

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

For the year ended 31 July 2016



FITZWILLIAM COLLEGE

CONTENTS

Page

Reference and Administrative Details	1-2
Organisation and Governance	3-5
Annual Report of the Governing Body	6-13
Statement of Internal Control	14
Statement of Responsibilities of the Governing Body	15
Independent Auditors' Report	16
Statement of Principal Accounting Policies	17-21
Consolidated Statement of Comprehensive Income and Expenditure	22
Consolidated Statement of Changes in Reserves	23
Consolidated Balance Sheet	24
Consolidated Cash Flow Statement	25
Notes to the Financial Statements	26-40

REFERENCE AND ADMINISTRATIVE DETAILS

Fitzwilliam College

Storey's Way
Cambridge
CB3 0DG

Charity Registration number: 1137496

Charity Trustees (Members of the Governing Body):

Members of the Governing Body receive no remuneration for acting in that capacity.
However, remuneration is paid to those members holding specific positions as College officers.

Members of the Governing Body during the year were as follows:

Master: Mrs N M Padfield

Bursar: Mr R A Powell*

Senior Tutor: Dr P A Chirico*

Other Members:

Dr M J S Holly*	Dr P J Rentfrow
Professor N K H Slater	Dr S J Gathercole*
Dr W Allison	Dr M B Wingate
Professor M D Potter*	Dr J M Cullen
Mr R J A Hooley	Dr S K Larsen
Dr D M Scott	Mr F Knights
Dr D J Cole	DR J K Aitken
Professor D A Cardwell	Dr H C Canuto*
Dr R E Horrox*	Mrs A M Watson
Dr J D Leigh	Dr H Bettinson
Dr K W Platts	Dr P S E Zu Ermgassen
Professor D Keown*	Dr A Jardine
Dr B Vira*	Dr A Hunt (resigned 30/09/2015)
Professor R S Langley	Dr K J Boddy
Dr I Moller	Dr L M Hanson
Professor R P Haining (retired 30/9/15)	Mr T H Hughes
Professor E Mastorakos	Dr T A Thieme (resigned 30/09/2015)
Dr D A Coomes	Dr H Wilkinson
Professor M J Millett	Mr S A Middleton
Dr R D Camina	Dr S Mukherji
Dr A G Kovalev	Dr S Sawiak
Dr D R E Abayasekara	Dr H Chalmers
Dr J A Elliott*	Dr A Televantos (appointed 05/10/2015)
Dr A E H Wheatley	Dr E Lees (appointed 05/10/2015)
Dr K Saeb-Parsy	Dr G Glickman (appointed 05/10/2015)
Professor D M Glover (retired 30/9/15)	Dr J Guarneri (appointed 05/10/2015)
Dr S S Owen	Dr M Iacovou (appointed 05/10/2015)
Dr A S Tavernor*	

*Also served on the College Committee.

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Senior officers

Master: Mrs N M Padfield
Senior Tutor: Dr P A Chirico
Senior Bursar: Mr R A Powell

Principal advisers

Auditors

Peters Elworthy & Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank plc
9-11 St Andrews Street
Cambridge
CB2 3AA

Property Managers

Bidwells
Trumpington Road
Cambridge
CB2 9LD

Investment Managers

Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

Legal Advisers

Hewitsons LLP
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

ORGANISATION AND GOVERNANCE

The following statement is provided by 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.

Fitzwilliam College is an independent College of the University of Cambridge and was formed under Royal Charter granted on 9 September 1966.

Having previously held exempt charitable status, the College became a Registered Charity (registered number 1137496) subject to regulation by the Charity Commission for England and Wales, on 16th August 2010.

The Fellows of the College comprise the Governing Body, which is responsible for the government of the College in accordance with its Statutes. The Fellows are the Trustees of the Registered Charity and are responsible for ensuring compliance with charity law. New Fellows are elected by a vote of the Governing Body, having been formally proposed by the College Committee, and take up their trusteeship upon formal admission. The detailed procedures for election and admission are set out in Statute XVIII of the College Statutes which can be viewed on the College website. New Fellows are made aware of their duties and responsibilities as Trustees as part of their induction to the College, including being provided with a copy of the Charity Commission document "The Essential Trustee".

The College has a policy for the registration and declaration of interests for the purpose of managing any conflicts that might arise in the conduct of the College's business. A register of interests is maintained and updated regularly. Declarations of interest are made systematically at meetings; at the discretion of the chair, members may be required to absent themselves from the meeting during discussion of the matter in respect of which they have an interest.

The members of the Governing Body during the year ended 31ST July 2016, including the senior officers, are listed on page 1.

Corporate Governance

The College statutes require that at least one Ordinary College Meeting of the Governing Body be held in each University term and a Special College Meeting (called the Audit Meeting) takes place every year. At the Audit meeting the Governing Body reviews the Annual Report and Financial Statements and satisfies itself that they present a balanced and understandable assessment of the College's position and prospects. During the year the Governing Body met on seven occasions, including the Audit Meeting.

There is an internal Audit Committee made up of two elected members of the Governing Body, with the remit to report to the Governing Body on the Annual Accounts of the College and any matters arising therefrom, including strategic issues, management of the College and its finances, and the content of the Bursar's Report on the Accounts. The members of the Audit Committee meet with the external auditors and have full independent access to them. The Audit Committee is also responsible for advising the Governing Body on the adequacy of the College's risk management arrangements.

The Governing Body has delegated some duties to the College Committee so that it can control key issues and monitor the overall performance of the College. The Governing Body decides on organisational strategy and authority is delegated to the College Officers for implementing that strategy and for managing the College.

It is the duty of the College 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 auditors, to monitor the implementation of recommendations made by the auditors, and to approve the Bursar's annual report to the Governing Body.

The College Committee is chaired by the Master, and its membership comprises the President, the Senior Tutor, the Graduate Tutor, the Bursar, the Secretary of the Governing Body and 7 Fellows elected to serve for 2 years at a time.

The work of the Governing Body and the College Committee is supported and informed by a number of Committees, the most important of which are the Education Committee, the Tutorial Committee, the Investment Advisory Committee, the Estates Committee and the Development Committee.

ORGANISATION AND GOVERNANCE (continued)

Principal Policies

Risk Management

15 strategic risks have been identified by the Governing Body and responsibility for their management passed to nominated risk owners under the oversight of the appropriate College committee. The Audit Committee reports annually to the Governing Body on the management of risks. Each risk is scored for severity, based upon an assessment of its likelihood and maximum potential impact, both before and after mitigation. The five biggest risks before mitigation are summarised below:

Risk Description	Mitigation
Governance: Ineffective or incoherent decision making, leading to a failure of strategy, or the investment of resources in activities that are outside the objects or authority of the College.	<ul style="list-style-type: none"> Formal meetings of the Governing Body and key Committees. Adherence to and monitoring of Statutes and Ordinances. Induction of new Fellows. 5 year "rolling plan" regularly reviewed and updated.
Academic Staff: Failure to attract and retain high quality academic staff resulting in inability to provide suitable teaching and/or a loss of student applications of acceptable quality.	<ul style="list-style-type: none"> Close oversight by the College Committee, supported by systematic identification of teaching needs. Heavily devolved teaching structure. Active engagement in raising funds for teaching support. Involvement of all Fellows in the planning and implementation of change, alongside competitive terms and conditions of service. Rigorous selection and review procedures.
Property: Loss or impairment of the physical assets resulting in major disruption to College operations, financial or reputational loss.	<ul style="list-style-type: none"> Close oversight by the Estates Committee. Forward planning based upon assessment of needs. Effective and regularly tested emergency and business continuity plans. Close relationships with relevant professionals. Insurance cover regularly reviewed.
Information Systems: Loss or corruption of Data, Loss or Deterioration of Network or Internet Connectivity. Reputational damage or compliance costs arising from inappropriate release of personal Data.	<ul style="list-style-type: none"> Duplication of hardware where feasible and regular data back-up. Employment of skilled IT staff supported by professional consultants, and supplier support contracts. External network screening complemented by staff awareness training. Disaster recovery plans. Effective data protection policy and procedures.
Investment: Long term or permanent reduction in real value of College's endowment, and/or loss of income to the College, as a result of external market events or inadequate controls.	<ul style="list-style-type: none"> Close oversight by the Investment Advisory Committee. Long term asset allocation policy based upon a realistic assessment of College needs and tolerance of risk. Appointment of professional investment managers, regularly reviewed.

