

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

2015



FITZWILLIAM COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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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:

Mr R J A Hooley*
Professor N K H Slater
Dr J R A Cleaver* (retired 30/9/15)
Dr W Allison
Dr A Clark (retired 30/9/15)
Professor M D Potter*
Dr D M Scott
Dr D J Cole
Professor D A Cardwell
Dr R E Horrox*
Dr J D Leigh
Dr K W Platts
Professor D Keown*
Dr M J S Holly*
Dr B Vira*
Professor R S Langley
Dr I Moller
Professor R P Haining
Professor E Mastorakos
Dr D A Coomes
Professor M J Millett
Dr R D Camina
Dr A G Kovalev
Dr D R E Abayasekara
Dr J A Elliott*
Dr A E H Wheatley
Dr K Saeb-Parsy
Professor D M Glover

Dr S S Owen
Dr A S Tavernor*
Dr P J Rentfrow
Dr D P Nally* (resigned 30/9/14)
Dr S J Gathercole*
Dr M B Wingate
Dr J M Cullen
Dr S K Larsen
Mr F Knights*
DR J K Aitken
Dr H C Canuto*
Mrs A M Watson
Dr H Bettinson
Dr P S E Zu Ermgassen
Dr A Jardine
Dr N Dunne (resigned 30/9/14)
Dr A Hunt
Dr K J Boddy
Dr P M Webb (resigned 31/3/14)
Revd Dr J M Munns (resigned 30/9/14)
Dr L M Hanson
Mr T H Hughes
Dr T A Thieme
Dr H Wilkinson (appointed 1/10/14)
Mr S A Middleton (appointed 1/10/14)
Dr S Mukherji (appointed 15/10/14)
Dr S Sawiak (appointed 15/10/14)
Dr H Chalmers (appointed 26/11/14)

*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 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 2015, 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

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.

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

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 2014 the College adopted a new medium term "rolling" plan, aimed at determining priorities and providing a framework for operation through to 2019. This plan is being 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. For the academic year 2014/15:

- 89 awards were made, out of a home/EU publicly funded undergraduate population of 341
- 50 of the awards were at the maximum value of £3,500. The average value of the awards was £2,905.

Additionally:

- 1 graduate student received a full cost MPhil Studentship; 22 (15) others received Studentships ranging in value from £1,250 to £12,000. 43 College Senior Scholarships were also awarded.
- 2 students received awards, averaging £850, from the Access to Learning Fund administered by the University.
- 15 students were awarded Fitzwilliam College Goldman Sachs Bursaries of £1,500 each.
- 87 College maintenance bursaries, averaging £459 (£404), were awarded to undergraduates,
- 14 College maintenance bursaries were awarded to graduate students in need of additional financial support, averaging £411.
- 125 undergraduates received Travel Awards, averaging £235, of which 94 were directly related to their course of study.
- 81 graduate students received Research Awards averaging £266.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Public Benefit (continued)

- A further 109 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 were awarded to undergraduates and graduates with distinguished academic records. 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.

Academic Review

For the academic year 2014/15 the student body comprised some 449 undergraduates, together with 303 full-time and 43 part-time graduate students, including those 'writing up'.

Directors of Studies in 31 subject areas organised academic supervision by 930 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 20th position. 97 Fitzwilliam undergraduates were awarded Firsts (of which two were starred Firsts). Several students were at or near the top of the University class lists, and 5 were awarded University prizes.

Graduate students made up almost 45% of the student population during the year. Of these, 109 full-time students of the College studied on Masters' courses and 194 on research towards PhDs; a further 43 students studied for part time graduate degrees. During the year 24 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees.

The College funded four stipendiary Research Fellows during the year and one non-stipendiary, supporting them in diverse projects at an early stage in their academic careers. 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%) two other Teaching Officers with nearby Colleges.

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.

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 1960's, 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 relocation of the College gym to the squash court building, which was achieved in July 2015, has completed the first phase of the Central Building refurbishment programme, enabling the basement space in that building to be released for alternative use. The new gym provides an exciting enhancement to the facilities available to all members of the College, especially our students. The second phase, which will involve preservation work to the Lantern roof of the Hall and the creation of a first floor gallery with openings to the Hall, will proceed as funding becomes available.

