

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

2014



FITZWILLIAM COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

CONTENTS	Page
Reference and Administrative Details	1-2
Organisation and Governance	3-4
Annual Report of the Governing Body	5-9
Statement of Internal Control	10
Statement of Responsibilities of the Governing Body	11
Independent Auditors' Report	12
Statement of Principal Accounting Policies	13-16
Consolidated Income and Expenditure Account	17
Consolidated Statement of Total Recognised Gains and Losses	18
Consolidated Balance Sheet	19
Consolidated Cash Flow Statement	20
Notes to the Financial Statements	21-34

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 (appointed 1/10/13)
Professor R D Lethbridge* (retired 30/09/13)
Bursar: Mr R A Powell*
Senior Tutor: Dr P A Chirico*

Other Members:

Professor R J A Hooley*	Dr K Saeb-Parsy
Professor N K H Slater	Professor D M Glover
Dr J R A Cleaver*	Dr S S Owen
Dr W Allison	Dr A S Tavernor*
Dr A Clark	Dr P J Rentfrow
Professor M D Potter*	Dr D P Nally*
Dr D M Scott	Dr S J Gathercole
Dr D J Cole	Dr M B Wingate
Professor D A Cardwell	Ms M C Young* (resigned 4/10/13)
Dr R E Horrox*	Dr A Y Chau (resigned 30/09/13)
Dr J D Leigh	Dr J M Cullen
Professor K M Brindle (resigned 24/11/13)	Dr S K Larsen
Dr K W Platts	Mr F Knights*
Dr D Keown	DR J K Aitken
Dr M J S Holly*	Dr H C Canuto*
Dr B Vira*	Mrs A M Watson
Professor R S Langley	Dr H Bettinson
Dr I Moller	Dr P S E Zu Ermgassen
Professor R P Haining	Dr A Jardine
Professor E Mastorakos	Dr N Dunne
Dr D A Coomes	Dr A Hunt
Professor M J Millett	Dr K J Boddy
Dr R D Camina	Dr P M Webb
Dr A G Kovalev	Revd Dr J M Munns
Dr D R E Abayasekara	Dr L M Hanson (appointed 1/10/13)
Dr J A Elliott*	Mr T H Hughes (appointed 1/10/13)
Dr A E H Wheatley	Dr T A Thieme (appointed 1/10/13)

*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
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 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 2014, 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.

Principal Policies

Risk Management

Major corporate risks are identified by the Governing Body and responsibility for their management is 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.

ORGANISATION AND GOVERNANCE (continued)

Principal Policies (continued)

The major risks (prior to mitigation) identified by the Governing Body relate to the governance of the College, the employment and performance of academic staff, and maintaining the real value of the College's endowment.

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. Monthly management accounts, incorporating budget comparisons and forecasts are prepared and are scrutinised by the College Committee, which also reviews five-year projections. Budget responsibility is devolved to heads of department, and the Bursar undertakes regular reviews of performance at this level.

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.

Since the closure of the Fitzwilliam College Assistant Staff Superannuation (FCASS) scheme to new contributions in 2004, members of the non-academic staff have been offered the opportunity to join Universities Superannuation Scheme (USS) upon completion of a satisfactory probationary period. This option closed on 31st October 2013, following which staff who are not already a member of one of the above schemes are offered membership of the Cambridge Colleges Group Personal Pension scheme, a defined benefit 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.

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 2009 the College adopted a medium term "rolling" plan, aimed at determining priorities and providing a framework for operation through to 2019. This plan has been 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 has taken 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 provided.

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. For the academic year 2013/14 (2012/13 in brackets):

- 89 (98) awards were made, out of a home/EU publicly funded undergraduate population of 342 (355)
- 55 (48) of the awards were at the maximum value of £3500 (first and second years) or £3400 (subsequent years). The average value of the awards was £2,807 (£2,407).

Additionally:

- 5 students received awards, averaging £1,315, from the Access to Learning Fund administered by the University.
- 10 students were awarded Fitzwilliam College Goldman Sachs Bursaries of £1500 each.
- 82 College maintenance bursaries, averaging £404, were awarded to undergraduates,
- 1 graduate student received a full cost MPhil Studentship; 15 others received Studentships ranging in value from £1250 to £12,000.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Public Benefit (continued)

- 25 College maintenance bursaries were awarded to graduate students in need of additional financial support, averaging £510.
- 164 undergraduates received travel awards, averaging £200, of which 119 were directly related to their course of study and 93 graduate students received Graduate Research Awards averaging £251.
- A further 71 awards 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.
- Prizes and Scholarships are awarded to undergraduates and graduates with distinguished academic records. Awards are 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.

Once again 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.

Academic Review

For the academic year 2013/14 the student body comprised some 434 undergraduates and 301 full-time graduate students, including those 'writing up'. Directors of Studies in 31 subject areas organised academic supervision by 916 specialists for Fitzwilliam undergraduates. 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 19th position. 97 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 9 were awarded University prizes.

Graduate student numbers made up 41% of the student population during the year. Of these, 82 full-time students of the College studied on Masters' courses and 176 on research towards PhDs; a further 59 students studied for part time graduate degrees. During the year 26 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees.

The College funded two stipendiary and one non-stipendiary Research Fellows during the year, supporting them in diverse projects at an early stage in their academic career. These research opportunities are very successful in fostering academic careers which will flourish over the coming decades.

