves £	Total 2014 £	Total 2013 £
Balance at beginning of year	8,833,009	8,833,009	8,468,830
(Deficit)/surplus retained for the year	(242,369)	(242,369)	(330,866)
Actuarial (loss)/gain	(103,652)	(103,652)	(89,603)
(Decrease)/increase in market value of investments	292,171	292,171	525,648
Benefactions and donations	264,000	264,000	259,000
Transfers	(265,416)	(265,416)	-
	<u>8,777,743</u>	<u>8,777,743</u>	<u>8,833,009</u>

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

19 STAFF

	College fellows	Other academic	Non- academic	Total 2014	Total 2013
	£	£	£	£	£
Staff costs:					
Emoluments	174,476	-	706,802	881,278	810,870
Social security costs	15,993	-	60,710	76,703	69,175
Other pension costs	17,792	-	83,790	101,582	88,546
	<u>208,261</u>	<u>-</u>	<u>851,302</u>	<u>1,059,563</u>	<u>968,591</u>
Average staff numbers:					
Academic	57	-	-	57	57
Non-academic (full-time equiv.)	1	-	27	28	28
	<u>58</u>	<u>-</u>	<u>27</u>	<u>85</u>	<u>85</u>
				2014	2013
				£	£
Trustees' remuneration included above				192,268	166,561

The trustees receive no remuneration in their role as trustees of the charity.

Of the 58 fellows declared above 9 are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £70,000.

20 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). The total pension cost for the period was £101,582 (2013: £88,546).

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Ltd. USS has over 142,000 active members and the college has seven active members participating in the scheme.

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.

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

20 PENSION SCHEMES continued

Universities Superannuation Scheme cont'd

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	SINA ["light"] YoB tables - no age rating
Female members' mortality	SINA ["light"] YoB tables - rated down 1 year

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

The Actuary also valued the scheme on a number of other bases as at the valuation date. On 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 Pensions Protection Fund regulations introduced by the Pensions Act 2004 it was 93% funded; on a buy-out basis (i.e. assuming the Scheme 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 an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

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

However, changes in the market conditions between March 2011 and March 2014 have had an impact on scheme funding. The net formal triennial actuarial valuation took 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 scheme liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary calculated 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%.

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Notes to the Accounts for the year ended 30 June 2014:

20 PENSION SCHEMES continued

Universities Superannuation Scheme cont'd

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 valuation are set out below:

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 £1.0 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 provision relates essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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

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

Since the valuation effective date 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 provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

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

Flexible retirement

Flexible retirement options were introduced.

Member contributions increased

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

Cost sharing

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

Pension increase cap

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

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.

Clare Hall

Notes to the Accounts for the year ended 30 June 2014:

20 PENSION SCHEMES continued

Universities Superannuation Scheme cont'd

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 the scheme funding, backed as it is by a robust Higher Education (HE) sector.

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

At 31 March 2014, USS has over 162,000 active members and the institution had nine active members participating in the scheme.

The total pension cost for the College was £45,372 (2013: £38,638). The contribution rate payable by the College was 16% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme

The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme, in the United Kingdom. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the scheme are contracted into the State Second Pension (S2P).

The contribution made by the College, including PHI, in respect of the year ended 30 June was £56,210 (2013: £49,217). The contribution rate payable by the College was 15.06% of pensionable salaries.

A full valuation is being undertaken as at 31 March 2014 and updated to 30 June 2014 by a qualified independent Actuary.

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

	30 June 2014	30 June 2013
Discount rate	4.2%	4.6%
Inflation assumption	6.2%	6.2%
Rate of increase in salaries	2.8%*	2.8%*
Retail Prices Index (RPI) assumption	3.3%	3.3%
Consumer Prices Index (CPI) assumption	1.3%	1.3%
Rate of increase in pensions in payment	3.3%	3.3%

* 1.5% in 2013, 2.8% thereafter

** 1.5% in 2014 to 2016; 2.8% thereafter

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

- Male age 65 now has a life expectancy of 22.3 years (previously 22.0 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 25.3 years)

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Notes to the Accounts for the year ended 30 June 2014:

20 PENSION SCHEMES continued

Cambridge Colleges Federated Pension Scheme cont'd

Employee Benefit Obligations

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

	30-Jun-14	30-Jun-13
	£	£
Present value of Scheme liabilities	(1,640,883)	(1,398,781)
Total market value of assets	<u>1,194,440</u>	<u>1,085,142</u>
Net pension (liability)/asset	<u>(446,443)</u>	<u>(313,639)</u>