ANNUAL REPORT OF THE GOVERNING BODY (continued)**Development of College facilities (continued)**

Refurbishment of the accommodation blocks is now well under way. Following the replacement of the windows in A, B and C staircases, upgrading of the roof and some external works in the summer vacation of 2014, 2015 has seen the completion of the first internal staircase refurbishment in 'A'. The loss of one bedroom on each floor and the installation of showers has enabled the creation of an attractive social space which will be the hub of a shared living space for first year students. On the ground floor two former bedrooms have been combined to create a wheelchair accessible room. Our students are delighted with the new accommodation and the intention is to follow this same model across B and C staircases at the earliest opportunity.

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.

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 £0.32 million (2014: £0.49 million), after charging depreciation of £0.91 million (2014: £0.89 million). Income grew by 1.6% and overall expenditure increased by 3.4%. The surplus was after taking account of bank interest costs of £0.49 million and unrestricted donations of £0.07 million. This was a much better outcome than budgeted, mainly driven by costs coming in below budget across a number of areas including unfilled vacancies.

Staff costs (including academic stipends), which represent 46% of total expenditure, rose by 3.9% following a 9.3% rise in the previous year. This reflects in part the first full year impact of pensions auto-enrolment introduced in 2013. Looking ahead, the increased pension contributions arising from the restructuring of USS together with the abolition of the contracted out rebate, will give rise to another significant uplift in staff costs (over £100,000 in a full year) from April 2016.

There has been heightened interest during the year in the 'Living Wage'; 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, a review of low pay was undertaken during the course of the year which has resulted in increases of around 5% for a number of staff. The introduction of the National Living Wage, announced in the Chancellor's budget speech in July 2015, will have further and wide ranging implications for pay structures and will require careful management over the period of its introduction.

In the year under review, academic fees and charges amounted to £2.80 million (2014: £2.62 million) and academic expenditure to £3.50 million (2014: £3.42 million). The deficit of £0.70 million (2014: £0.80 million) in respect of academic activity was met from endowment and other income.

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

Income from rents, catering and conference activity was £5.15 million (2014: 5.07 million) and costs were £4.95 million (2014: 4.72 million) producing a surplus of £0.20 million (2014: £0.35 million). Conference income, which helps to mitigate the overhead costs of providing the College infrastructure and thus reduce the costs to students, fell 11.9% during the year. This was largely due to a conscious decision to grant students more flexibility in choice of rental contracts. Most of the Conference business is of an academic or educational nature.

Endowment and investment income at £1.06 million was £0.10 million lower than in 2014 due to the effect of a rent free period which was agreed as part of the negotiation of the reversionary lease on the College's freehold investment property lease of 149-151 Commercial Road Portsmouth referred to in last year's report.

Maintenance of buildings and capital expenditure

Expenditure on maintenance of College buildings was £0.67 million during the year, and capital expenditure on improvements was a further £0.84 million, which was well 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, 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. The major project for the year was the refurbishment of 20 bedrooms in A staircase, completed in October 2015 at a cost of approximately £1.2 million. The cost of this project is partially included in these accounts, with the balance to be reflected in 2015-16.

Endowment and investment performance

The value of the overall investment portfolio increased by £3.88 million (13.3%) during the year, to £33.07 million mainly as a result of new donations received and capital growth.

During the year, the Governing Body took the decision to sell the College's commercial property investment at 149-151 Commercial Road Portsmouth being of the view that it represented a disproportionate risk in the College's investment portfolio. In July 2015 the College entered into an agreement for its sale at a figure of £1.695 million and the sale was completed on 21st August 2015. The property has been included in these accounts at its sale value, and this has resulted in a revaluation gain of £0.52 million. The Investment Advisory Committee considered that the exposure to the commercial property sector should be retained and the net sale proceeds have therefore been reinvested in the COIF Charities Property Fund.

The Cambridge property market remained strong, with a 5.2% rise in indexed value translating into an increase of £1.41 million in the value of College owned properties held within the endowment.

In the year to 31st July 2015 most asset classes in the main stockmarket portfolio, managed by Sarasin and Partners LLP, produced strongly positive returns. The exceptions were commodities and emerging market equities, which both fell sharply. UK equities returned 5.4% and global equities returned 10.5% in sterling terms. Bond markets were also strong with sterling government bonds producing a 9.5% return for the 12 month period. The total return on the portfolio was 8.7% (net of fees) for the year, ahead of the benchmark return of 8.0%. The College's Absolute Return fund produced a return of 8.4% over the 12 month period.