In the academic year the College employed seven College Teaching Officers, each of whom took a major teaching role and a leading responsibility for the academic development of undergraduates in their subject, while also developing their own academic research, supported through a research fund and an entitlement to sabbatical leave. The College also shared (50%) an eighth College Teaching Officer with Murray Edwards College.

Pastoral support and general academic and personal guidance continued to be offered to all students by the College's dedicated team of Tutors supported by others including the Chaplain, Nurse, Counsellor, Porters and trained student peer supporters. 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.

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 original Lasdun buildings (the Central Building and the accommodation blocks), constructed in the early 1960's, are now coming to the point where they require significant and expensive refurbishment. The estimated cost of this renewal is in excess of £20m.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Development of College facilities (continued)

Work has continued on the redesign for the Central Building which is designed to bring the Hall and surrounding facilities up to the most efficient standards without adversely affecting the essential identity of this classic 1960's building. The scheme will proceed four main phases depending on funding availability. Funding from donors enabled the conversion of the old library into the new Upper Hall, which opened in April 2014, as well as the planned construction of the extension which allows lift and stair access from the kitchens to the first floor and provides a finishing kitchen to serve all of the public rooms on the first floor. This has been an important addition to the facilities offered by the College, and has been well used, including by the Governing Body. The relocation of the College gym, which it is hoped to achieve in 2014-15, will complete the first phase.

Refurbishment of the accommodation blocks commenced, as anticipated, in the Long Vacation of 2014, with the replacement of the windows in A, B and C staircases, upgrading of the roof and some external works. The work was completed for the beginning of the Michaelmas Term. The detailed design for the interior refurbishment of 'A' staircase, anticipated for Long Vacation 2015, is near completion at the time of writing.

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. The acquisition of nos 110, 112, 114, 124 and 126 Huntingdon Road at a cost of £3.56m has added 36 rooms to the graduate student accommodation provided by the College. As a result Fitzwilliam is now able to house almost 75% of its full time graduate students, including those who are in their fourth year, which is a strong position given the steady rise in graduate student numbers within the University.

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.

Funding

The 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 and the income from the College's investment assets. In addition the College receives grants from the Colleges' Committee, financial support from other Colleges and Trusts within the University of Cambridge, and donations which may be restricted in accordance with the expressed wish of the donors or unrestricted. Particular mention should be made of financial support received from Trinity College, the Isaac Newton Trust and The Leathersellers' Company for teaching activities for which the College is most grateful. Unrestricted donations are treated as income.

Income and expenditure trends

The College made a surplus for the year of £0.49m (2013: £0.45m), after charging depreciation of £0.89 million (2013: £0.85 million). Income grew by 5.3% and overall expenditure increased by 5.1%. The surplus was after taking account of bank interest costs of £0.49m and unrestricted donations of £0.09m. This was a much better outcome than budgeted, mainly driven by income from the new properties, a strong conference year and the benefit from restricted donations over recent years.

Staff costs (including academic stipends), which represent 46% of total expenditure, rose by 9.3% after falling in the previous year. A major element of this was a 21% increase in pension costs, the greater part of which arose from the introduction of auto-enrolment during the year and the remainder from deficit reduction. Until this year members of staff had been offered the opportunity to join the Universities Superannuation Scheme (USS); whilst many staff chose to do this, it had become clear that for many lower paid staff the contribution structure meant that they could not afford to join the scheme. The rules of USS did not allow a second scheme to be offered, and so, in order to meet the aims of auto-enrolment and after a full staff consultation, the USS option for new staff was closed and replaced by the Aviva Cambridge Colleges Group Personal Pension Scheme, a direct contribution scheme, which offers the possibility of different contribution rates which are matched by the College up to a ceiling.

ANNUAL REPORT OF THE GOVERNING BODY (continued)**Financial Review** (continued)

In the year under review, academic fees and charges amounted to £2.62 million (2013: £2.57 million) and academic expenditure to £3.42 million (2013: £3.23 million). The deficit of £0.80 million (2013: £0.67 million) in respect of academic activity was met from endowment and other income.

Income from rents, catering and conference activity was £5.07m (2013: 4.56m) and costs were £4.72m (2013: 4.53m) producing a surplus of £0.35m (2013: £0.1m). Conference income, which helps to mitigate the overhead costs of providing the College infrastructure and thus reduce the costs to students, rose by 9.4% which represents a considerable achievement given the uncertainty in the wider economic outlook. Most of the Conference business is of an academic or educational nature.

Endowment and investment income at £1.17 million was very similar to the previous year.

Maintenance of buildings and capital expenditure

Expenditure on maintenance of College buildings was £0.59m during the year, and capital expenditure on improvements was a further £1.49m, which was within the level of cash generation supported by donations for the specific projects under construction. 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 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.

Endowment and investment performance

The value of the overall investment portfolio increased by 7.7%, as a result of increases in property values in the Cambridge area, which grew by some 11% during the year. On the stock markets the year to 31st July showed a pattern of generally low but positive returns, with the main stock market portfolio generating a return of 3.7% (2013 22.2%), which was barely sufficient to cover the College's income requirements. Cash holdings in the portfolio have reduced as a result of the purchase of 5 houses on the Huntingdon Road for £3.56m.