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

	30-Jun-14	30-Jun-13
	£	£
Current service cost (net of Employee contributions)	93,804	65,847
Interest on Pension Scheme liabilities	66,352	55,146
Expected return on pension scheme assets	(69,479)	(54,093)
Past service cost	-	-
Total	<u>90,677</u>	<u>66,900</u>
Actual return on scheme assets	<u>69,268</u>	<u>115,524</u>

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

	30-Jun-14	30-Jun-13
	£	£
Present value of Scheme liabilities at beginning of period	1,398,781	1,151,742
Service cost (including Employee contributions)	113,573	82,377
Interest cost	66,352	55,146
Actuarial losses/(gains)	103,441	151,034
Benefits paid	<u>(41,264)</u>	<u>(41,518)</u>
Present value of Scheme liabilities at end of period	<u>1,640,883</u>	<u>1,398,781</u>

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

	30-Jun-14	30-Jun-13
	£	£
Market value of scheme assets at beginning of period	1,085,142	942,456
Expected return	69,479	54,093
Actuarial gains/(losses)	(211)	61,431
Contributions paid by College	61,525	52,150
Employee contributions	19,769	16,530
Benefits paid	<u>(41,264)</u>	<u>(41,518)</u>
Market value of Scheme assets at end of period	<u>1,194,440</u>	<u>1,085,142</u>

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Notes to the Accounts for the year ended 30 June 2014:

20 PENSION SCHEMES continued

Cambridge Colleges Federated Pension Scheme cont'd

The agreed contributions to be paid by the College for the forthcoming year are to remain at 13.74% of Contribution pay plus £6,369 p.a. to cover expenses, subject to review at future actuarial valuations. This rate excludes PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the 12 months ending 30 June 2014 (with comparative figures for 12 months ending 30 June 2013) are as follows:

	30-Jun-14	30-Jun-13
Equities and Hedge Funds	70%	68%
Bonds & Cash	23%	24%
Property	7%	8%
Total	100%	100%

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

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

	30-Jun-14	30-Jun-13
	£	£
Actuarial return less expected return on scheme assets	(211)	61,431
Experience gains and losses arising on scheme liabilities	(5,101)	(3,240)
Changes in assumptions underlying the present value of Scheme liabilities	<u>(98,340)</u>	<u>(147,794)</u>
Actuarial (loss)/gain recognised in STRGL	<u>(103,652)</u>	<u>(89,603)</u>

Cumulative amount of actuarial gains and losses recognised in STRGL for the 12 months ending 30 June 2014 (with comparative figures for the 12 months ending 30 June 2013) are as follows:

	30-Jun-14	30-Jun-13
	£	£
Cumulative actuarial gain/(loss) at beginning of period	(347,147)	(257,544)
Recognised during the period	<u>(103,652)</u>	<u>(89,603)</u>
Cumulative actuarial gain/(loss) at end of period	<u>(450,799)</u>	<u>(347,147)</u>

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

	30-Jun-14	30-Jun-13
	£	£
(Deficit)/surplus in Scheme at beginning of year	(313,639)	(209,286)
Service cost (Employer only)	(93,804)	(65,847)
Contributions paid by the College	61,525	52,150
Finance cost	3,127	(1,053)
Actuarial (losses)/gains	<u>(103,652)</u>	<u>(89,603)</u>
(Deficit) in Scheme at the end of the year	<u>(446,443)</u>	<u>(313,639)</u>

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Notes to the Accounts for the year ended 30 June 2014:

20 PENSION SCHEMES continued Cambridge Colleges Federated Pension Scheme cont'd

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

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	31-Mar-10
	£	£	£	£	£
Present value of Scheme liabilities	(1,640,883)	(1,398,781)	(1,151,742)	(1,046,584)	(947,165)
Market value of Scheme assets	1,194,440	1,085,142	942,456	1,065,411	898,387
(Deficit)/surplus in the Scheme	(446,443)	(313,639)	(209,286)	18,827	(48,778)
Actuarial return less expected return on Scheme assets	(211)	61,431	(184,058)	28,123	99,639
Experience (loss)/gain arising on Scheme liabilities	(5,101)	(3,240)	(19,256)	3,006	31,728
Changes in assumptions underlying present value of Scheme liabilities	(98,340)	(147,794)	(19,755)	49,502	(200,074)

21 RELATED PARTY TRANSACTIONS

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