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 £4.2 million to £53.8 million. £3.25 million of this increase arises from growth in asset values, with the balance coming from donations (net of payments for restricted purposes). The College was very grateful to receive a further contribution of £0.409 million from the Colleges Fund.

The College considers that the policy of inclusion within the endowment of external properties owned by the College, which are used to accommodate students, is consistent with accounting and charity commission guidance, since 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. 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.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Financial Review (continued)

Reserves, which are available to meet general expenditure needs, have increased from £15.4 million to £15.8 million. 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 £1.6 million brought the appeal total (to the end of the 2014/15 financial year) to £14 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. The second of two gifts of £250,000 enabled the College to undertake the internal refurbishment of 'A' staircase, and over £300,000 has been received towards the next stage, the internal refurbishment of 'B' and 'C' staircases which it is hoped to complete in summer 2016. A number of applications to trusts and foundations for support with our buildings programme are pending.

This year's telephone campaign was our most successful yet, resulting in pledges and donations totalling over £190,000 (2014: £169,000), and bringing the seven year cumulative total to over £1 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 has launched a new fundraising campaign in 2015 which will involve College Development staff and Fellows. It is expected that this joint approach to alumni, particularly in the top wealth brackets, will have a positive impact on Fitzwilliam's fundraising.

Looking ahead

This time last year we noted that the delivery of even a modest surplus this year would require sustained attention, and a modicum of luck. Both factors perhaps explain this year's accounts, which are more positive than we might have dared hope this time last year. But it is absolutely not the time for any complacency. The College is acutely aware that its costs (particularly staff and pension costs, bursary/student support costs) and its needs (such as major building refurbishments) are ever-growing challenges that cannot be avoided. Many areas of the College's institutional life would benefit from greater investment. Savings seem ever harder to identify. The uncertainties of both the economic and the political climate in which Universities seek to thrive make predicting the future no easier than in the past.

Despite this, the College remains buoyant. Its Fellows, students and staff understand that a tightly-run and efficient environment can still be a successful and enjoyable one in which to work. Fitzwilliam 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. We continue to review our strategic priorities and to develop tight financial risk frameworks. Fitzwilliam College remains an excellent College in a world class University. But it has to work tirelessly to increase its income and endowment in order to secure its future for generations to come.

R A Powell

Bursar

Date: 9th December 2015

Mrs N M Padfield

Master

Date: 9th December 2015

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 2015 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 2015 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 2015 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 2015 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to report by exception

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

- the information given in the 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: 18th December 2015

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2015

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 2015. 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 30.

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 2015

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. Own labour costs when forming part of capital projects are capitalised.

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 2015

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 2015

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 2015

	Note	2015 £000	2014 £000
INCOME			
Academic fees and charges	1	2,803	2,619
Residences, catering and conferences	2	5,152	5,073
Endowment and investment income	3	1,062	1,167
Donations	4	453	394
Other income	5	141	204
Total income		9,611	9,457
EXPENDITURE			
Education	6	3,503	3,417
Residences, catering and conferences	7	4,946	4,719
Other expenditure	8	759	772
Total expenditure	9	9,208	8,908
Surplus on continuing operations before Contribution under Statute G, II		403	549
Contribution under Statute G,II		0	0
Surplus on continuing operations after Contribution under Statute G, II		403	549
Surplus for the year transferred to accumulated income in endowment funds	21	(82)	(61)
Surplus for the year retained within general reserves		321	488

All items dealt with in arriving at the surplus for 2015 and 2014 relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2015

	Note	Restricted Funds £000	Un-restricted Funds £000	2015 Total £000	2014 Total £000
Surplus/(deficit) on income and expenditure account		0	321	321	488
Unspent endowment fund income		82	0	82	61
Unused investment income		0	4	4	8
Increase/(Decrease) in market value of investments:					
Investment assets	13	463	1,389	1,852	6
Fixed assets	12	405	1,006	1,411	2,265
New endowments	21	618	0	618	1,105
Transfer donations towards Library		(17)	0	(17)	(19)
Transfer to deferred capital grants		(145)	0	(145)	0
Capital grant from colleges fund		0	409	409	341
		—	—	—	—
Total recognised gains for the year		1,406	3,129	4,535	4,255
		=====	=====	=====	=====
Reconciliation					
Opening reserves and endowments		12,314	52,661	64,975	60,720
Total recognised gains for the year		1,406	3,129	4,535	4,255
		—	—	—	—
Closing reserves and endowments		13,720	55,790	69,510	64,975
		=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