Since the year end the College has entered into a reversionary lease of the College's investment property in Portsmouth for a period of five years from October 2015 at a passing rent of £130,000 per annum. A parallel deed of variation granting a rent free period for the next year until the start of the term of the reversionary lease has also been concluded. This is expected to improve the value of the property and enable some recovery of the loss in value of this investment experienced over the previous two years; no change to this valuation has been made in the accounts for the year.

Reserves and Financing

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. It is pleasing to report that the College's endowment has grown by £2.7m to £49.6m. £1.2m of this increase arises from growth in asset values, with the balance coming from donations. The College was very grateful to receive a further contribution of £0.34 million from the Colleges Fund.

For historic reasons the endowment has previously included some (but not all) of the external properties owned by the College, which are used to accommodate students, as well as some of the buildings on the College main site. The opportunity has been taken this year to align with accounting guidance, by removing all elements of the College site from the endowment on the one hand and including all of the external properties in the endowment on the other hand. The difference in values between these opposite transfers is balanced by the allocation of other assets to the endowment from general reserves. This transaction therefore has had no effect on the total value of the endowment or of the investment fund, which is used to calculate the value of restricted funds held by the College.

The College considers that the inclusion of these properties within the endowment is more consistent with accounting and charity commission guidance, as they have the characteristics of investments, being easily convertible to liquid assets and not considered essential to the fulfilment of the College's charitable objects. On a 'like for like' comparison Fitzwilliam still has one of the smallest endowments among the Cambridge Colleges, and needs to continue to grow its reserves in order to provide assurance that it has sufficient resources to be able to ensure its academic mission in the long term.

ANNUAL REPORT OF THE GOVERNING BODY (continued)**Financial Review (continued)**

Reserves, which are available to meet general expenditure needs, have increased from £13.8m to 15.4m. Liquid assets are sufficient to meet current liabilities as they fall due, and net current liabilities are covered by cash held in reserves.

In 2008 the College took out a long term loan 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.

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 £1.8 million brought the appeal total (to the end of the 2013/14 financial year) to £12.4 million. Generous gifts from alumni and friends in the past year have enabled the College to increase support for both undergraduates and graduate students. The largest single donation (£400k) was given to establish an endowed fund for graduate students in Land Economy, while a much-needed boost to undergraduate funding came from a Hong Kong alumnus offering a rolling expendable gift.

Students, as well as alumni, are increasingly aware of the importance of philanthropy, and are actively engaged in fundraising. This year's Telephone Campaign was our most successful yet, resulting in pledges and donations totalling over £169k (2013: £143k); all monies raised were allocated to the Student Opportunities Fund or the Teaching Fund, unless donors specified otherwise. Campaign expenses were met by the College. Money raised in the 150th Anniversary Campaign has been essential in enabling us to move forward with our capital plans. Thanks to three large donations the transformation of the old library into the Upper Hall was completed in April, allowing us to shift our fundraising focus to Lasdun accommodation staircases A, B and C.

Looking ahead

Despite the strong and reassuring recent financial performance, the outlook for the next 5 years is very challenging. In addition to general economic pressures facing the sector, including a weak investment outlook and the cost pressures which inevitably emerge after long periods of restraint, two factors will affect the College particularly:

- Rising pension costs arising from Government withdrawal of the Contracting Out rebate in April 2016, and the inevitable (and probably simultaneous) requirement for a substantial increase in pension contributions to fund deficits the two Defined Benefit schemes in which the College participates will, on current estimates, increase pension costs in excess of £200,000 per annum.
- The College's share of the cost of the Cambridge Bursary scheme is expected to rise by a further £70,000 per annum in due course, after the additional support which the College presently receives from the Isaac Newton Trust is withdrawn in 2016/17.

The delivery even of a modest surplus will require sustained attention, and a modicum of luck. The rolling Five Year Plan, which focuses attention on core values and strategic priorities, is reviewed annually, by the Governing Body and its various Committees. The College has also started to review its governance structures, asking how best to run a Cambridge College in the 21st century. This question cannot be answered quickly or easily, but its consideration is an essential part of planning for a secure future.

To most observers, the College is in excellent shape. It is well known for expressing a deeply-held ethos: striving for academic excellence by encouraging a down-to-earth, friendly, and supportive intellectual atmosphere. The student body is vibrant and successful. The College staff (both academic and non-academic) are committed and professional, often giving to the College far more than should realistically be expected of them. But economic times are hard, and a clear focus must be maintained on controlling costs and raising funds for vital expenditures to meet the immediate challenges, and give security to future generations of students and researchers.

R A Powell
Bursar



Mrs N M Padfield
Master



Date: 15th December 2014.

Date: 1 December 2014

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 2014 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 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, 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. 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 11, 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.

Qualified opinion arising on non-compliance with FRS17

Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) requires disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities. As explained in note 28 the College has not obtained and disclosed the necessary information for the year ended 31 July 2014 and it is therefore not possible to quantify the effect of this departure.