The major risks after mitigation relate to the employment and performance of academic staff, maintaining the real value of the College's endowment, fundraising and external economic or regulatory events impacting the financial stability of the College.

The College has a strong system of financial and management controls. The financial cycle begins with the approval by the Governing Body of the annual budget; as part of this process the Governing Body also reviews five-year projections. Monthly management accounts, incorporating budget comparisons and forecasts are prepared and are scrutinised by the College Committee. Budget responsibility is devolved from the Bursar to heads of department, and the Bursar undertakes regular reviews of performance at this level.

ORGANISATION AND GOVERNANCE (continued)

Investment

The primary investment objective for Fitzwilliam College is to protect the real value of the capital base and the income generated from it. Subject to this overriding aim, the investment policy is focused on producing total return that is consistent with being able to meet a cash withdrawal requirement over a stock market cycle expressed as 4% of the value of the stock market portfolio.

The College is a long term investor, and recognises that there will be fluctuations in market values. Breach of bank loan covenants would have very serious consequences, and is the most critical factor in considering tolerance of capital value fluctuations. The Governing Body believes that maintaining a diversified portfolio of high quality real assets is the appropriate policy to meet the primary objective and to provide protection against inflation risk. The College's investment managers have been appointed within the terms of a discretionary portfolio management agreement. Investment performance is assessed against a standard asset allocation structure which is anticipated to meet the overall investment objective, including the necessary income generation.

The College adheres to Charity Commission guidance on ethical investments, and the Investment Advisory Committee may from time to time, where it is consistent with that advice, direct the investment managers not to invest in specific companies. Such companies shall include tobacco companies, arms companies trading with terrorists or with countries with which the UK government does not permit them to trade and those dependent upon pornography or child labour.

Employment

The College consults with its non-academic staff through staff team meetings, Head of Department meetings and an annual all-staff meeting held by the Bursar. Training needs are identified on an individual basis through regular appraisals and are addressed through both external and internal provision. The College is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer.

After the closure of the Fitzwilliam College Assistant Staff Superannuation (FCASS) scheme to new contributions in 2004, members of the non-academic staff were offered the opportunity to join Universities Superannuation Scheme (USS) upon completion of a satisfactory probationary period. This option closed on 31st October 2013, since when staff who are not already a member of one of the above schemes have been offered membership of the Cambridge Colleges Group Personal Pension scheme, a defined contribution scheme operated by Aviva Life and Pensions UK Ltd. There remains a significant number of current and former staff who have accrued benefits in FCASS and in USS.

Environmental Management

Fitzwilliam College has an active Environmental Committee, composed of students, fellows and staff, working together to implement green initiatives and increase awareness of environmental issues. The College signed the Cambridge Climate Change Charter in November 2008 and has put in place an Environmental Action Plan covering energy efficiency, carbon emissions, water consumption, waste management and minimisation, purchasing, transport, chemical pollutants and new developments and construction. The Fairtrade Foundation has certified Fitzwilliam as a Fairtrade College since June 2009.

The College is a member of the Cambridge Colleges' Carbon Reduction Commitment Consortium through which the Colleges work together to meet their obligations under the Government's Carbon Reduction Commitment (CRC) Energy Efficiency scheme.

ANNUAL REPORT OF THE GOVERNING BODY

Introduction

Fitzwilliam College has its origin in the Non-Collegiate Students Board, established by the University in 1869; subsequently the name "Fitzwilliam Hall" was adopted, later changed to "Fitzwilliam House". In 1966 Fitzwilliam became a full College by Royal Charter, an event which coincided with the move from the original premises in Trumpington Street, to the present site between Huntingdon Road and Storey's Way.

Fitzwilliam today is one of the larger Colleges in the University, a community of over 900 people including students, Fellows, Bye-Fellows and staff. The incorporation of "The Grove" into the College in 1988 enabled the completion of new development on the College site, culminating in the opening of the new Library in 2010.

In 2016 the College updated its medium term "rolling" plan, aimed at determining priorities and providing a framework for operation through to 2021. This plan is regularly reviewed both to ensure that its framework accommodates changing external imperatives and to measure progress towards specific targets.

Aims and objectives of the College

The principal charitable objectives of the College, set out in the College's Charter and application for charity registration, are:

- (a) To advance education, religion, learning and research in the University.
- (b) To provide a College wherein members of the University may work for Degrees in the University or may carry out postgraduate or other special studies at Cambridge.

Public Benefit

In its decision making during the year, the Governing Body had due regard of the Public Benefit guidance issued by the Charity Commission. In particular, it has been concerned to ensure that the benefits of the education provided by the College are, and are understood to be, open to talented applicants from every background. It has pursued this aim by investing in an active 'outreach' programme designed to increase awareness of the educational opportunities provided, and by working closely with the University and with supporters of the College to ensure that funding support is available to those who meet the entry criteria, with the intention that no student should be prevented by their financial background from benefitting from the education offered.

An extensive programme of open days, school visits, teacher conferences, shadowing schemes and other initiatives, led by the Admissions Tutors and a full time Schools Liaison Officer, in conjunction with junior and senior members and alumni of the College, has continued and been further developed during the year. Admissions Tutors, Directors of Studies and a large team of interviewers sought to identify those with the strongest academic potential from a large and diverse field of candidates for undergraduate study in August, December and January.

The College provides bursary support for undergraduates of limited financial means, through a scheme operated jointly between the University and the Colleges, and supported by the Isaac Newton Trust. The scheme is approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. The costs of the scheme are shared between the University and the College, and the College also provides bursaries and grants to help students with particular needs from its own resources. During the year the total payments to students under these various schemes was over £542,000, an increase of 10.7% over the previous year, and the College share was equivalent to 12.3% of fee income received. Further details are given below:

Financial Support

In total the College made over 1000 awards to undergraduate and graduate students, under a range of schemes, from multiple funds.

- a) University awards
 - (i) 106 undergraduate students received Cambridge Bursaries. 60 were at the maximum value of £3,500. Awards totalled £300,799, of which £67,556 was contributed directly by the College.
 - (ii) 3 students successfully applied to the Access to Learning Fund, with awards totalling £3,280.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

b) College awards:

- (i) The College awarded 81 Maintenance Bursaries, totalling £42,950 to undergraduates, and 29 Maintenance Bursaries, totalling £12,300 to graduate students.
- (ii) 5 new awards of Goldman Sachs Bursaries (value £1,500pa) were made to undergraduates, and a further 10 renewals were made for 2015/16.
- (iii) 22 graduate students received Studentships totalling £108,347, ranging in value from £1,000 to £14,000. 48 College Senior Scholarships were also awarded.
- (iv) A further 204 Prizes and Scholarships were awarded to undergraduates and graduates with distinguished academic records.
- (v) 115 Graduate Research Awards were made in the total sum of £26,321.
- (vi) 117 Travel Awards were made to undergraduate students in the total sum of £27,469. 94 of these awards were directly related to the student's course of study.
- (vii) 126 additional awards (in the total sum of £25,105) were made from the Student Opportunities Fund, which provides support to enable students to take advantage of opportunities within the University which would not otherwise be available to them. Grants awarded from the Student Opportunities Fund included awards for Vacation Project Accommodation Allowances, Charitable Project Awards, contributions towards the cost of in-session support in English for Academic Purposes, awards for successful participation in the Cambridge University Language Programme, Sailbridge Special Project Awards, a Cycle Safety Course, and a contribution to the Undergraduate Vacation Rent Allowance Scheme.

Additional awards were also made in recognition of outstanding achievements and in support of musical, sporting and other activities.

The College has remained active in securing substantial new funding from alumni and others to meet the needs of present-day students, addressing issues of hardship while providing opportunity funds to enable engagement in all areas of university life, academic and extra-curricular.

A wide range of visitors has been welcomed during the year, to a broad and substantial programme of events, including lectures, discussions, conferences, concerts, poetry readings and open days.

Statement of Trustee benefits

Members of, and academic visitors to, the College, both students and Fellows, are the prime beneficiaries of the Charity. The College is constituted by Royal Charter as a self-governing body of scholars. This means that the Fellows who are members of the Governing Body are also Trustees of the Charity. This places a special fiduciary duty on the Governing Body to ensure that the private benefit accruing to the Master and Fellows through stipends and related benefits is objectively reasonable, measured against academic stipends generally; the Governing Body is satisfied that this is the case, noting particularly that annual pay increases normally follow national settlements applying to the university sector.