As at 31 July 2015

	Note		2015 £000	2014 £000	
FIXED ASSETS					
Tangible assets	12		22,629	22,361	
Investments	13		9,536	8,375	
			<u>32,165</u>	<u>30,736</u>	
ENDOWMENT ASSETS	14		<u>53,755</u>	<u>49,551</u>	
CURRENT ASSETS					
Stocks	15		52	53	
Debtors	16		2,110	1,763	
Cash at bank and in hand	17		29	43	
			<u>2,191</u>	<u>1,859</u>	
CREDITORS : amounts falling due within one year	18		<u>(3,764)</u>	<u>(3,022)</u>	
Net current assets			<u>(1,573)</u>	<u>(1,163)</u>	
Total assets less current liabilities			84,347	79,124	
CREDITORS: amounts falling due after more than one year	19		<u>(10,000)</u>	<u>(10,000)</u>	
TOTAL NET ASSETS			<u>74,347</u>	<u>69,124</u>	
Represented by:					
		Restricted funds	Un-restricted funds	2015 Total	2014 Total
DEFERRED CAPITAL GRANTS	20	4,837	0	4,837	4,149
ENDOWMENTS					
Expendable endowments	21	2,146	0	2,146	2,124
Permanent endowments	21	11,574	40,035	51,609	47,427
		<u>13,720</u>	<u>40,035</u>	<u>53,755</u>	<u>49,551</u>
RESERVES					
General reserves	22	0	15,689	15,689	15,368
Fixed asset investment revaluation reserve	22	0	66	66	56
		<u>0</u>	<u>15,755</u>	<u>15,755</u>	<u>15,424</u>
TOTAL FUNDS		<u>18,557</u>	<u>55,790</u>	<u>74,347</u>	<u>69,124</u>

The financial statements were approved by the Governing Body on 2 December 2015 and signed on its behalf by:

R A Powell
Bursar

N M Padfield
Master

The notes on pages 21 to 33 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	23	1,444	275
Returns on investments and servicing of finance	24	260	444
Capital expenditure and financial investment	24	184	(2,599)
Net cash inflow/(outflow) before management of liquid resources		<u>1,888</u>	<u>(1,880)</u>
Management of liquid resources	24	1,716	1,903
Increase in cash in the year		<u>172</u>	<u>23</u>
Reconciliation in net cash flow to movement in net funds			
Increase in cash in the year		172	23
Cash inflow/(outflow) from liquid resources		<u>1,716</u>	<u>(1,903)</u>
Change in net funds		<u>1,888</u>	<u>(1,880)</u>
Net funds at beginning of year		<u>(6,474)</u>	<u>(4,594)</u>
Net funds at end of year	25	<u>(4,586)</u>	<u>(6,474)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

1. ACADEMIC FEES AND CHARGES

	2015	2014
	£000	£000
Colleges fees:		
Fee income paid on behalf of undergraduates at the publicly-funded undergraduate rate:		
Old regime (per capita fee £4,185)	230	619
New regime (per capita fee £4,500)	1,384	907
Privately-funded fee income (per capita fee £6,825)	614	593
Graduate combined fee income (per capita fee £2,474)	544	476
Other income	31	24
	<u>2,803</u>	<u>2,619</u>
	<u><u>2,803</u></u>	<u><u>2,619</u></u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2015	2014
	£000	£000
Accommodation:		
College members	2,778	2,684
Conferences	503	573
Catering:		
College members	1,200	1,056
Conferences	671	760
	<u>5,152</u>	<u>5,073</u>
	<u><u>5,152</u></u>	<u><u>5,073</u></u>

3. ENDOWMENT AND INVESTMENT INCOME

	2015	2014
	Total	Total
	£000	£000
Income from:		
Land and buildings	113	207
Quoted securities	722	712
Other interest receivable	227	248
	<u>1,062</u>	<u>1,167</u>
	<u><u>1,062</u></u>	<u><u>1,167</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