Except for the effect of not complying with FRS 17, in our opinion:

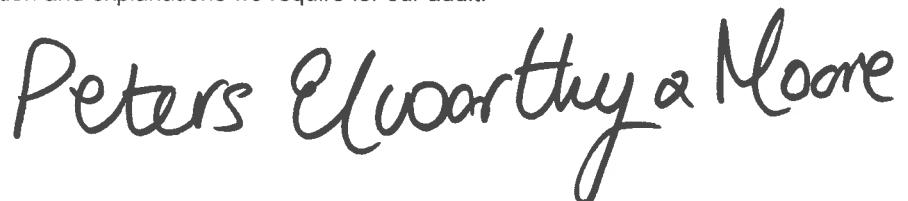
- the financial statements give a true and fair view of the state of the group's affairs as at 31 July 2014 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 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
Chartered Accountants and
Statutory Auditors



CAMBRIDGE

Date: 3 December 2014

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2014

Basis of preparation

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

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 9.

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 2014. 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 29.

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.

Restricted grant income

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

Donations and benefactions

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

Capital grants and donations

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

Other income

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2014

Recognition of income (continued)

Endowment and investment income

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

Endowment funds

Endowment funds are classified under three headings:

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

Foreign currency translation

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

Tangible fixed assets

a. Land and buildings

Freehold buildings within the College main site are stated at depreciated replacement cost ascertained as at 31 July 2003 plus subsequent additions at historical cost and are depreciated on a straight line basis over their expected useful economic life of 50 years. Freehold land is not depreciated.

External properties are included at valuation and due to the College's policy and practise of regular maintenance and repair no depreciation is charged on these properties on the grounds that it would be immaterial as their estimated residual values are not materially different from their carrying amounts in these financial statements. A professional valuation is carried out every 5 years and interim valuations are carried out by the Bursar. The bursar's valuation method uses the values as per the latest professional valuation and adds an annual revaluation adjustment reflecting specific market values as published by financial institutions.

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

Finance costs which are directly attributable to the construction of buildings are not capitalised as part of the cost of those assets.

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

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

b. Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the expected useful economic life of the asset concerned. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2014

Tangible fixed assets (continued)

c. Furniture, fittings and equipment

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

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

d. 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

Rental costs under operating leases are charged to the Income and Expenditure Account in equal amounts over the periods of the leases.

Investments

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

Securities

Securities are shown at their market value. This is for listed investments the middle market quotation ruling at the close of business on 31 July, translated for overseas investments into sterling at the rates of exchange ruling at that date.

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included on an accrual basis. Interest which forms part of the price of investments purchased or sold during the year is treated as revenue.

Properties

Investment properties are included at open market value. A professional valuation is carried out every 5 years and interim valuations are carried out by the Bursar. The bursar's valuation method uses the values as per the latest professional valuation and adds an annual revaluation adjustment reflecting specific market values as published by financial institutions. These properties form part of the College's investments and therefore any surplus or deficit on revaluation is reflected as part of each fund's value as at 31 July. In accordance with SSAP19, no depreciation is charged.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2014

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.

Contribution under Statute G,II

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

Pension schemes

The college pays contributions to two defined benefit pension schemes that provide benefits to its members based on final pensionable salary. The assets of these schemes are held separately from those of the College.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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.

The College also offers a defined contribution pension scheme for non-academic staff.

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 are charged to the Income and Expenditure account in the period to which they relate.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2014

	Note	2014 £000	2013 £000
INCOME			
Academic fees and charges	1	2,619	2,567
Residences, catering and conferences	2	5,073	4,555
Endowment and investment income	3	1,167	1,158
Donations	4	394	566
Other income	5	204	169
Total income		9,457	9,015
EXPENDITURE			
Education	6	3,417	3,233
Residences, catering and conferences	7	4,719	4,535
Other expenditure	8	772	707
Total expenditure	9	8,908	8,475
Surplus on continuing operations before Contribution under Statute G, II		549	540
Contribution under Statute G,II		0	0
Surplus on continuing operations after Contribution under Statute G, II		549	540
Surplus for the year transferred to accumulated income in endowment funds	21	(61)	(89)
Surplus for the year retained within general reserves		488	451

All items dealt with in arriving at the surplus for 2014 and 2013 relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2014

	Note	Restricted Funds £000	Un-restricted Funds £000	2014 Total £000	2013 Total £000
Surplus/(deficit) on income and expenditure account		0	488	488	451
Unspent endowment fund income		61	0	61	89
Unused investment income		0	8	8	0
Increase/(Decrease) in market value of investments:					
Investment assets	13	1	5	6	2,773
Fixed assets	12	368	1,897	2,265	3,046
New endowments	21	1,105	0	1,105	719
Transfer donations towards Library		(19)	0	(19)	(42)
Capital grant from Colleges Fund		0	341	341	338
		—	—	—	—
Total recognised gains for the year		1,516	2,739	4,255	7,374
		=====	=====	=====	=====
Reconciliation					
Opening reserves and endowments		10,798	49,922	60,720	53,346
Total recognised gains for the year		1,516	2,739	4,255	7,374
		—	—	—	—
Closing reserves and endowments		12,314	52,661	64,975	60,720
		=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