Any employment and/or remuneration of the Master and Fellows is undertaken with the intention of furthering the College's charitable purposes. The senior officers of the College such as the Master, Bursar, Development Director, Senior Tutor, College Lecturers, Tutors, Directors of Studies, and Dean receive stipends. Fellows of the College may also receive remuneration for undertaking teaching. No remuneration is paid for undertaking the role of Trustee. Remuneration received by Fellows for teaching and the performance of other College Offices in the year 2015-16 was £708,000. Office facilities are also provided for all Fellows.

As beneficiaries of the Charity the Fellows receive certain allowances and privileges to support them in their teaching and research activities. These include research allowances, dining rights and the use of College guest rooms for academic visitors.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Subject to availability and need, the College Statutes also require the Governing Body to make available residential accommodation in College free of any rental charge. Resident Fellows pay a charge to cover the costs of servicing this accommodation. During the year ended 2015-16 there were 9 Fellows resident in the College. Research Fellows who choose not to live in College are paid a living out allowance.

The College operates a housing loan scheme to support new Fellows acquiring their first property in the Cambridge area. The purpose is to enable the College to attract new Fellows and thereby to strengthen the teaching and research undertaken within the College. The loans are made at a rate of interest which is not less than the Official Rate of interest, as determined by HM Revenue & Customs from time to time, that should be applied to beneficial loans made by employers to employees. At the end of the financial year 2015-16 there were 4 housing loans outstanding with a balance of £437,923.

Academic Review

For the academic year 2015/16 the student body comprised 447 undergraduates (57%) and 337 graduate students (43% - including 57 writing up dissertations, and 47 part-time). Pastoral support and general academic and personal guidance were offered to all students by the College's dedicated team of Tutors supported by others including the Chaplain, Nurse, Counsellor, Porters, trained student peer supporters and elected student representatives and welfare teams. Facilities and financial support have been provided for a wide range of extra-curricular activities, including for example sporting fixtures, dramatic performances and numerous musical events, which were open to the public.

Undergraduates

Of 447 undergraduates, 265 were male and 182 female; 357 were Home students, 20 from elsewhere in the European Union, and 70 were from outside the EU.

Small-group teaching is a distinctive feature of undergraduate education at Cambridge, alongside lectures, seminars and practical work. Directors of Studies in 31 subject areas organised academic supervision by 977 specialists for Fitzwilliam undergraduates. In the academic year the College employed five College Teaching Officers, each of whom took a major teaching role and a leading responsibility for the academic development of undergraduates in their subject. The College also shared (50%) two other Teaching Officers with nearby Colleges.

Undergraduate examination results in each Cambridge College are ranked in a publicly available form as the Tompkins Table, in which Fitzwilliam College stood this year in 21st position. 104 Fitzwilliam undergraduates were awarded Firsts (of which three were starred Firsts). Several students were at or near the top of the University class lists, and 5 were awarded University prizes.

The College received 482 applications in the 2015/16 admissions round, and interviewed 350 of those candidates either in Cambridge or overseas. 133 offers were made as a result of these applications, and a further 33 offers were made to candidates who had selected other colleges, through the intercollegiate 'pool'.

65% of those new undergraduates regulated by OFFA (Office for Fair Access) had been educated in the maintained sector; 10.7% were from areas in POLAR3 quintiles 1 and 2 (where a relatively low proportion of 18-year-olds enters higher education).

The admissions round for 2017 entry will be the first year of the new Cambridge Admissions Assessments. Each subject will have a test, taken either at school pre-interview or at interview. The most significant context for this development is the discontinuation, in many schools, of AS marks; most candidates will have only GCSE results at the time of application.

Graduates

Of 233 full-time graduate students (excluding those writing up their dissertations), 156 were male and 77 female; 73 were Home students, 47 from the EU and 113 from other countries; 110 were studying on Masters courses and 123 on research towards PhDs. Of 47 part-time graduate students, 35 were male and 12 female; 30 were Home students, 6 EU and 11 overseas. 40 were studying on Masters courses and 7 on research towards PhDs.

During the year 29 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The College made a total of 290 offers for graduate admission in 2016 (207 for Masters courses, 79 for PhDs and 4 for clinical medicine), of whom 172 took up their place (119 for Masters courses, 49 for PhDs and 4 for clinical medicine). Graduate applications to Cambridge are made to Departments and Faculties, with the option of naming one or two preferred colleges. Of the applicants offered a place at Fitzwilliam, 45% named the College first choice and 12% second choice.

The graduate funding landscape in Cambridge continues to develop, as we seek to co-ordinate collegiate, university and external awards and offer generous and prompt support based on an equitable assessment of merit. The College contributes to the Vice Chancellor's Awards for PhD students and to the Newton College Masters Awards scheme, through the generosity of our Benefactors. Specifically, in addition to a fully-funded Masters Studentship and a part-funded PhD Studentship, Paul Cassidy awards provide the matched funding required for the Newton College Masters scheme, and Tom Charlton awards provide funding for several outstanding one-year students. In addition, we have subject specific awards in Modern Languages (Robert Lethbridge Scholarship), Land Economy (Peter Wilson Estates Gazette Scholarship), and Chemistry (Stachulski-Dudding Scholarship). Additional unnamed awards are equally important in allowing College to continue to expand its offering of graduate funding.

Research and the Fellowship

The College funded four stipendiary Research Fellows during the year and one non-stipendiary, in the disciplines of English, History, Philosophy, Engineering and Zoology. These research opportunities are very successful in fostering academic careers which will flourish over the coming decades.

College Teaching Officers, alongside their teaching responsibilities, are engaged in developing their own academic research, supported through a research fund and an entitlement to sabbatical leave. The College also hosted five Visiting Fellows engaged in research projects in Cambridge.

On the basis of their research, teaching and institutional contributions, one Fellow (Dr Coomes) was recommended for appointment to a Professorship, three were appointed to Readerships (Dr Aitken, Dr Boddy and Dr Rentfrow) and one to a Senior Lectureship (Dr Leigh). One Bye-Fellow and Director of Studies (Dr Harle) was awarded a Pilkington Prize for excellence in teaching; another Bye-Fellow (Dr Neal) was commended as a supervisor in the CUSU teaching awards. A Research Fellow (Dr Wilkinson) was presented with a Vice-Chancellor's Public Engagement with Research Award. Among many public honours for members of the College, one stands out: the Sveriges Riksbank Prize in Economic Sciences (Nobel Prize) awarded to Professor Sir Angus Deaton, former Fitzwilliam undergraduate, Fellow and Director of Studies, and now Honorary Fellow.

Fellows of the College continued to hold senior management roles within the University, notably the roles of Pro-Vice Chancellor for Enterprise and Regional Affairs (Professor Slater), Head of the School of Arts and Humanities (Professor Millett) and Head of the Department of Engineering (Professor Cardwell).

Development of College facilities

The completion of the Library and IT Centre, opened in 2010, marked the completion of the College site, the construction of New Court, the Chapel, Wilson Court, the Auditorium and Gatehouse Court having provided a range of high quality new buildings. However, the Lasdun buildings (the Central Building and the original accommodation blocks), constructed in the early 1960s, are now coming to the point where they require significant and expensive refurbishment. Plans have been developed for both programmes for which the estimated cost is in excess of £20 million.

The focus of the refurbishment programme during the year has been on the completion of the first phase of the accommodation blocks, upgrading B and C staircases to the same specification as the very successful upgrade of A staircase in 2015. 44% of our first year undergraduates are now able to enjoy these facilities. As in 2015, completion of the work within the very short window afforded by the summer vacation was a big challenge; the project undoubtedly benefitted from the learning of lessons from the previous year, but even so 13 students needed to be housed in temporary accommodation for the first two weeks of term.

Plans are in course of preparation for the next phase which will be the staircases which form the northern face of the College to the Huntingdon Road. It is hoped to submit an application for planning permission before the end of this calendar year.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The College is in the fortunate position of being able to accommodate all of its undergraduates in College-owned accommodation, and all who so wish can be housed on the College site. As the refurbishment programme proceeds, there will be a modest reduction in the number of bedrooms on the College site, which will be compensated by the additional rooms acquired in the properties purchased in 2014.

Elsewhere on the College site, the second phase of the refurbishment of the Central Building is expected to commence in 2017, with repairs and improvements to the Lantern roof of the Hall for which funding from donors has been secured. The creation of a first floor gallery with openings to the Hall, will follow as funding becomes available. Planning permission has also been secured for a much needed extension to the graduate common room adjacent to The Grove.

The College employs its own maintenance team which, supported by external contractors, is equipped to undertake routine maintenance and refurbishment work to ensure that the main fabric of the buildings is maintained in a sound condition. Major projects are contracted to competent suppliers operating under the direction of professional project managers overseen by the Bursar and the Estates Committee.

Financial Review

The financial statements represent the activities of the College itself and its two wholly owned operating subsidiaries - Fitzwilliam College Services Ltd, which provides conference management services, and Kawakawa Bay Ltd which provides launderette services. The presentation of the accounts this year is radically different to previous years as a result of major revisions to the accounting standards followed by the College in response to the implementation of the new International Accounting Standard, FRS102. The new Statement of Comprehensive Income and Expenditure, which includes all donations and capital appreciation of investments as income, presents a particular challenge for an endowed charity, for which new endowments cannot be spent.

Whilst it would be tempting to focus on the "Total surplus or deficit for the year", which shows a surplus of £4.54 million, this figure includes endowed donations which are not available for spending, as well as those earmarked for capital expenditure; the true measure of the operational performance of the College is set out in the "Unrestricted" column of the consolidated statement which is in deficit to the extent of £0.14 million.

The College has taken advantage of the opportunity afforded by FRS 102 to revalue its operational assets, and, as a consequence, reassess its annual provision for depreciation. This has resulted in an increase in depreciation charges of more than £500,000, causing the operational result to move from surplus into deficit. The level of depreciation in these accounts is considered realistic in the light of known reinvestment needs, and the financial result reflects the reality that the College is, as it always has been, reliant upon continuing philanthropy to maintain its resources in perpetuity.

The other significant change in policy during the year has been the inclusion in the Balance Sheet of the pension deficit for the Fitzwilliam College Assistant Staff Superannuation scheme, alongside the College's share of the deficit in the Universities Superannuation Scheme (USS).

Unrestricted income and expenditure

The unrestricted income of the College is made up of academic fees, charges to students for accommodation, meals and other services, together with any surplus from conference activity, donations for general purposes and the unrestricted income from the College's investment assets.

The operating surplus, before deduction of depreciation, improved from £1.23 million to £1.32 million. Income grew by 5.1% and expenditure before depreciation increased by 4.8%. This was a much better outcome than budgeted, mainly driven by higher than expected income from conferencing and catering activities, and costs coming in below budget across a number of areas including unfilled vacancies.

After charging depreciation of £1.47 million (2015: £1.38 million), the College made a deficit of £0.14 million (2015: £0.14 million) in the year. The deficit was after taking account of bank interest costs of £0.49 million and unrestricted donations of £0.10 million.

Staff costs (including academic stipends), which represent 41% of total expenditure, rose by 3.2% following a 3.9% rise in the previous year. Rises in pension and National Insurance contributions took effect in April 2016 and the full effect of these will not be seen until the 2016-17 financial year.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Taking into account the annual bonus and the associated benefits awarded to staff, all Fitzwilliam permanent staff over the age of 25 receive remuneration which is well in excess of the 'Living Wage' benchmark as published by the Living Wage Foundation. It remains vitally important to the College that its employment package remains competitive and attractive to potential employees and, with this in mind, following a review of low pay undertaken in 2015, increases of around 5% were paid for a number of lower earning staff. These staff will benefit again from higher pay rises than the norm in 2016-17, thus ensuring that progress is maintained in line with the aspirations of the National Living Wage.

In the year under review, income from academic fees amounted to £2.91 million (2015: £2.80 million) and academic expenditure to £3.40 million (2015: £2.96 million). The deficit of £0.49 million (2015: £0.16 million) in respect of academic activity was met from endowment and investment income.

Income from rents, catering and conference activity was £5.47 million (2015: £5.15 million) and costs were £5.58 million (2015: £5.18 million) producing a deficit of £0.11 million (2015: £0.16 million). Conference income, which helps to mitigate the overhead costs of providing the College infrastructure and thus reduce the costs to students, grew 8.0% during the year, following a fall in 2015. Most of the Conference business is of an academic or educational nature.

Endowment and investment income at £1.16 million was £0.10 million higher than in 2015 when a rent free period was in course in relation to the College's freehold investment property lease of 149-151 Commercial Road Portsmouth, which was subsequently sold.

Restricted income and expenditure

Restricted funds arise from expendable donations for specific purposes, and the income from any endowed funds which were given to support specific projects. The income is matched against the eligible expenditure and any surplus carried forward to restricted reserves.

Donations include funds given to support capital projects, such as buildings. The expenditure which matches the money given for capital assets is not shown in the income and expenditure statement, as it takes the form of capital investment.

Restricted income (excluding that related to building funds) during the year was £0.87 million (2015: £0.72 million) and associated educational expenditure was £0.63 million (2015: £0.58 million). The growth in income was 21% and in expenditure 9.5%, both increases reflecting the success of the appeal over a period of time in raising funds for educational expenditure; expenditure will normally lag donations in this way. The College has been very grateful for the financial support received over the years from other Colleges and Trusts within the University of Cambridge, including Trinity College, the Isaac Newton Trust and The Leathersellers' Company for teaching activities and student support. The surplus of £0.25 million is carried forward to future years.

The donations received for buildings are earmarked for defined projects; £0.45 million was received during the year for the renovation of the Hall roof, expected to be completed in summer 2017. The balance was to assist with refurbishment of B and C staircases which was completed over the summer of 2016. The College has been particularly grateful this year for support from Trinity College and the Headley Trust.

Endowment income

The endowment comprises restricted funds, which may only be used for purposes specified by the donors, and unrestricted funds from which the College can use the income, but not the capital, for general expenditure. Under FRS 102 restricted expendable funds have been removed from the definition of Endowment and transferred to a separate Restricted Funds reserve.

Endowment funds arise from new donations and from investment returns. It is pleasing to report that the College's endowment has grown by £3.1 million to £54.0 million. £1.9 million of this increase arises from investment returns, with the balance coming from donations. The College was very grateful to receive a further contribution of £0.285 million from the Colleges Fund, which is taken to Endowment in accordance with the condition of the grant.

Maintenance of buildings and capital expenditure

Expenditure on maintenance of College buildings was £0.69 million during the year, and capital expenditure on improvements was a further £1.67 million. The combined figure of £2.36 million was 3.7% of the valuation of the College buildings at the year end. 2015/16 was a particularly heavy year for capital expenditure as it included, not only the main part of the cost of A staircase refurbishment in 2015, but also the initial phase of the work on two staircases (B & C) in 2016.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Relatively new buildings and the programme of maintenance undertaken over recent years mean that the level of general maintenance expenditure is considered sufficient to maintain the value of the College estate in the near term. However, as noted in previous years, the financial demand of the refurbishment programme for the older buildings on the main College site is very considerable; it will need to be spread over many years, operating surpluses will have to be reinvested and substantial additional funding will be required.

Reserves and Financing

The College includes within its endowment, external properties owned by the College, which are used to accommodate students. It considers that this policy is consistent with accounting and charity commission guidance, since the properties have the characteristics of investments, being relatively easily convertible to liquid assets and not considered essential to the fulfilment of the College's charitable objects. Taking this into account Fitzwilliam still has one of the smallest endowments among the Cambridge undergraduate colleges, and needs to continue to grow its reserves in order to provide assurance that it has sufficient resources to be able to sustain its academic mission in the long term.

The refurbishment programme will place a heavy demand on College resources over the years to come, and the College has set itself an internal policy that requires 50% of internal refurbishments of accommodation to be met by donations and 100% of other projects. It is very pleasing to report that these targets have been met for the works completed to date and those planned for 2017, and that College cashflow has been sufficient to finance the balance.

Reserves, which are available to meet general expenditure needs, can now be measured as the difference between the value of investment assets and the endowment and restricted reserves. On this basis reserves have increased from £9.5 million to £10.7 million. Liquid assets are sufficient to meet current liabilities as they fall due.

In 2008 the College took out a long term loan of £10 million intended to assist in the financing of construction projects and the management of its long term investment. The loan was initially used to fund completion of the Library, and new student accommodation, with the balance being invested to defray interest costs. The College has given certain general and financial covenants in connection with this loan, which have been met at all relevant times during the year.

In 2015-16 the College and Fitzwilliam Information Services Trust Ltd, an independent charitable company which owns and operates the Fitzwilliam College Library, reached a settlement with HM Revenue and Customs over the treatment of VAT across the two organisations. The result is that the company ceased to trade at the end of the financial year, and its assets and liabilities will transfer to the College during the next financial year. The effect on the College's balance sheet is expected to be neutral.

Investment performance

The value of the College's total investment portfolio (including student properties) increased by £3.0 million (4.8%) during the year (from £63.3 million to £66.3 million). Approximately £1.2 million of new money was received by the College. Once again Cambridge property has underpinned performance; house prices, as measured by the Nationwide East Anglia House Price index, grew by 5.1% producing growth in the value of the College's student properties of £1.6 million.

The combined value of the two stock market portfolios at the year-end was £29.3 million, compared with £25.4 million at the start of the year. £3.5 million of this increase arose from the investment of new funds, which included £1.65 million arising from the sale of the College's investment property at 149-151 Commercial Road Portsmouth. Underlying growth in the stock-market portfolios was just £0.45 million (1.7%), and the income yield approximately 3.2%. RPI inflation for the 12 month period to July 2015 was 1.9%, which implies that the objective of maintaining the real value of the portfolio, and allowing a 4% annual cash withdrawal was not met during the year.

The total return on properties was 7.3%, and on the stock market portfolios 4.7%, producing a combined return across the portfolio of 6.1% (2015: 9.0%).

During the course of the year the Investment Advisory Committee undertook a review of the College's investment strategy and investment managers. The review recognised the increasing difficulty of making returns in conventional markets and recognised that, as an endowed charity investing over the long term, the College is able to take a longer term view and to tolerate somewhat greater short term volatility than has previously been accepted. Accordingly, the Governing Body took the decision to change investment manager after the end of the financial year from Sarasin LLP, who have overseen the portfolio for very many years, and Ruffer LLP to JP Morgan, with a new investment strategy.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The Appeal

Launched in 2008, the College's 150th Anniversary Campaign is on track to meet its target of £20 million by 2019. During the year donations of £2.2 million brought the appeal total (to the end of the 2015/16 financial year) to £16.2 million. Generous gifts from alumni have enabled the College to increase maintenance and bursary support for both undergraduates and graduate students, through both endowed and expendable funds.

Alumni support has been essential in enabling us to move forward with our capital plans. Following the successful completion of 'A' staircase, this summer saw the internal refurbishment of 'B' and 'C'. In line with Governing Body requirements, half of the funds towards this was raised. A gift from another alumnus has enabled us to proceed with the refurbishment of the Dining Hall roof over the summer vacation of 2017.

This year's telephone campaign was the most successful yet for the College, resulting in pledges and donations totalling over £200,000 (2015: £190,000), and bringing the eight year cumulative total to over £1.2 million. Telephone campaign gifts were allocated to the Student Opportunities Fund or the Teaching Fund, unless donors specified otherwise. Campaign expenses were met by the College.

The Collegiate University launched a new fundraising campaign in 2015 which will involve College Development staff and Fellows. So far, this Campaign has raised over £750 million.

Looking ahead

This year's accounts are somewhat reassuring: The College has survived another challenging year, and not been knocked sideways by any unexpected wave. Income streams have been maintained, sometimes better than expected; for example, our conference and catering income held up well and fundraising continues to be healthy. Importantly, expenditure has been carefully controlled. But the liabilities ahead remain enormous: the increasing burden of student bursaries, further refurbishment of student bedrooms, major work on the central buildings and the costs of the new admissions testing process, to point out some obvious areas.

The wider political and economic context is, of course, a huge concern. The outcome of the EU referendum has left a legacy of uncertainty, particularly in relation to the recruitment of international scholars and academics and on the flow of research money into the University of Cambridge. Fitzwilliam College is a large and important College within the wider University and works closely with and within the University to help secure its continuing global success. The domestic political higher education agenda will also result in significant changes which will affect the College; the Higher Education and Research Bill has the potential to create a growing divide between the assessment and funding of research and teaching activities, and further significant changes to secondary education will obviously have a "knock on effect".

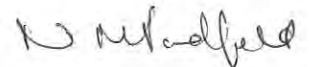
That said, the College remains buoyant. As was concluded last year, Fitzwilliam College provides a down-to-earth, friendly, and supportive intellectual atmosphere, with a vibrant and successful student body in part because the whole community knows that there is not a penny to waste. The College's strategic priorities have been reviewed this year, as well as its risk register. The Fellowship continues to work tirelessly to increase the College's income and endowment in order to secure its ambitions for excellence for generations to come.

R A Powell
Bursar



Date: 30.11.2016

Mrs N M Padfield
Master



Date: 30 November 2016

STATEMENT OF INTERNAL CONTROL

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.

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

The systems of internal control are 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 31 July 2016 and up to the date of approval of the financial statements.

The Governing Body is responsible for reviewing the effectiveness of the system of internal control.

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 management letter and other reports.

STATEMENT OF RESPONSIBILITIES OF THE GOVERNING BODY

The Governing Body 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 Governing Body 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 those financial statements the Governing Body 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements comply with the Statutes of the University of Cambridge. It is 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 Governing Body 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.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF FITZWILLIAM COLLEGE

We have audited the financial statements of the Fitzwilliam College for the year ended 31 July 2016 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated 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 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 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's 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 the Governing Body and Auditors

As explained more fully in the Governing Body's Responsibilities Statement set out on page 15, the Governing Body 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 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 College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report of the Governing Body 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.

Opinion on the Financial Statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the College's affairs as at 31 July 2016 and of the group's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Charities Act 2011, 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 Governing Body'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.

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE
Chartered Accountants and
Statutory Auditors

CAMBRIDGE

Date: 20 December 2016

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 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 6.

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 are included at valuation.

Basis of consolidation

These financial statements consolidate the financial statements of the College and its two subsidiaries, Fitzwilliam College Services Limited and Kawakawa Bay Limited for the year ended 31 July 2016. The two companies are wholly owned subsidiaries of the College. Intra-group balances are eliminated on consolidation.

A separate balance sheet and related notes for the College only are not included because all profits of the subsidiaries are gift aided to the College and the balance sheet of the College would not be materially different to the one included in these accounts. Details of the subsidiary undertaking are given in note 25.

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

Recognition of income

Academic fees

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

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.

Donations and endowments

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2016

Recognition of income (continued)

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.

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.

Other income

Income is received from a range of activities including residences, catering, conferences and other services rendered and recognised in the period it becomes receivable.

Funds received and disbursed as paying agent

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College as it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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

Fixed assets

Land and buildings

Fixed assets are stated at depreciated replacement 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 land is not depreciated as it is considered to have an indefinite useful life.

The costs of freehold buildings are split between their different major components and depreciated on a straight line basis over their expected useful economical lives as follows:

Structure – between 50 and 95 years

Fit-out, plant and machinery – 25 years

The College incurs substantial costs in maintaining its properties to expected high standards with the effect of increasing the expected future benefits and that is taken in consideration when making estimates of economic useful lives.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2016

Fixed assets (continued)**Furniture, fittings, general equipment and library books**

Furniture, fittings equipment and library books are capitalised at cost. Depreciation is provided on a straight line basis over the expected useful life of the assets as follows:

Library books	15 years
Furniture, fittings and general equipment	10 years
Catering and conference equipment	5 years
Computer equipment	4 years

Heritage assets

The College does not hold any material heritage assets and as such no further disclosures are considered required in these financial statements.

Leases

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.

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.

Stocks

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

Provisions

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

Contingent liabilities and assets

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Taxation

The College is a registered charity (number 1137496) 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIESFor the year ended 31 July 2016

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 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.

Accounting for retirement benefits**Defined Benefit Plan**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the College pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The College pays contributions to two defined benefit pension schemes and one defined contribution pension scheme as follows:***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 College 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 statement of comprehensive income and expenditure represents the contributions payable to the scheme in respect of the accounting period.

Since the College has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the College 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 statement of comprehensive income and expenditure.

Fitzwilliam College Assistant Staff Superannuation Fund

The College also contributes to the Fitzwilliam College Assistant Staff Superannuation Fund, which is a similar defined benefit pension scheme. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are matched evenly, so far as possible, to the service lives of the employees concerned.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2016

Accounting for retirement benefits (continued)

Cambridge Colleges AVIVA Group Personal Pension Scheme

The College contributes to a defined contribution pension scheme in order to meet the auto enrolment obligations. The scheme is administered by AVIVA and its' assets are held separately from those of the College. The College contributions will vary between 5% and 9% of basic salary depending on the level of each employee's personal contribution. Contributions are charged to the statement of comprehensive income and expenditure in the period to which they relate.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Transition to the 2015 RCCA

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 23.

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:

Fair value or revaluation as deemed cost – at 1 August 2014, fair value has been used for deemed cost for properties measured at fair value.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2016

		2016				2015			
	Note	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	2,906	0	0	2,906	2,803	0	0	2,803
Residences, catering and conferences	2	5,473	0	0	5,473	5,152	0	0	5,152
Investment income	3	265	0	899	1,164	334	0	728	1,062
Endowment return transferred	3	480	419	(899)	0	354	374	(728)	0
Other income		164	0	0	164	141	0	0	141
Total income before donations and endowments		9,288	419	0	9,707	8,784	374	0	9,158
Donations		97	0	0	97	67	0	0	67
New endowments		0	449	934	1,383	0	343	543	886
Capital grant from Colleges Fund		0	0	285	285	0	0	409	409
Other capital grants for assets		0	1,259	0	1,259	0	644	0	644
Total income		9,385	2,127	1,219	12,731	8,851	1,361	952	11,164
Expenditure									
Education	4	3,409	632	0	4,041	2,957	577	0	3,534
Residences, catering and conferences	5	5,575	0	0	5,575	5,180	0	0	5,180
Other expenditure		544	0	0	544	850	0	0	850
Contribution under Statute G.II		0	0	0	0	0	0	0	0
Total expenditure	6	9,528	632	0	10,160	8,987	577	0	9,564
Surplus/(deficit) before other gains and losses		(143)	1,495	1,219	2,571	(136)	784	952	1,600
Gain/(loss) on investments	9	3	44	1,926	1,973	10	150	3107	3,267
Surplus/(deficit) for the year		(140)	1,539	3,145	4,544	(126)	934	4,059	4,867
Other comprehensive income									
Actuarial (loss) in respect of pension schemes	24	(516)	0	0	(516)	(145)	0	0	(145)
Total comprehensive income for the year		(656)	1,539	3,145	4,028	(271)	934	4,059	4,722

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2016

CHANGES IN RESERVES 2016

	Income and expenditure reserve			2016
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 August 2015 as restated	61,888	2,918	50,837	115,643
Surplus/(Deficit) from income and expenditure statement	(140)	1,539	3,145	4,544
Other comprehensive income	(516)	0	0	(516)
Release of restricted capital funds spent in the year	1,260	(1,260)	0	0
Other transfers	(29)	29	0	0
Balance at 31 July 2016	62,463	3,226	53,982	119,671

CHANGES IN RESERVES 2015

	Income and expenditure reserve			Deferred	2015
	Unrestricted £000	Restricted £000	Endowment £000	Capital £000	Total £000
Balance at 1 August 2014 as previously stated	15,424	2,124	47,427	4,149	69,124
Prior year adjustment – fixed asset revaluation surplus	43,719	0	0	0	43,719
Prior year adjustment – deferred capital opening balance	4,149	0	0	(4,149)	0
Prior year adjustment – unspent income on restricted permanent funds	0	728	(728)	0	0
Prior year adjustment – pension provision USS	(497)	0	0	0	(497)
Prior year adjustment – pension provision FCASSF	(1,483)	0	0	0	(1,483)
Prior year adjustment – change of policy FCASSF	58	0	0	0	58
Balance at 1 August 2014 as restated	61,370	2,852	46,699	0	110,921
Surplus/(Deficit) from income and expenditure statement	(126)	934	4,059	0	4,867
Other comprehensive income	(145)	0	0	0	(145)
Release of restricted capital funds spent in the year	789	(789)	0	0	0
Other transfers	0	(79)	79	0	0
Balance at 31 July 2015 as restated	61,888	2,918	50,837	0	115,643

The notes on pages 26 to 40 form part of these accounts

CONSOLIDATED BALANCE SHEET

As at 31 July 2016

		2016	2015
	Note	£000	£000
Non-current assets			
Fixed assets	8	66,385	65,878
Investments	9	67,862	63,291
		<u>134,247</u>	<u>129,169</u>
Current assets			
Stocks	10	58	52
Trade and other receivables	11	2,299	2,157
Cash and cash equivalents	12	40	29
		<u>2,397</u>	<u>2,238</u>
Creditors: amounts falling due within one year	13	<u>(4,588)</u>	<u>(3,764)</u>
Net current assets		<u>(2,191)</u>	<u>(1,526)</u>
Total assets less current liabilities		132,056	127,643
Creditors: amounts falling due after more than one year	14	(10,000)	(10,000)
Provisions			
Pension provisions	15	<u>(2,385)</u>	<u>(2,000)</u>
Total net assets		<u>119,671</u>	<u>115,643</u>
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	53,982	50,837
Income and expenditure reserve – restricted reserve	17	3,226	2,918
		<u>57,208</u>	<u>53,755</u>
Unrestricted reserves			
Income and expenditure reserve – unrestricted		<u>62,463</u>	<u>61,888</u>
Total reserves		<u>119,671</u>	<u>115,643</u>

The financial statements were approved by the Governing Body on 30th November 2016 and signed on its behalf by:

R A Powell
Bursar



N M Padfield
Master



The notes on pages 26 to 40 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2016

		2016	2015
	Note	£000	£000
<i>Net cash inflow from operating activities</i>	18	775	1,159
<i>Cash flows from investing activities</i>	19	(415)	(494)
<i>Cash flows from financing activities</i>	20	(493)	(493)
<i>Increase/(decrease) in cash and cash equivalents in the year</i>		<u>(133)</u>	<u>172</u>
<i>Cash and cash equivalents at beginning of the year</i>		(75)	(247)
<i>Cash and cash equivalents at end of the year</i>	21	<u>(208)</u>	<u>(75)</u>

The notes on pages 26 to 40 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

1. ACADEMIC FEES AND CHARGES

	2016	2015
	£000	£000
Colleges fees:		
Fee income received at regulated undergraduate rate	1,671	1,614
Fee income received at unregulated undergraduate rate	560	614
Fee income received at the graduate rate	675	544
Other income	0	31
	<u>2,906</u>	<u>2,803</u>
	<u><u>2,906</u></u>	<u><u>2,803</u></u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2016	2015
	£000	£000
Accommodation:		
College members	2,891	2,778
Conferences	593	503
Catering:		
College members	1,314	1,200
Conferences	675	671
	<u>5,473</u>	<u>5,152</u>
	<u><u>5,473</u></u>	<u><u>5,152</u></u>

3. ENDOWMENT RETURN AND INVESTMENT INCOME

	2016	2015
	£000	£000
Income from:		
Land and buildings	89	113
Quoted securities	864	722
Other interest receivable	211	227
	<u>1,164</u>	<u>1,062</u>
	<u><u>1,164</u></u>	<u><u>1,062</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

4. EDUCATION EXPENDITURE

	2016	2015
	£000	£000
Teaching	2,446	2,138
Tutorial	564	516
Admissions	181	143
Research	240	198
Scholarships and awards	419	354
Other educational facilities	191	185
	<u>4,041</u>	<u>3,534</u>

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2016	2015
	£000	£000
Accommodation:		
College members	3,117	2,756
Conferences	638	588
Catering:		
College members	1,258	1,264
Conferences	562	572
	<u>5,575</u>	<u>5,180</u>

6a. ANALYSIS OF 2015/16 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,393	2,347	301	4,041
Residences, catering and conferences	2,456	1,958	1,161	5,575
Other	108	432	4	544
	<u>3,957</u>	<u>4,737</u>	<u>1,466</u>	<u>10,160</u>

The above expenditure includes fundraising costs of £336,167 (2015: £280,171).
This expenditure includes the costs of alumni relations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

6b. ANALYSIS OF 2014/15 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,231	2,027	276	3,534
Residences, catering and conferences	2,207	1,871	1,102	5,180
Other	397	448	5	850
	<u>3,835</u>	<u>4,346</u>	<u>1,383</u>	<u>9,564</u>

6c. AUDITORS' REMUNERATION

	2016 £000	2015 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	17	17
Other fees payable to the College's external auditors	3	5

7. STAFF COSTS

	College fellows £000	Non- academic £000	2016 Total £000	2015 Total £000
<i>Staff costs:</i>				
Emoluments	529	2,806	3,335	3,236
Social security costs	59	170	229	234
Other pension costs	120	273	393	365
	<u>708</u>	<u>3,249</u>	<u>3,957</u>	<u>3,835</u>
	<u>No</u>	<u>No</u>	<u>No</u>	<u>No</u>
<i>Average staff numbers:</i>				
Academic	49	0	49	45
Non-academic	0	0	113	106
	<u>49</u>	<u>0</u>	<u>162</u>	<u>151</u>

The Governing Body comprised 54 Fellows of which the 49 declared above were stipendiary.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

7. STAFF COSTS (continued)**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College.

During the year, emoluments paid to Trustees including key management personnel in their capacity as College Officers were:

	2016	2015
	£000	£000
Aggregate Emoluments	708	695
	<u>708</u>	<u>695</u>

The Trustees received no emoluments in their capacity as Trustees of the Charity.

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000	Assets under construction £000	Furniture, fittings and equipment £000	2016 Total £000	2015 Total £000
Cost					
At beginning of year as restated	64,716	1,031	4,777	70,524	69,343
Additions	890	776	307	1,973	1,181
Transfers	1,006	(1,006)	0	0	0
Disposals	0	0	0	0	0
At end of year	<u>66,612</u>	<u>801</u>	<u>5,084</u>	<u>72,497</u>	<u>70,524</u>
Depreciation					
At beginning of year as restated	993	0	3,653	4,646	3,263
Charge for the year	1,058	0	408	1,466	1,383
Eliminated on disposals	0	0	0	0	0
At end of year	<u>2,051</u>	<u>0</u>	<u>4,061</u>	<u>6,112</u>	<u>4,646</u>
Net book value					
At end of year	<u>64,561</u>	<u>801</u>	<u>1,023</u>	<u>66,385</u>	<u>65,878</u>
At beginning of year as restated	<u>63,723</u>	<u>1,031</u>	<u>1,124</u>	<u>65,878</u>	<u>22,361</u>

The insured replacement cost of freehold land and buildings as at 31 July 2016 was £83,273,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

9. INVESTMENTS

	2016	2015
	£000	£000
Balance at beginning of year	63,291	57,926
Additions	9,692	6,804
Disposals	(7,685)	(6,422)
Gain/(Loss)	1,973	3,267
Increase/(decrease) in cash balances held at fund managers	591	1,716
	<u>67,862</u>	<u>63,291</u>
Balance at end of year	<u>67,862</u>	<u>63,291</u>
Represented by:		
Investment properties	30,078	30,113
Quoted securities - equities	26,707	23,097
Quoted securities - fixed interest	2,155	1,555
Cash held at investment managers	423	842
Other investments	2,842	3,038
Bank balances	5,657	4,646
	<u>67,862</u>	<u>63,291</u>

10. STOCKS

	2016	2015
	£000	£000
Goods for resale	58	52
	<u>58</u>	<u>52</u>

11. TRADE AND OTHER RECEIVABLES

Due within one year	2016	2015
	£000	£000
Members of the College	163	169
Other debtors	2,136	1,988
	<u>2,299</u>	<u>2,157</u>

12. CASH AND CASH EQUIVALENTS

	2016	2015
	£000	£000
Current accounts	38	28
Cash in hand	2	1
	<u>40</u>	<u>29</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£000	£000
Bank overdraft	248	104
Members of the College	159	218
Other creditors	4,181	3,442
	<u>4,588</u>	<u>3,764</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£000	£000
Bank loan	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The bank loan is unsecured and to be repaid in full by 30 July 2058 at a fixed rate of 4.93% per annum.

15. PENSION PROVISIONS

	To fund deficit on USS pension £000	Defined benefit obligation (note 24) £000	2016 Total £000	2015 Total £000
Balance at beginning of year as restated	472	1,528	2,000	1,980
Movement in year:				
Contributions	(34)	(175)	(209)	(215)
Other expenditure	14	64	78	90
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	0	516	516	145
Balance at end of year	<u>452</u>	<u>1,933</u>	<u>2,385</u>	<u>2,000</u>

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

16. ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	2016 Total	2015 Total
	£000	£000	£000	£000
Balance at beginning of year:				
Capital	10,802	40,035	50,837	46,699
New donations and endowments	934	0	934	543
Other transfers	0	0	0	79
Capital grant from Colleges Fund	0	285	285	409
Increase/(decrease) in market value of investments	244	1,682	1,926	3,107
	<u>11,980</u>	<u>42,002</u>	<u>53,982</u>	<u>50,837</u>
Balance at end of year	<u><u>11,980</u></u>	<u><u>42,002</u></u>	<u><u>53,982</u></u>	<u><u>50,837</u></u>

Analysis by type of purpose:

Fellowship and Research Funds	3,708	0	3,708	3,595
Scholarship and Prize Funds	1,959	0	1,959	2,060
Chapel Funds	350	0	350	342
Travel Grant Funds	315	0	315	275
Hardship Funds	3,817	0	3,817	3,659
Other Funds	1,831	0	1,831	1,022
General endowments	0	42,002	42,002	39,884
	<u>11,980</u>	<u>42,002</u>	<u>53,982</u>	<u>50,837</u>
	<u><u>11,980</u></u>	<u><u>42,002</u></u>	<u><u>53,982</u></u>	<u><u>50,837</u></u>

Analysis by asset:

Property	0	28,798	28,798	27,181
Investments	11,980	13,131	25,111	23,584
Cash	0	73	73	72
	<u>11,980</u>	<u>42,002</u>	<u>53,982</u>	<u>50,837</u>
	<u><u>11,980</u></u>	<u><u>42,002</u></u>	<u><u>53,982</u></u>	<u><u>50,837</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

17. RESTRICTED RESERVES

Reserves with restrictions are as follows:

Consolidated	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	2016 Total £000	2015 Total £000
Balance at beginning of year					
Capital	0	0	2,008	2,008	2,024
Accumulated income	0	772	138	910	828
	0	772	2,146	2,918	2,852
New capital grants	1,259	0	0	1,259	644
New donations	0	0	449	449	58
Other transfers	0	0	29	29	(79)
Endowment return transferred	1	353	65	419	374
Increase/(decrease) in market value of investments	0	0	44	44	150
Expenditure	0	(260)	(372)	(632)	(292)
Capital grants utilised	(1,260)	0	0	(1,260)	(789)
Balance at end of year	0	865	2,361	3,226	2,918
Comprising:					
Capital	0	0	2,220	2,220	2,008
Accumulated income	0	865	141	1,006	910
	0	865	2,361	3,226	2,918

Analysis of other restricted funds/donations by type of purpose:

Fellowship and Research Funds	0	358	171	529	549
Scholarship and Prize Funds	0	63	0	63	56
Chapel Funds	0	90	354	444	428
Travel Grant Funds	0	16	0	16	15
Hardship Funds	0	243	301	544	522
Building Funds	0	0	842	842	780
Other Funds	0	95	693	788	568
	0	865	2,361	3,226	2,918

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

18. RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2016	2015
	£000	£000
Surplus for the year	4,544	4,867
Adjustment for non-cash items		
Depreciation	1,466	1,383
Increase in stocks	(6)	1
Decrease in trade and other receivables	235	(50)
Increase in creditors	333	735
Pension costs less contributions payable	(226)	(115)
Gains on endowments, donations and investment properties	(1,973)	(3,267)
Adjustment for investing or financing activities		
Investment income	(1,164)	(949)
Interest payable	493	493
New endowments	(1,383)	(886)
Capital grant from colleges fund	(285)	(409)
Other capital grants for assets	(1,259)	(644)
	<u>775</u>	<u>1,159</u>
Net cash inflow from operating activities	<u>775</u>	<u>1,159</u>
19. CASH FLOWS FROM INVESTING ACTIVITIES		
	2016	2015
	£000	£000
Proceeds from sales of endowment assets	7,381	6,422
New endowment funds received	1,572	721
Capital grant from Colleges fund	285	409
Other capital grants for assets	1,018	644
Loan repayment from the Junior Members Association	0	51
Investment income	968	753
Endowment funds invested	(9,692)	(6,628)
Placed deposits	(591)	(1,716)
Payments made to acquire non-current fixed assets	(2,039)	(1,071)
Donations to Fitzwilliam Information Services Trust Ltd	13	17
Fitzwilliam Society loan repayment	(1)	(6)
Loan repayment from Fitzwilliam Information Services Trust Ltd	671	(90)
	<u>(415)</u>	<u>(494)</u>
Total cash flows from investing activities	<u>(415)</u>	<u>(494)</u>
20. CASH FLOWS FROM FINANCING ACTIVITIES		
	2016	2015
	£000	£000
Interest paid	(493)	(493)
	<u>(493)</u>	<u>(493)</u>
Total cash flows from financing activities	<u>(493)</u>	<u>(493)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

21. RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	Note	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and on deposit	12	29	11	40
Bank overdraft	13	(104)	(144)	(248)
		<u>(75)</u>	<u>133</u>	<u>(208)</u>

22. CAPITAL COMMITMENTS

	2016 £000	2015 £000
Capital commitments at 31 July 2016 are as follows:		
Authorised and contracted	1,483	803
Authorised but not yet contracted for	<u>0</u>	<u>0</u>

23. 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 amended 2015 RCCA. The accounting policies set out in the statement of principal accounting policies on pages 17 to 21 have been applied in preparing the financial statements for the year ended 31 July 2016, including the comparative information for the year ended 31 July 2015 and in the preparation of an opening FRS102 statement of financial position at 1 August 2014. In preparing its FRS102, RCCA based statement of financial position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting. Information of how the transition to FRS102 and the amended RCCA has affected the College's financial position, financial performance and cash flows is set out in the following tables below.

The table below also includes prior year adjustments associated with the change in accounting policy on the treatment of the College defined benefit pension scheme (FCASSF).

Reconciliation of reserves at 1 August 2014

	Income and expenditure reserve			Deferred capital	At 1 August 2014
	Unrestricted £000	Restricted £000	Endowment £000	£000	Total £000
Reserves as previously stated	15,424	2,124	47,427	4,149	69,124
Pension provision (USS)	(497)	0	0	0	(497)
Pension provision (FCASSF)	(1,483)	0	0	0	(1,483)
Revaluation surplus on buildings	43,719	0	0	0	43,719
Change of policy (FCASSF)	58	0	0	0	58
Unspent income on restricted permanent funds	0	728	(728)	0	0
Deferred capital fully spent	4,149	0	0	(4,149)	0
Reserves as restated	<u>61,370</u>	<u>2,852</u>	<u>46,699</u>	<u>0</u>	<u>110,921</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

23. TRANSITION TO 2015 RCCA (continued)

Reconciliation of reserves at 31 July 2015	Income and expenditure reserve			Deferred capital £000	At 31 July 2015 Total £000
	Unrestricted £000	Restricted £000	Endowment £000		
Reserves as previously stated	15,755	2,146	51,609	4,837	74,347
Pension provision (USS)	(472)	0	0	0	(472)
Pension provision (FCASSF)	(1,528)	0	0	0	(1,528)
Change of policy (FCASSF)	47	0	0	0	47
Additional depreciation on buildings	(470)	0	0	0	(470)
Revaluation surplus on buildings	43,719	0	0	0	43,719
Unspent income on restricted permanent funds	0	772	(772)	0	0
Deferred capital fully spent	4,837	0	0	(4,837)	0
Reserves as restated	61,888	2,918	50,837	0	115,643

Reconciliation of statement of comprehensive income and expenditure at 31 July 2015

	Year ended 31 July 2015			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
Surplus as previously stated	321	82	0	403
Deferred capital write back	(101)	0	0	(101)
Increase in market value of investments	10	150	3,107	3,267
Net income from investments	0	0	728	728
Endowment return transferred to income and expenditure account	0	0	(728)	(728)
New endowments	0	58	543	601
Capital grant from Colleges Fund	0	0	409	409
Other capital grants for assets	0	644	0	644
Additional depreciation on buildings	(470)	0	0	(470)
Actuarial (loss) in respect of pension schemes	(145)	0	0	(145)
Other pension scheme transactions	114	0	0	114
Total comprehensive income as restated	(271)	934	4,059	4,722

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

24. PENSION SCHEMES**Universities Superannuation Scheme**

The total cost charged to the statement of comprehensive income and expenditure was as follows:

	2016	2015
	£000	£000
Total employer contributions during the year	354	375
Less contributions relating to past service (note 15)	(34)	(40)
Amount charged to the statement of comprehensive income and expenditure	<u>320</u>	<u>335</u>

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	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

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
	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

24. PENSION SCHEMES**Fitzwilliam College Assistant Staff Superannuation Fund (FCASSF)**

The College also operates an insured pension fund for non-academic employees providing defined benefits to those employees based on their final pensionable salary. The assets of the fund are invested in a Defined Benefit Solution Policy provided by AVIVA which offers flexibility in asset allocation and is tailored to reflect the Trustees attitude to risk.

Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary.

The total employer contributions paid during the year were £175,400 (2015: £175,400), all relating to past service as shown in note 15.

An FRS 102 actuarial valuation of the scheme was carried out as at 1 August 2015 and updated to 31 July 2016 by a qualified independent actuary. It indicated an employee benefit obligations deficit of £1,933,000, based on the total fair value of net assets of £2,809,000 against the present value of funded obligations of £4,742,000.

Information about the scheme is set out below in a format consistent with FRS102.

Changes in the present value of the defined benefit obligations and in the fair value of plan assets:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Opening balance	(4,097)	(3,655)	2,569	2,172	(1,528)	(1,483)
Interest(expense)/ income	(141)	(145)	92	91	(49)	(54)
Actuarial losses	(646)	(344)	0	0	(646)	(344)
Benefits paid	142	47	(142)	(47)	0	0
Return on scheme assets	0	0	130	199	130	199
Employer contributions	0	0	175	175	175	175
Administration fees	0	0	(15)	(21)	(15)	(21)
Closing balance	<u>(4,742)</u>	<u>(4,097)</u>	<u>2,809</u>	<u>2,569</u>	<u>(1,933)</u>	<u>(1,528)</u>

The amounts recognised in the income and expenditure account are as follows:

<i>In other expenditure:</i>	2016 £000	2015 £000
Interest expense (net)	49	54
Administration fees	15	21
	<u>64</u>	<u>75</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

24. PENSION SCHEMES**Fitzwilliam College Assistant Staff Superannuation Fund (continued)**

The amounts taken to other comprehensive income are as follows:

Actuarial losses:	2016	2015
	£000	£000
Return on pension scheme assets	130	199
Experience gains/ (losses) arising on scheme liabilities	35	37
Changes in assumptions underlying the present value of scheme liabilities	(681)	(381)
Net return	<u>(516)</u>	<u>(145)</u>

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

	2016	2015
	%	%
Equities	48.7%	50.0%
Bonds	51.2%	45.6%
Property	4.8%	5.0%
Cash	0.3%	1.2%
Current liabilities	-5.0%	-1.8%

*Principal actuarial assumptions as at the balance sheet date (expressed as weighted averages):***a) Financial assumptions**

	2016	2015
Discount rate	2.6% pa	3.5% pa
RPI inflation assumption	2.9% pa	3.4% pa
Future salary increases	3.0% pa	3.5% pa
Pension increases in payment:		
- RPI, maximum 5%, minimum 3%	3.0% pa	3.4% pa

b) Demographic assumptions

(i) Assumed life expectancy in years, on retirement at 65

	2016	2015
Retiring today		
- Males	22.8	22.8
- Females	25.2	25.1
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.6	26.5

(ii) Pre retirement mortality rates

The following mortality rates represent the probability of a person aged x exact dying within one year.

	Males	Females
Age, x		
- 30	0.0008	0.0006
- 40	0.0020	0.0013
- 50	0.0035	0.0022
- 60	0.0052	0.0034

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

24. PENSION SCHEMES (continued)**Cambridge Colleges AVIVA Group Personal Pension Scheme**

The College joined this defined contribution pension scheme during the current year in order to meet the auto enrolment obligations. The scheme is administered by AVIVA and its' assets are held separately from those of the College.

The College contributions will vary between 5% and 9% of basic salary depending on the level of each employee's personal contribution. Contributions charged to the income and expenditure account during the year were £38,976 (2015 - £26,035).

25. SUBSIDIARY UNDERTAKINGS

The subsidiary companies (all of which are registered in England & Wales), wholly-owned by the College, are as follows:

Company	Principal Activity	Status
Fitzwilliam College Services Limited	Provision of conference management services	100% owned
Kawakawa Bay Limited	Provision of launderette services	100% owned

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.

The College operates a fellows housing loan scheme and at the end of the year the total amount included in debtors amounted to £437,923 (2015 - £428,454). These loans are offered to fellows whom meet the criteria on commercial terms.