4. DONATIONS

	2015	2014
	£000	£000
Unrestricted donations	67	93
Restricted donations	284	199
Released from deferred capital grants (see note 20)	102	102
	<u>453</u>	<u>394</u>
	<u><u>453</u></u>	<u><u>394</u></u>

5. OTHER INCOME

	2015	2014
	£000	£000
Miscellaneous charges to members and other income	99	128
Hire of network	18	51
Launderette income	24	25
	<u>141</u>	<u>204</u>
	<u><u>141</u></u>	<u><u>204</u></u>

6. EDUCATION EXPENDITURE

	2015	2014
	£000	£000
Teaching	2,133	2,170
Tutorial	500	467
Admissions	142	134
Research	193	160
Scholarships and awards	354	315
Other educational facilities	181	171
	<u>3,503</u>	<u>3,417</u>
	<u><u>3,503</u></u>	<u><u>3,417</u></u>

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2015	2014
	£000	£000
Accommodation:		
College members	2,582	2,439
Conferences	536	518
Catering:		
College members	1,259	1,252
Conferences	569	510
	<u>4,946</u>	<u>4,719</u>
	<u><u>4,946</u></u>	<u><u>4,719</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

8. OTHER EXPENDITURE

	2015	2014
	£000	£000
Loan interest	323	323
Development expenses	280	271
Administration	135	159
Other	21	19
	<u>759</u>	<u>772</u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

2014/15	Staff costs (note 11) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 6)	1,300	2,011	192	3,503
Residences, catering and conferences (note 7)	2,432	1,797	717	4,946
Other (note 8)	307	448	4	759
	<u>4,039</u>	<u>4,256</u>	<u>913</u>	<u>9,208</u>

The above expenditure includes fundraising costs of £280,171 (2014: £270,962).
This expenditure includes the costs of alumni relations.

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>

10. AUDITORS' REMUNERATION

	2015	2014
	£000	£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	5	0
	<u>22</u>	<u>17</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

11. STAFF COSTS

	College fellows	Non-academic	2015 Total	2014 Total
	£000	£000	£000	£000
<i>Staff costs:</i>				
Emoluments	531	2,705	3,236	3,126
Social security costs	59	175	234	229
Other pension costs	105	464	569	585
	<u>695</u>	<u>3,344</u>	<u>4,039</u>	<u>3,940</u>
	<u><u>695</u></u>	<u><u>3,344</u></u>	<u><u>4,039</u></u>	<u><u>3,940</u></u>
	No	No	No	No
<i>Average staff numbers:</i>				
Academic	45	0	45	45
Non-academic	0	106	106	104
	<u>45</u>	<u>106</u>	<u>151</u>	<u>149</u>
	<u><u>45</u></u>	<u><u>106</u></u>	<u><u>151</u></u>	<u><u>149</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 £694,998 for normal College duties.

12. TANGIBLE FIXED ASSETS

	Freehold land and buildings				2015 Total	2014 Total
	College main site	External properties	Assets under construction	Furniture, fittings and equipment	£000	£000
	£000	£000	£000	£000	£000	£000
Cost						
At beginning of year	26,040	25,698	272	4,438	56,448	48,761
Additions	82	72	759	340	1,253	5,422
Transfer	0	0	0	0	0	0
Revaluation surplus	0	1,411	0	0	1,411	2,265
Disposals	0	0	0	0	0	0
	<u>26,122</u>	<u>27,181</u>	<u>1,031</u>	<u>4,778</u>	<u>59,112</u>	<u>56,448</u>
	<u><u>26,122</u></u>	<u><u>27,181</u></u>	<u><u>1,031</u></u>	<u><u>4,778</u></u>	<u><u>59,112</u></u>	<u><u>56,448</u></u>
Depreciation						
At beginning of year	5,126	0	0	3,263	8,389	7,497
Charge for the year	522	0	0	391	913	892
Revaluation transfer	0	0	0	0	0	0
Eliminated on disposals	0	0	0	0	0	0
	<u>5,648</u>	<u>0</u>	<u>0</u>	<u>3,654</u>	<u>9,302</u>	<u>8,389</u>
	<u><u>5,648</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>3,654</u></u>	<u><u>9,302</u></u>	<u><u>8,389</u></u>
Net book value						
At end of year	20,474	27,181	1,031	1,124	49,810	48,059
	<u>20,206</u>	<u>19,615</u>	<u>266</u>	<u>1,177</u>	<u>41,264</u>	<u>41,264</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>41,264</u></u>