As at 31 July 2014

	Note		2014 £000	2013 £000	
FIXED ASSETS					
Tangible assets	12		22,361	23,123	
Investments	13		8,375	5,318	
			<u>30,736</u>	<u>28,441</u>	
ENDOWMENT ASSETS	14		<u>49,551</u>	<u>46,895</u>	
CURRENT ASSETS					
Stocks	15		53	50	
Debtors	16		1,763	2,808	
Cash at bank and in hand	17		43	42	
			<u>1,859</u>	<u>2,900</u>	
CREDITORS : amounts falling due within one year	18		<u>(3,022)</u>	<u>(3,678)</u>	
Net current assets			<u>(1,163)</u>	<u>(778)</u>	
Total assets less current liabilities			<u>79,124</u>	<u>74,558</u>	
CREDITORS: amounts falling due after more than one year	19		<u>(10,000)</u>	<u>(10,000)</u>	
TOTAL NET ASSETS			<u>69,124</u>	<u>64,558</u>	
Represented by:					
		Restricted funds	Un-restricted funds	2014 Total	2013 Total
DEFERRED CAPITAL GRANTS	20	4,149	0	<u>4,149</u>	<u>3,838</u>
ENDOWMENTS					
Expendable endowments	21	2,124	0	2,124	1,827
Permanent endowments	21	10,190	37,237	47,427	45,068
		<u>12,314</u>	<u>37,237</u>	<u>49,551</u>	<u>46,895</u>
RESERVES					
General reserves	22	0	15,368	15,368	5,285
Operational property revaluation reserve	22	0	0	0	8,488
Fixed asset investment revaluation reserve	22	0	56	56	52
		<u>0</u>	<u>15,424</u>	<u>15,424</u>	<u>13,825</u>
TOTAL FUNDS		<u>16,463</u>	<u>52,661</u>	<u>69,124</u>	<u>64,558</u>

The financial statements were approved by the Governing Body on 26 November 2014 and signed on its behalf by:

R A Powell
Bursar



N M Padfield
Master



The notes on pages 21 to 34 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2014

	Note	2014 £000	2013 £000
Net cash inflow from operating activities	23	275	1,076
Returns on investments and servicing of finance	24	444	284
Capital expenditure and financial investment	24	(2,599)	(1,126)
Net cash outflow before management of liquid resources		(1,880)	234
Management of liquid resources	24	1,903	(250)
Increase in cash in the year		23	(16)
Reconciliation in net cash flow to movement in net funds			
Increase in cash in the year		23	(16)
Cash outflow from liquid resources		(1,903)	250
Change in net funds		(1,880)	234
Net funds at beginning of year		(4,594)	(4,828)
Net funds at end of year	25	(6,474)	(4,594)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

1. ACADEMIC FEES AND CHARGES

	2014	2013
	£000	£000
Colleges fees:		
Fee income paid on behalf of undergraduates at the publicly-funded undergraduate rate:		
Old regime (per capita fee £4,068)	619	1,038
New regime (per capita fee £4,500)	907	441
Privately-funded undergraduate fee income (per capita fee £6,195)	593	618
Fee income received at the graduate fee rate (per capita fee £2,424)	476	447
Other income	24	23
	<u>2,619</u>	<u>2,567</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2014	2013
	£000	£000
Accommodation:		
College members	2,684	2,394
Conferences	573	590
Catering:		
College members	1,056	943
Conferences	760	628
	<u>5,073</u>	<u>4,555</u>

3. ENDOWMENT AND INVESTMENT INCOME

	2014	2013
	Total	Total
	£000	£000
Income from:		
Land and buildings	207	206
Quoted securities	712	685
Other interest receivable	248	267
	<u>1,167</u>	<u>1,158</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

4. DONATIONS

	2014	2013
	£000	£000
Unrestricted donations	93	168
Restricted donations	199	211
Released from deferred capital grants (see note 20)	102	187
	<u>394</u>	<u>566</u>

5. OTHER INCOME

	2014	2013
	£000	£000
Miscellaneous charges to members and other income	128	97
Hire of network	51	48
Launderette income	25	24
	<u>204</u>	<u>169</u>

6. EDUCATION EXPENDITURE

	2014	2013
	£000	£000
Teaching	2,170	2,079
Tutorial	467	459
Admissions	134	156
Research	160	156
Scholarships and awards	315	217
Other educational facilities	171	166
	<u>3,417</u>	<u>3,233</u>

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2014	2013
	£000	£000
Accommodation:		
College members	2,439	2,364
Conferences	518	519
Catering:		
College members	1,252	1,232
Conferences	510	420
	<u>4,719</u>	<u>4,535</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

8. OTHER EXPENDITURE

	2014	2013
	£000	£000
Restricted funds expenditure	0	0
Loan interest	323	339
Development expenses	271	231
Administration	159	117
Other	19	20
	<u>772</u>	<u>707</u>
	<u><u>772</u></u>	<u><u>707</u></u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

2013/14	Staff costs (note 11) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 6)	1,290	1,934	193	3,417
Residences, catering and conferences (note 7)	2,346	1,677	696	4,719
Other (note 8)	304	464	4	772
	<u>3,940</u>	<u>4,075</u>	<u>893</u>	<u>8,908</u>
	<u><u>3,940</u></u>	<u><u>4,075</u></u>	<u><u>893</u></u>	<u><u>8,908</u></u>

The above expenditure includes fundraising costs of £270,962 (2013: £230,848).
This expenditure includes the costs of alumni relations.

2012/13	Staff costs (note 11) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 6)	1,190	1,856	187	3,233
Residences, catering and conferences (note 7)	2,179	1,693	663	4,535
Other (note 8)	254	449	4	707
	<u>3,623</u>	<u>3,998</u>	<u>854</u>	<u>8,475</u>
	<u><u>3,623</u></u>	<u><u>3,998</u></u>	<u><u>854</u></u>	<u><u>8,475</u></u>

10. AUDITORS' REMUNERATION

	2014	2013
	£000	£000
Other operating expenses include:		
Audit fees payable to the College's external auditors	17	17
	<u>17</u>	<u>17</u>
	<u><u>17</u></u>	<u><u>17</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

11. STAFF COSTS

	College fellows £000	Non-academic £000	2014 Total £000	2013 Total £000
<i>Staff costs:</i>				
Emoluments	528	2,598	3,126	2,923
Social security costs	59	170	229	217
Other pension costs	88	497	585	483
	<u>675</u>	<u>3,265</u>	<u>3,940</u>	<u>3,623</u>
	<u><u>675</u></u>	<u><u>3,265</u></u>	<u><u>3,940</u></u>	<u><u>3,623</u></u>
	No	No	No	No
<i>Average staff numbers:</i>				
Academic	45	0	45	45
Non-academic	0	104	104	105
	<u>45</u>	<u>104</u>	<u>149</u>	<u>150</u>
	<u><u>45</u></u>	<u><u>104</u></u>	<u><u>149</u></u>	<u><u>150</u></u>

The Governing Body comprised 56 Fellows of which the 45 declared above were stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000. During the year the Trustees received £527,676 for normal College duties.

12. TANGIBLE FIXED ASSETS

	Freehold land and buildings				2014	2013
	College main site	External properties	Assets under construction	Furniture, fittings and equipment	Total	Total
	£000	£000	£000	£000	£000	£000
Cost						
At beginning of year	24,811	19,615	266	4,069	48,761	44,746
Additions	963	3,818	272	369	5,422	969
Transfer	266	0	(266)	0	0	0
Revaluation surplus	0	2,265	0	0	2,265	3,046
Disposals	0	0	0	0	0	0
At end of year	<u>26,040</u>	<u>25,698</u>	<u>272</u>	<u>4,438</u>	<u>56,448</u>	<u>48,761</u>
	<u><u>26,040</u></u>	<u><u>25,698</u></u>	<u><u>272</u></u>	<u><u>4,438</u></u>	<u><u>56,448</u></u>	<u><u>48,761</u></u>
Depreciation						
At beginning of year	4,605	0	0	2,892	7,497	6,643
Charge for the year	521	0	0	371	892	854
Revaluation transfer	0	0	0	0	0	0
Eliminated on disposals	0	0	0	0	0	0
At end of year	<u>5,126</u>	<u>0</u>	<u>0</u>	<u>3,263</u>	<u>8,389</u>	<u>7,497</u>
	<u><u>5,126</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>3,263</u></u>	<u><u>8,389</u></u>	<u><u>7,497</u></u>
Net book value						
At end of year	<u>20,914</u>	<u>25,698</u>	<u>272</u>	<u>1,175</u>	<u>48,059</u>	<u>41,264</u>
	<u><u>20,914</u></u>	<u><u>25,698</u></u>	<u><u>272</u></u>	<u><u>1,175</u></u>	<u><u>48,059</u></u>	<u><u>41,264</u></u>
At beginning of year	<u>20,206</u>	<u>19,615</u>	<u>266</u>	<u>1,177</u>	<u>41,264</u>	<u>38,103</u>
	<u><u>20,206</u></u>	<u><u>19,615</u></u>	<u><u>266</u></u>	<u><u>1,177</u></u>	<u><u>41,264</u></u>	<u><u>38,103</u></u>

The insured replacement cost of freehold land and buildings as at 31 July 2014 was £81,560,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

12. TANGIBLE FIXED ASSETS (continued)

	Freehold land and buildings			Furniture, fittings and equipment £000	2014 Total £000	2013 Total £000
	College main site £000	External properties £000	Assets under construction £000			
Net book value at end of year	20,914	25,698	272	1,175	48,059	41,264
Less: buildings forming part of endowment assets (note 14)	0	(25,698)	0	0	(25,698)	(18,141)
	<u>20,914</u>	<u>0</u>	<u>272</u>	<u>1,175</u>	<u>22,361</u>	<u>23,123</u>

13. FIXED ASSET INVESTMENTS

	2014 Total	2013 Total
Balance at beginning of year	31,288	26,741
Additions	3,561	6,456
Disposals	(3,762)	(4,932)
Appreciation/(depreciation)	6	2,773
Increase/(decrease) in cash balances	(1,903)	250
Balance at end of year	<u>29,190</u>	<u>31,288</u>
Represented by:		
Investment properties	2,410	2,410
Quoted securities - equities	21,949	22,150
Quoted securities - fixed interest	1,058	1,052
Cash held at investment managers	549	347
Bank balances	3,224	5,329
	<u>29,190</u>	<u>31,288</u>
Less: investments forming part of endowment (note 14)	(20,815)	(25,970)
	<u>8,375</u>	<u>5,318</u>

14. ENDOWMENT ASSETS

	2014 £000	2013 £000
Freehold land and buildings (note 12)	25,698	18,141
Other assets (note 16)	3,038	2,784
Share of pooled investment assets (note 13)	20,815	25,970
	<u>49,551</u>	<u>46,895</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