The insured replacement cost of freehold land and buildings as at 31 July 2015 was £81,928,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

12. TANGIBLE FIXED ASSETS (continued)

	Freehold land and buildings			Furniture, fittings and equipment £000	2015 Total £000	2014 Total £000
	College main site £000	External properties £000	Assets under construction £000			
Net book value at end of year	20,474	27,181	1,031	1,124	49,810	48,059
Less: buildings forming part of endowment assets (note 14)	0	(27,181)	0	0	(27,181)	(25,698)
	<u>20,474</u>	<u>0</u>	<u>1,031</u>	<u>1,124</u>	<u>22,629</u>	<u>22,361</u>

13. FIXED ASSET INVESTMENTS

	2015 Total	2014 Total
Balance at beginning of year	29,190	31,288
Additions	6,736	3,561
Disposals	(6,422)	(3,762)
Appreciation/(depreciation)	1,852	6
Increase/(decrease) in cash balances	1,716	(1,903)
Balance at end of year	<u>33,072</u>	<u>29,190</u>
Represented by:		
Investment properties	2,932	2,410
Quoted securities - equities	23,097	21,949
Quoted securities - fixed interest	1,555	1,058
Cash held at investment managers	842	549
Bank balances	4,646	3,224
	<u>33,072</u>	<u>29,190</u>
Less: investments forming part of endowment (note 14)	(23,536)	(20,815)
	<u>9,536</u>	<u>8,375</u>

14. ENDOWMENT ASSETS

	2015 £000	2014 £000
Freehold land and buildings (note 12)	27,181	25,698
Other assets (note 16)	3,038	3,038
Share of pooled investment assets (note 13)	23,536	20,815
	<u>53,755</u>	<u>49,551</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

15. STOCKS

	2015	2014
	£000	£000
Goods for resale	52	53
	<u>52</u>	<u>53</u>

16. DEBTORS

	2015	2014
	£000	£000
Due within one year		
Members of the College	169	204
Other debtors	1,628	1,517
	<u>1,797</u>	<u>1,721</u>
Due after more than one year		
Loan repayable by 31 July 2030	3,351	3,080
Less: forming part of endowment assets (note 14)	(3,038)	(3,038)
	<u>313</u>	<u>42</u>
Total	<u>2,110</u>	<u>1,763</u>

17. CASH AT BANK AND IN HAND

	2015	2014
	£000	£000
Current accounts	28	42
Cash in hand	1	1
	<u>29</u>	<u>43</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£000	£000
Bank overdraft	104	289
Social security and other taxes	43	20
Members of the College	218	143
Other creditors	3,399	2,570
	<u>3,764</u>	<u>3,022</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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

	2015	2014
	£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

	2015	2014
	£000	£000
Balances at beginning of year:		
Buildings	4,149	3,838
Donations received:		
Buildings	645	413
Transfer from restricted endowments	145	0
Released to income and expenditure account:		
Buildings	(102)	(102)
	<u>4,837</u>	<u>4,149</u>
Balances at end of year:		
Buildings	<u>4,837</u>	<u>4,149</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

21. ENDOWMENTS

	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2015 Total	2014 Total
	£000	£000	£000	£000	£000	£000
Balance at beginning of year:						
Capital	37,237	9,462	46,699	2,024	48,723	46,130
Unspent income	0	728	728	100	828	765
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	37,237	10,190	47,427	2,124	49,551	46,895
New endowments received	0	543	543	75	618	1,105
Transfer donations towards Library	0	0	0	(17)	(17)	(19)
Other transfers	0	79	79	(225)	(146)	0
Capital grant from Colleges Fund	409	0	409	0	409	341
Increase/(decrease) in market value of investments	2,385	718	3,103	150	3,253	1,160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	40,031	11,530	51,561	2,107	53,668	49,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net transfer (to)/from income and expenditure account:						
Income receivable	416	327	743	374	1,117	996
Expenditure	(412)	(283)	(695)	(335)	(1,030)	(927)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4	44	48	39	87	69
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	40,035	11,574	51,609	2,146	53,755	49,551
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Comprising:						
Capital	40,035	10,803	50,838	2,008	52,846	48,723
Unspent income	0	771	771	138	909	828
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	40,035	11,574	51,609	2,146	53,755	49,551
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Representing:						
Fellowship and Research Funds	0	3,924	3,924	221	4,145	3,739
Scholarship and Prize Funds	151	1,966	2,117	0	2,117	1,927
Chapel Funds	0	421	421	348	769	709
Travel Grant Funds	0	289	289	1	290	213
Hardship Funds	0	3,874	3,874	306	4,180	2,977
Building Funds	0	0	0	780	780	841
Other Funds	0	1,100	1,100	490	1,590	2,045
General endowments	39,884	0	39,884	0	39,884	37,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	40,035	11,574	51,609	2,146	53,755	49,551
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

22. RESERVES

	General reserves	Fixed asset Investment revaluation reserve	2015 Total	2014 Total
	£000	£000	£000	£000
Balance at beginning of year	15,368	56	15,424	13,825
Revaluation of external properties	0	0	0	1,107
Surplus/(deficit) for the year	321	0	321	488
Increase/(decrease) in market value of investments	0	10	10	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at end of year	15,689	66	15,755	15,424
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	2015	2014
	£000	£000
Surplus on continuing operations	403	549
Depreciation of tangible fixed assets	913	893
Deferred capital grants released to income	(102)	(102)
Investment income	(949)	(959)
Interest payable	493	493
Decrease in stocks	1	(3)
Increase in debtors	(50)	63
Increase in creditors	735	(659)
	<u> </u>	<u> </u>
Net cash inflow from operating activities	1,444	275
	<u> </u>	<u> </u>

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

	2015	2014
	£000	£000
Endowment and investment income received	753	937
Interest paid	(493)	(493)
	<u> </u>	<u> </u>
Net cash inflow from returns on investments and servicing of finance	260	444
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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

	2015	2014
	£000	£000
Receipts from sales of endowment assets	6,422	3,762
New endowments received	1,097	1,492
Capital grant received from colleges fund	409	341
Loan repayment from Fitzwilliam Information Services Trust Limited	0	593
Loan repayment from the Junior Members Association	51	134
Loan repayment from fellows	0	55
	<hr/>	<hr/>
Total capital receipts	7,979	6,377
	<hr/>	<hr/>
Payments to acquire tangible fixed assets	(1,071)	(5,415)
Payments to acquire endowment assets	(6,628)	(3,561)
Fitzwilliam Society loan repayment	(6)	0
Loan advance to Fitzwilliam Information Services Trust Ltd	(90)	0
	<hr/>	<hr/>
Total capital expenditure	(7,795)	(8,976)
	<hr/>	<hr/>
Net cash inflow/(outflow) from capital transactions	184	(2,599)
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT OF LIQUID RESOURCES

	2015	2014
	£000	£000
Increase/(decrease) in short term deposits	1,716	(1,903)
	<hr/> <hr/>	<hr/> <hr/>

25. ANALYSIS OF CASH AND BANK BALANCES

	2015	2014
	£000	£000
Bank overdraft	(104)	(289)
Bank loan	(10,000)	(10,000)
Cash held at fund managers and on deposit	5,518	3,815
	<hr/>	<hr/>
	(4,586)	(6,474)
	<hr/> <hr/>	<hr/> <hr/>

26. CAPITAL COMMITMENTS

At 31 July 2015 future capital expenditure authorised and committed amounted to £803,366 (2014 - £243,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

27. FINANCIAL COMMITMENTS

At 31 July 2015 and 31 July 2014 the College had no annual commitments under non-cancellable operating leases.

28. CONTINGENT LIABILITY**Universities Superannuation Scheme**

A contingent liability exists in relation to the pension valuation recovery plan, since the College is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the College's expenditure is similarly not recognised.

29. 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 College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the income and expenditure account was £374,888 (2014: £365,927). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

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.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

29. PENSION SCHEMES (continued)**Universities Superannuation Scheme (continued)**

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	S1NA ["light"] YoB tables – no age rating
Female members' mortality	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 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females.

The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

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 2015 valuation has not yet been finalised and therefore the latest full actuarial valuation of the scheme was that 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%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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

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%.

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 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 £26,035 (2014 - £8,115).

30. 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

31. 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 £428,454 (2014 - £390,355). These loans are offered to fellows whom meet the criteria on commercial terms.