15. STOCKS

	2014	2013
	£000	£000
Goods for resale	53	50
	<u>53</u>	<u>50</u>

16. DEBTORS

Due within one year	2014	2013
	£000	£000
Members of the College	204	189
Other debtors	1,517	1,730
	<u>1,721</u>	<u>1,919</u>
Due after more than one year		
Loan repayable by 31 July 2030	3,080	3,673
Less: forming part of endowment assets (note 14)	(3,038)	(2,784)
	<u>42</u>	<u>889</u>
Total	<u>1,763</u>	<u>2,808</u>

17. CASH AT BANK AND IN HAND

	2014	2013
	£000	£000
Current accounts	42	41
Cash in hand	1	1
	<u>43</u>	<u>42</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£000	£000
Bank overdraft	289	311
Social security and other taxes	20	28
Members of the College	143	151
Other creditors	2,570	3,188
	<u>3,022</u>	<u>3,678</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

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

	2014	2013
	£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.

20. DEFERRED CAPITAL GRANTS

	2014	2013
	£000	£000
Balances at beginning of year:		
Buildings	3,838	3,696
Donations received:		
Buildings	413	329
Released to income and expenditure account:		
Buildings	(102)	(187)
	<u>(102)</u>	<u>(187)</u>
Balances at end of year:		
Buildings	4,149	3,838
	<u>4,149</u>	<u>3,838</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

21. ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2014 Total	2013 Total
	£000	£000	£000	£000	£000	£000
Balance at beginning of year:						
Capital	36,097	8,299	44,396	1,734	46,130	41,658
Unspent income	0	672	672	93	765	649
	<u>36,097</u>	<u>8,971</u>	<u>45,068</u>	<u>1,827</u>	<u>46,895</u>	<u>42,307</u>
New endowments received	0	857	857	248	1,105	719
Transfer donations towards Library	0	0	0	(19)	(19)	(42)
Capital grant from Colleges Fund	341	0	341	0	341	338
Increase/(decrease) in market value of investments	791	306	1,097	63	1,160	3,484
	<u>37,229</u>	<u>10,134</u>	<u>47,363</u>	<u>2,119</u>	<u>49,482</u>	<u>46,806</u>
Net transfer (to)/from income and expenditure account:						
Income receivable	430	314	744	252	996	959
Expenditure	(422)	(258)	(680)	(247)	(927)	(870)
	<u>8</u>	<u>56</u>	<u>64</u>	<u>5</u>	<u>69</u>	<u>89</u>
Balance at end of year	<u>37,237</u>	<u>10,190</u>	<u>47,427</u>	<u>2,124</u>	<u>49,551</u>	<u>46,895</u>
Comprising:						
Capital	37,237	9,462	46,699	2,024	48,723	46,130
Unspent income	0	728	728	100	828	765
Balance at end of year	<u>37,237</u>	<u>10,190</u>	<u>47,427</u>	<u>2,124</u>	<u>49,551</u>	<u>46,895</u>
Representing:						
Fellowship and Research Funds	0	3,514	3,514	225	3,739	3,488
Scholarship and Prize Funds	137	1,790	1,927	0	1,927	1,743
Chapel Funds	0	376	376	333	709	669
Travel Grant Funds	0	212	212	1	213	516
Hardship Funds	0	2,678	2,678	299	2,977	2,656
Building Funds	0	0	0	841	841	825
Other Funds	0	1,620	1,620	425	2,045	1,026
General endowments	37,100	0	37,100	0	37,100	35,972
	<u>37,237</u>	<u>10,190</u>	<u>47,427</u>	<u>2,124</u>	<u>49,551</u>	<u>46,895</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

22. RESERVES

	General reserves	Operational property revaluation reserve	Fixed asset investment revaluation reserve	2014 Total	2013 Total
	£000	£000	£000	£000	£000
Balance at beginning of year	5,285	8,488	52	13,825	11,039
Revaluation of external properties	0	1,107	0	1,107	2,321
Surplus/(deficit) for the year	488	0	0	488	451
Increase/(decrease) in market value of investments	0	0	4	4	14
Asset conversion	9,595	(9,595)	0	0	0
Balance at end of year	<u>15,368</u>	<u>0</u>	<u>56</u>	<u>15,424</u>	<u>13,825</u>

23. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£000	£000
Surplus on continuing operations	549	540
Depreciation of tangible fixed assets	893	854
Deferred capital grants released to income	(102)	(187)
Investment income	(959)	(952)
Interest payable	493	494
Increase in stocks	(3)	(1)
Decrease in debtors	63	(203)
Decrease in creditors	(659)	531
Net cash inflow from operating activities	<u>275</u>	<u>1,076</u>

24. CASH FLOWS**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2014	2013
	£000	£000
Endowment and investment income received	937	777
Interest paid	(493)	(493)
Net cash inflow from returns on investments and servicing of finance	<u>444</u>	<u>284</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

24. CASH FLOWS (continued)**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2014	2013
	£000	£000
Receipts from sales of endowment assets	3,762	4,930
New endowments received	1,492	1,032
Capital grant received from colleges fund	341	338
Loan repayment from Fitzwilliam Information Services Trust Limited	593	0
Loan repayment from the Junior Members Association	134	0
Fitzwilliam Society loan received	0	19
Loan repayment from fellows	55	60
	<hr/>	<hr/>
Total capital receipts	6,377	6,379
	<hr/>	<hr/>
Payments to acquire tangible fixed assets	(5,415)	(939)
Payments to acquire endowment assets	(3,561)	(6,456)
Housing loans to fellows	0	(80)
Loan advance to Fitzwilliam Information Services Trust Ltd	0	(30)
	<hr/>	<hr/>
Total capital expenditure	(8,976)	(7,505)
	<hr/>	<hr/>
Net cash outflow from capital transactions	(2,599)	(1,126)
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT OF LIQUID RESOURCES

	2014	2013
	£000	£000
Decrease in short term deposits	(1,903)	250
	<hr/> <hr/>	<hr/> <hr/>

25. ANALYSIS OF CASH AND BANK BALANCES

	2014	2013
	£000	£000
Bank overdraft	(289)	(311)
Bank loan	(10,000)	(10,000)
Cash held at fund managers and on deposit	3,815	5,717
	<hr/>	<hr/>
	(6,474)	(4,594)
	<hr/> <hr/>	<hr/> <hr/>

26. CAPITAL COMMITMENTS

At 31 July 2014 future capital expenditure authorised and committed amounted to £243,000 (2013 - £380,244).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

27. FINANCIAL COMMITMENTS

At 31 July 2014 and 31 July 2013 the College had no annual commitments under non-cancellable operating leases.

28. PENSION SCHEMES**Universities Superannuation Scheme**

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

28. PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

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

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

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

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

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

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

These include:

New entrants:

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

Normal pension age:

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

Flexible retirement:

Flexible retirement options were introduced.

Member contributions increased:

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

Cost sharing:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

28. PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

Pension increase cap:

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

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

At 31 March 2014, USS had over 162,000 active members and the College had 97 active members participating in the scheme.

The total pension cost for the College was £365,927 (2013: £299,576). The contribution rate payable by the College was 16% of pensionable salaries.

Fitzwilliam College Assistant Staff Superannuation Fund

The Group also operates an insured pension fund for non-academic employees providing defined benefits to those employees based on their final pensionable salary. Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary. The last full actuarial valuation was carried out at 1 August 2012. At that point the assets of the Fund were principally invested in a Unitised With-Profits policy with AVIVA. Subsequent to the valuation date the Trustees decided to adopt the Defined Benefit Solution Policy also provided by AVIVA which offers more flexibility in asset allocation tailored to reflect the Trustees attitude to risk.

A market-based valuation was carried out as at the valuation date. That means the assets are taken at a market value and the assumptions used to calculate the liabilities are set with reference to market conditions at the valuation date. As set out in the Statement of Funding Principles, the liabilities have been valued using the Projected Accrued Benefit method which is appropriate for a scheme which has ceased accrual. The value of the assets is compared with the past service liability to determine the funding level and the surplus or deficit. No liabilities will arise in respect of service after the valuation date as the Scheme has ceased future accrual.

The past service liability is calculated by estimating the future benefit payments from the Scheme based on pensionable service up to the date pension accrual ceased and final pensionable salaries projected to retirement. These are then discounted back to the valuation date at the valuation rate of interest. This gives the present value of the liabilities accrued up to the valuation date.

The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salary and pensions. It was assumed that the yield up to retirement would be 6.25% per annum, salary increases would be 2.8% per annum and pensions would increase by 3.25% per annum.

At the valuation date, the value of the assets of the scheme was £1,796,000 and the value of the past service liabilities was £3,036,000 indicating a deficit of £1,240,000 and a funding level of 59%.

The previous full actuarial valuation showed a deficit of £1,605,000. The main reasons for the change between that deficit and the actual deficit produced by the latter valuation of £1,240,000 related mainly to changes in the assumptions previously made and contributions paid. The actuary also valued the scheme on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date). On that basis the actuary estimated that the funding level would have been approximately 59%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

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

Due to that deficit a recovery plan has been put in place to ensure the statutory funding objective is met within a stated period. To eliminate the funding deficit, the employer agreed to contribute £175,400 each year from 1 August 2013 to 1 August 2023. The next formal triennial actuarial valuation is due as at 1 August 2015. The net charge to the income and expenditure account during the year was £175,400.

An annual actuarial report carried out as at 1 August 2013 indicated that the value of the deficit had increased from £1,240,000 to £1,538,000 despite the increased Employer's contribution. The key factors for that increase related to adverse changes in actuarial assumptions and lower return on investments.

Financial Reporting Standard 17 requires disclosure in the financial statements of the fair value of the assets and liabilities arising from the group's retirement benefit obligations and any related funding at each balance sheet date. It also requires disclosure of key actuarial assumptions, the cost of providing retirement benefits, the related finance costs and any other changes in value of the assets and liabilities. The information shown is to be updated by the scheme's actuary at each balance sheet date. The Governing Body has concluded that it is not in its interest to incur the costs of an annual actuarial valuation. The above note therefore includes corresponding information from the most recent triennial valuation performed by the actuary for the pension scheme. It is not practicable to quantify the effect of this departure from accounting standards.

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 £8,115 (2013 - £nil).

29. 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

30. 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 £390,355 (2013 - £418,691). These loans are offered to fellows whom meet the criteria on commercial terms.

31. CONTINGENT LIABILITY

As noted in note 28 with effect from 16 March 2007, The Universities Superannuation Scheme (USS) positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers.