

Charity Registration No: 01137463

ST CATHARINE'S COLLEGE, CAMBRIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2014

ST CATHARINE'S COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS

Governance

St Catharine's College is a College within the University of Cambridge and a Registered Charity. Its registered office is at Trumpington Street, Cambridge CB2 1RL. The Governing Body, which comprises the Master and Official and Professorial Fellows, is responsible for the governance of the College. Unless otherwise stated, throughout this Trustees Annual Report the words 'Fellow or Fellows' are synonymous with a member or members of the Governing Body.

The objectives of the College are to advance education, religion, learning and research in the arts, social sciences and sciences.

Further information about the College can be found at www.caths.cam.ac.uk.

Trustees

The Governing Body has concluded that for the purpose of charity law, the Fellows are the Trustees of the College. The Fellows who served during the year are listed below:

Governing Body

Master	Professor Dame Jean Thomas	
President:	Professor Ronald Martin (until 30.9.13)	
	Dr John Little (from 1.10.13)	
Senior Tutor:	Dr P N Hartle	
Senior Bursar:	Mr S P Summers	
Professor P Tyler	Dr R W Dance	Dr I Scales
Dr R B B Wardy	Dr P D Wothers	Professor W Sutherland
Professor J A Pyle	Professor K J Dalton	Dr P Turner
Dr P R Palmer	Dr M C Elliott	Dr G Leon
Professor E V Ferran	Ms I Borzym	Dr S Althorpe
Professor H van de Ven	Dr A S Brundin	Dr M DeJong
Dr P Oliver	Dr S Iyer	Dr A Onatski
Dr I C Willis	Dr M J Mason	Dr F Santos
Professor C M Clark	Dr S N Taraskin	Dr J Neufeld
Dr E G Kantaris	Dr J R Gair	Dr S Marciniak
Professor J D Pickard	Dr D J Bainbridge	Dr M Hurley
Mr M F Kitson	Dr H Wydra	Dr H Kandil
Dr R A Melikan	Dr H Lees-Jeffries	Professor N Morrell
Dr M P F Sutcliffe	Dr E Wickham	Dr S Layton
Dr J H Xuereb	Dr G Carr	Rev'd D Neaum
Dr A P Davenport	Dr M Griffin	Dr T Rogan
Dr K J Dell	Dr R Harrison	Dr R Smith
Dr C J Gonda	Dr J Dalley	
Dr N Berend	Dr S M Morris	
Dr D C Aldridge	Mrs DG Loveluck	

ST CATHARINE'S COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS (CONTINUED)

Finance Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Bursar
Dr P N Hartle	Senior Tutor
Dr D Bainbridge	(when Acting Financial Tutor)
Mrs D G Loveluck	Development Director
Professor J Pyle	
Professor R Martin	
Mr M Kitson	
Dr G Leon	
Dr A Onatski	
Dr J Dalley	
Dr P Wothers	
Dr P Turner	
Professor H Van de Ven	
Professor N Morrell	

Investments Committee

Professor Dame Jean Thomas	Master
Mr S P Summers	Bursar
Professor R Martin	
Dr G Leon	
Professor P Tyler	
Mr M Kitson	
Mr N R Haynes	
Mr T Adams	
Dr S Iyer	
Professor J Pickard	
Professor W Sutherland	
Dr A Davenport	

Charity Registration Number 01137463

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

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

Chartered Surveyors Bidwells Property Consultants
Trumpington Road
Cambridge
CB2 2LD

Bankers Barclays Bank Plc
Cambridge Business Centre
Cambridge
CB2 3PZ

Investment Fund Managers	Stanhope Capital 35 Portman Square London, W1H 6LR	Cambridge University Endowment Fund Daedalus House, Station Road Cambridge, CB1 2RE
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OPERATING AND FINANCIAL REVIEW

Introduction

This Review provides an explanation of the mission of the College, an overview of the achievements during the Academic Year 2013-14, of the financial performance for the twelve months ending June 30th 2014, and the financial condition of the College at that date.

Aims and objectives of the College

The Objectives of the College are to advance education, religion, learning and research in the arts, social sciences and sciences.

Further information about the College can be found at www.caths.cam.ac.uk.

Public benefit

The College provides, in conjunction with the University of Cambridge, an education for over 600 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group undergraduate supervision, as well as pastoral, administrative and academic support through its tutorial system for all students;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through:

- providing Junior Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period as they prepare to undertake the full teaching and administrative duties of an academic post;
- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics from the UK and abroad;
- and encouraging the dissemination of research undertaken by members of the College through research seminars, supporting the publication of books and papers in academic journals, or other suitable means.

The College maintains an extensive Library, with a catalogue integrated into that of the University, so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers, and the public through occasional exhibitions.

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on religious faith and its implications for the individual and society. In particular, the College:

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services on weekdays and at weekends during term, which are open to the general public and visitors.
- Supports, through the College Chaplain, the emotional, mental and spiritual well-being of all members of the College community.

- Maintains both a student choir, and a choir formed of girls from local schools, entry to which is by competitive singing test

Achievements of 2013-14

Academic

The academic year 2013-2014 was successful for the College, albeit not one of the strongest in recent times. Our position in the academic league tables fell being ranked twenty-first of all colleges. Nevertheless, we maintained a respectable proportion of First-class results (over 20%) with a good distribution across the years and subjects. There were particularly strong results in English, Natural Sciences, Chemical Engineering, and Modern and Medieval Languages. A number of exceptional students topped the whole University Tripos, again in both Science and Humanities subjects.

The College invests much of its relatively modest endowment in educational support, especially in its Teaching Officers. This strategy has been rewarded this year with the strong showings in English, Medieval and Modern Languages and Natural Sciences. Many of the graduating Part 2/3 years have succeeded in obtaining places on Masters and PhD courses, while others have taken up employment in highly competitive positions. The College has successfully supported the needs of young future academics and also young future high flyers in commerce and in industry.

The overwhelming majority of our postgraduate students obtained their degrees successfully, several with marks of Distinction on Masters' courses.

Meanwhile, often through the generosity of College members past and present, we continue to offer the fullest possible welfare and pastoral support to our students, including Entrance Bursaries for financially disadvantaged students (both undergraduate and postgraduate) and Bursaries directed towards additional academic projects available to all students.

Sporting and Cultural

The College has continued to provide excellent facilities for the sporting arenas to complement those routinely provided for the academic life of the College. This year the College has invested in the renovation of the playing surface on the all-weather hockey pitch, a surface which had provided a good playing life of over twenty years against an expected lifetime of just ten to fifteen years. This has been welcomed by all members, male and female, of the College hockey clubs and should enable the College to maintain its position as a leading hockey College for many years to come.

The College athletes again turned out an excellent squad with 18 men and 15 women (6 of these last reading veterinary medicine) with the women winning their Cuppers competition (for the sixth time in the last seven years), scoring almost twice as many points (161) as the next College.

It was another strong year for SCCBC and the club was able to field eight crews on the river in the May Bumps. The successes in the Lent Bumps meant that the College collected the Marconi Cup for the club's overall performance.

There were other notable successes for the College with University representation in fencing, sailing, swimming and rowing.

In all the College contributed enormously to University sport with many men and women blues upholding St. Catharine's sporting traditions.

The College makes available to external institutions its cricket, football and its popular all-weather hockey pitch.

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

College music remains extremely strong, under the guidance of the professional Director of College Music (financially supported wholly by the College), Dr Edward Wickham - both in terms of the quality and diversity of activities, but also the high degree of participation from college members and the wider community. The College's Kellaway Concert series - which brings together professional and student musicians - showcased instrumental, choral and world music concerts, the highlight being a performance of Mozart's Requiem, in collaboration with The Hong Kong Polytechnic University Orchestra. Music remains an important resource in providing outreach and community activities; the College's Girls' Choir draws for its membership on children aged 8-15 from over a dozen different state and independent schools in the area, giving them an opportunity to perform to the highest standards. Last year the Girls' Choir gave performances in London, Cardiff, Lichfield and Ely, and made a six-day trip to Hungary, in association with the Cambridge-Szeged Society. The College also hosted the Cambridge Singing School course in all three vacations, each course attracting up to fifty children aged 8-13. In May 2014, Dr Wickham began an initiative in collaboration with the acute dementia ward at Addenbrooke's hospital to explore the benefits that live singing can bring to dementia patients. This involved nine visits over three weeks by Dr Wickham and a group of student musicians; a DVD recording of the programme is now in the planning stage.

Scope of the financial statements

The College's consolidated results, which are discussed in this section of the Report, are the net effect of the College's own business and that of two subsidiary companies which are described in Note 10 to the Accounts.

Financial review

Income

An operating deficit arose last year because of planned growth in costs, at a rate in excess of the growth of income.

Academic income was flat, while rental and catering income from students grew by 5% this year. Donations were at a very healthy albeit reduced level. Compared to the prior year, a greater proportion of the return on the investment portfolio was recognised as capital gains in the Statement of Recognised Gains and Losses, rather than as income in the Income and Expenditure Account. The College is once again grateful to have received substantial support for our teaching costs from Trinity College and the Newton Trust.

Income from external conference and catering activity, which provides an invaluable supplement to our normal income from academic sources, primarily in the vacations, grew healthily last year as expected. This was achieved after management changes to enhance both marketing and delivery in the external side of our business, and benefitted from the popularity of the McGrath Centre for both University and external events.

Underlying operating expenses were generally well controlled, although staff expenses grew faster than pay inflation because of additional recruitment and sabbatical costs. The continuing investment in our operating estate also grew faster than the rate of inflation. The College continued to provide a high level of Bursary and other financial support for students, in conjunction with the Newton Trust.

Staff costs and pensions

Annual pay increases continued to be struck below the rate of price inflation in 2013-14.

However, the College's share of the deficit in the CCFPS staff pension scheme, as measured under the terms of Financial Reporting Standard ("FRS") 17, has risen once more in the 2013-14 accounts, by over £700,000 to £3.15 million. The main reasons for this deterioration are:

- Changes in valuation assumptions, including lower discount rates
- Contributions in 2013-14 being less than the service cost calculated on the basis required by FRS17
- Lower investment returns in the scheme compared with those in 2012-13

ST CATHARINE'S COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

That scheme is no longer open to new members; instead the College offers a high-quality defined contribution pension scheme to all non-Academic staff.

The College is a member of the nationwide University Superannuation Scheme for Academic staff. The Scheme has a sizeable deficit. A triennial revaluation is in course and this is likely to increase the College's cost of participation.

Donations and legacies

New donations and particularly legacies received during 2013-14 were high but did not reach the levels of the previous year. The College is extremely grateful to all its donors, and also to those who have made arrangements to remember the College in their wills.

While the nature of donation and legacy income is that it is unpredictable as to both timing and amount, it is very gratifying to see that members continue to make new pledges, and we are confident of continuing support.

Financial outcome

The net effect of the items discussed above was that the College and its subsidiary companies together recorded an operating deficit of £667,000, compared to last year's surplus of £266,000. Over one third of the deterioration is accounted for by the changing nature of investment returns as discussed above and below.

Endowment and investment performance

As already observed, significantly less income has accrued from the College's investments, while the total returns upon which we measure performance have continued to be satisfactory. All investment income received is applied in pursuit of the charitable objectives of the College.

The value of the College Endowment rose by over 8% to £52.5 million. As at the year end, the investment portfolio also contained assets corresponding to over £2 million of unspent borrowings.

Total investment return on the portfolio in 2013-14 was over 10%, compared to over 13% last year. Returns from property exceeded 15% while those from securities investments were both rather diverse and on average lower. Over the rolling three years which is our usual measurement period, total returns remained above 8% per annum which is significantly ahead of our real return target.

Within the investment portfolio, the College has continued to increase investments in equities and to reduce hedge fund holdings. Property holdings and investments in property funds also rose in value. Cash balances have reduced and the College continues to hold a portfolio of high quality corporate and government bonds of short duration.

In the longer term we must continue to invest wisely, if we are to generate at least the 4% per annum real return on which our financial forecasts are founded, at acceptable levels of volatility.

The College has borrowed further sums during the year, for and in anticipation of opportunities to extend its student accommodation. Such investments will usually be made alongside funds raised by the Development Campaign. Total borrowing is now close to £11 million, which remains a prudent level when compared with both the College's resources and its opportunities.

In the first quarter of our 2013-14 financial year, investment markets have shown modest positive returns and increased volatility.

Principal risks and uncertainties

The College operates in a very competitive market for the best academic talent and the most promising students. The macroeconomic climate impacts investment returns, external income and the rate of giving by our alumni. The College must guard against assuming that the recent succession of good years of investment performance is any guide to future performance, indeed the opposite could easily be the case. We are confident of our ability to continue to compete successfully, but are constrained by our financial resources, and are working constantly to build them.

The College also faces a range of operational risks in its daily affairs, and has an experienced and well-resourced management team in place to address them.

Plans for the future

The St Catharine's College Campaign, which has a £30 million target to enhance our buildings, to underwrite teaching posts, to increase the general endowment, as well as to provide funds to assist students in financial difficulties, has had yet another successful year. During 2013-14, the total raised by the Campaign increased to more than £22 million.

Staff

Once again the College's staff have worked hard to deliver a very high quality all-round experience to our students, and at the same time to preserve and enhance the quality of our buildings.

The Fellows, as the College's charity trustees, are very grateful to all the staff and students of the college for their contributions to this year's achievements.

Overall Summary

Both in terms of our academic mission and financially, 2013-14 was another successful year.

We will continue to invest for the long term success of the College within the University of Cambridge.



Simon Summers
Bursar
On behalf of the Trustees
Date:

7-11-14

Corporate Governance Statement

1. 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.
2. The College is a corporate body consisting of the Master, the Fellows and the Scholars. It is a registered charity (number 1137463) and subject to regulation by the Charity Commission for England and Wales. The Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Governing Body consists of the Master and Professorial and Official Fellows, and exercises control over all matters concerning the College.
4. The Governing Body is advised in carrying out its duties by a number of Committees, comprised mostly or entirely of Fellows appointed by the Governing Body. These include:
 - a. The Finance Committee, consisting of the Master, Bursar, Senior Tutor, Development Director and eight Fellows. It meets at least once each term and monitors income and expenditure against the Budget and reports to the Governing Body at the next College meeting thereafter.
 - b. The Audit Committee, comprising the Master and ten Fellows, which acts as the internal auditors to the accounts, as required by the Statutes of the College. The Audit Committee reports to the Governing Body annually on the financial statements, and also advises the Governing Body on the appointment of external auditors.
 - c. The Investments Committee, consisting of the Master, Bursar and five Fellows. There are also two Members of the College who have offered their services as advisors to the Committee and attend its meetings which are held once each term. The Investments Committee oversees the management of the College's estates and investments and reports to the Governing Body.
 - d. The Buildings & Services Committee, consisting of the President, the Bursar, and several other Fellows and departmental heads. The Committee monitors the condition of the College's operational estate and recommends maintenance and improvement projects. It also reports to the Governing Body on Health & Safety and Environmental matters, and on aspects of the domestic services which the College provides to students and others.
 - e. The Fellowships Committee, consisting of the Master, the President, the Senior Tutor and eight other Fellows, makes recommendations for the recruitment of additional Fellows according to the teaching and other needs of the College, and also for the membership of College Committees
 - f. The Education Committee, consisting of the Master, the Senior Tutor and twelve other Fellows, reports to the Governing Body on many aspects of the Educational work of the College and its students.
 - g. The Strategic Policy Committee, which consists of the Master, President, Bursar, Senior Tutor, Development Director and five other Fellows.

A number of additional Committees support the work of the Governing Body in other areas.

5. Registers of Interests are maintained of all Trustees. Declarations of interest are made at all meetings of Committees and of the Governing Body.
6. The College's trustees are listed at the front of these Financial Statements.

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014
RESPONSIBILITIES OF THE GOVERNING BODY

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 these 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; and
- 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 enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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
ST CATHARINE'S COLLEGE, CAMBRIDGE**

We have audited the financial statements of St Catharine's College for the year ended 30 June 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, 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, the Statutes of the University of Cambridge and with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditors

As explained more fully in the Statement of Responsibilities of the Governing Body set out on page 7, 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 (APB'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 trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

ST CATHARINE'S COLLEGE, CAMBRIDGE

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF
ST CATHARINE'S COLLEGE, 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 annual report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Peters Elworthy & Moore

Peters Elworthy & Moore

Chartered Accountants and Statutory Auditors

CAMBRIDGE

Dated: 19 November 2014

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2014**

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and 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 7.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment and fixed assets.

Recognition of income

Income from the investment of trust and other restricted reserves is included in the Income and Expenditure Account to the extent of the expenditure incurred during the year. All income from short-term deposits and the investment of unrestricted College reserves is credited to the Income and Expenditure Account on a receivable basis. Unrestricted donations and benefactions are credited to the Income and Expenditure Account when received.

Income from permanent capital funds and short-term deposits is credited to the Income and Expenditure Account in the year in which it becomes receivable.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

Donations and benefactions of an income nature are shown as income in the year in which they become receivable.

Benefactions and donations accepted on the condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from the permanent capital funds is shown as income in the year that it is receivable. Income from the permanent capital funds that is not expended in the year in which it is receivable is, at the year-end, transferred from the income and expenditure account to a restricted or unrestricted expendable capital fund, as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the income and expenditure account from the restricted capital fund to match the expenditure.

Pension schemes

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

The College also contributes to the Cambridge Colleges Federated Pension Scheme, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

The College also operates a defined contribution pension scheme and the pension charge represents the amounts payable by the College to the fund in respect of the year.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

Capital and reserves

The various types of funds are defined as follows:

a. Restricted

Restricted funds of the College, the income of which may only be used for a particular purpose, i.e. subject to a legally binding restriction such as a trust deed or will, or an implied trust.

b. Unrestricted

Unrestricted funds of the College, the income of which may be used for any purpose.

c. Permanent capital

Capital of the College which the Governing Body has no power to convert to income and apply as such.

Fixed assets

a. Land and buildings

The main College buildings are stated at depreciated replacement cost, as determined by professional valuers every five years. An amount has been deducted from the replacement cost to reflect their accumulated obsolescence in use depending on the age of the property to give a sum for their depreciated replacement cost. All College buildings on the main sites are depreciated on a straight-line basis over 50 years. Freehold land is capitalised at its estimated market value and is not depreciated.

When land and buildings are acquired with the aid of specific bequests or donations, monies received are credited to a deferred capital grant account and income released to the Income and Expenditure Account over the same period as the land or building to which it relates is depreciated.

Finance costs that are directly attributable to the construction of buildings are 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 to 30 June. They are not depreciated until they are brought into use.

Land held specifically for development, investment and subsequent sale is included in current assets at the lower of cost and net realisable value.

b. Maintenance of buildings

The cost of routine maintenance is charged to the Income and Expenditure Account as it is incurred.

c. Furniture and equipment

Furniture and equipment including books in the College's working library are not capitalised as they are deemed to be immaterial. Such expenditure is written off in the year of acquisition.

d. Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. These are stated at their insurance value, which is reviewed annually. Acquisitions since 1 July 2011 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that depreciation would not be material.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

Investments

Investments are included in the balance sheet at market value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Investment properties are shown at open market value, being valued every year by a professional valuer, and shown on the balance sheet accordingly.

Stocks

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

Provisions

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

Foreign currencies

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

Taxation

The College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 until registered as a Charity on 12 August 2010. It is 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.

Subsidiary companies

The College has two wholly owned subsidiaries.

The College has consolidated St Catharine's College Development Limited and St Catharine's College Events Limited.

Investments in subsidiaries are carried in the College Balance Sheet at cost with a review for impairment undertaken every year.

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £000	2013 £000
Income			
Academic fees and charges	1	2,793	2,796
Residence, catering and conferences	2	4,243	3,798
Endowment income	3	1,124	1,490
Unrestricted donations	4	907	1,067
Other income		82	76
Total income		<u>9,149</u>	<u>9,227</u>
Expenditure			
Education	5	4,604	4,297
Residences, catering and conferences	6	4,720	4,238
Other expenditure		492	426
Total expenditure		<u>9,816</u>	<u>8,961</u>
Operating surplus/(deficit)		(667)	266
Contribution under Statute G II		(9)	(10)
		<u>(676)</u>	<u>256</u>
Surplus for the year transferred to accumulated income within endowment funds	18	(264)	(222)
Net surplus/(deficit)		<u>(940)</u>	<u>34</u>

All of the above results derive from continuing operations.

The accompanying notes are an integral part of this income and expenditure account.

ST CATHARINE'S COLLEGE, CAMBRIDGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Restricted Funds Collegiate Purposes £000	Unrestricted Funds £000	Total 2014 £000	Total 2013 £000
Appreciation/(Depreciation) of investment assets		1,944	2,177	4,121	3,553
Retained surplus/(deficit) for the year		-	(940)	(940)	34
Unspent endowment fund income	18	231	33	264	222
Unrealised surplus on revaluation of fixed assets		-	-	-	35
Transfers		35	(35)	-	-
New endowments	18	1,738	162	1,900	316
Actuarial (losses)	16	-	(654)	(654)	(652)
Total recognised gains for the year		3,948	743	4,691	3,508
Reconciliation					
Opening reserves and endowment as previously stated		21,626	60,692	82,318	78,810
Total recognised gains in the year		3,948	743	4,691	3,508
Closing reserves and endowments		25,574	61,435	87,009	82,318

ST CATHARINE'S COLLEGE, CAMBRIDGE

BALANCE SHEETS AS AT 30 JUNE 2014

	Note	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Fixed assets					
Tangible Assets	9	50,718	50,775	47,850	47,907
Investments	10	21,426	21,426	19,928	19,928
		<u>72,144</u>	<u>72,201</u>	<u>67,778</u>	<u>67,835</u>
Endowment Assets	11	33,079	33,079	28,389	28,389
Current assets					
Stock		229	229	210	210
Debtors	12	776	830	1,174	1,115
Cash	13	4,499	4,310	1,864	1,823
		<u>5,504</u>	<u>5,369</u>	<u>3,248</u>	<u>3,148</u>
Creditors: amounts falling due within one year	14	(2,332)	(2,215)	(1,639)	(1,557)
Net current assets		<u>3,172</u>	<u>3,154</u>	<u>1,609</u>	<u>1,591</u>
Total assets less current liabilities		108,395	108,434	97,776	97,815
Creditors: amounts falling due after more than one year	15	(11,000)	(11,000)	(6,000)	(6,000)
Net assets excluding pension liability		97,395	97,434	91,776	91,815
Pension liability	16	(3,146)	(3,146)	(2,361)	(2,361)
Net assets including pension liability		<u>94,249</u>	<u>94,288</u>	<u>89,415</u>	<u>89,454</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE


BALANCE SHEETS AS AT 30 JUNE 2014 (CONTINUED)

Represented by

	Note	Restricted Funds £000	Unrestricted Funds £000	Group Total 2014 £000	College Total 2014 £000	Group Total 2013 £000	College Total 2013 £000
Deferred capital grants	17	6,793	447	7,240	7,240	7,097	7,097
Endowments							
Permanent endowments	18	25,574	7,505	33,079	33,079	28,389	28,389
Reserves							
Pension reserve		-	(3,146)	(3,146)	(3,146)	(2,361)	(2,361)
General reserves		-	57,076	57,076	57,115	56,290	56,329
	19	-	53,930	53,930	53,969	53,929	53,968
Total Reserves and Endowments		25,574	61,435	87,009	87,048	82,318	82,357
Total funds		32,367	61,882	94,249	94,288	89,415	89,454

The accompanying notes are an integral part of this balance sheet.

The accounts on pages 10 to 35 were approved by the Governing body on 7/11/14 and signed on their behalf by:


Professor Dame J Thomas


S P Summers

ST CATHARINE'S COLLEGE, CAMBRIDGE

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 £000	2013 £000
Operating Activities			
Operating (deficit)/surplus		(667)	266
Depreciation	9	955	813
Gain on sale of investments		-	240
Net investment income		10	-
Donation of shares		(16)	-
Deferred capital grants released	17	(139)	(26)
FRS 17 pension adjustment		131	83
Decrease in stock		(19)	(13)
Decrease/(increase) in debtors		398	(294)
Increase in creditors		694	12
Net cash inflow from operating activities		1,347	1,081
Contribution to Colleges Fund			
		(10)	(18)
Capital expenditure and financial investment			
Receipts from sale of investment assets		1,429	6,342
Receipts from sale of tangible fixed assets		-	(35)
Donations and benefactions	18	1,900	315
Receipts from deferred capital accounts	17	282	1,512
Total capital receipts		3,611	8,134
Payments to acquire tangible fixed assets	9	(3,822)	(4,569)
Payments to acquire investment assets		(3,491)	(6,009)
Total capital expenditure		(7,313)	(10,578)
Net cash (outflow) from capital transactions		(3,702)	(2,444)
Cash (outflow) before financing		(2,365)	(1,381)
Financing			
Long term loan acquired	15	5,000	-
Increase/(Decrease) in cash		2,635	(1,381)
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash in period		2,635	(1,381)
Cash inflow from new loans		(5,000)	-
Net debt at 1 July 2013		(4,136)	(2,755)
Net debt at 30 June 2014	20	(6,501)	(4,136)

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. Academic fees and charges	2014	2013
	£000	£000
College Fees		
Fee income paid on behalf of undergraduates at the Publicity-funded Undergraduate rate (per capita fee £3,951-£4,500)	1,837	1,751
Privately-funded undergraduate fee income (per capita fee £6,500)	269	297
Fee income received at the Graduate fee rate (per capita fee £2,349)	321	338
Other income	123	132
Cambridge Bursary Scheme	243	278
Total	<u>2,793</u>	<u>2,796</u>
2. Residence, catering and conference income	2014	2013
	£000	£000
Accommodation		
College Members	1,926	1,897
Conferences	644	566
Catering		
College Members	968	851
Conferences	705	484
Total	<u>4,243</u>	<u>3,798</u>
3a. Endowment income and investment income	2014	2013
	£000	£000
Transfers from endowment income:		
Freehold land and buildings	419	439
Unit trusts	269	283
Quoted securities	419	694
Cash	17	74
Total	<u>1,124</u>	<u>1,490</u>
3b. Investment management costs:	2014	2013
	£000	£000
Freehold land and buildings	22	24
Unit Trusts	6	4
Quoted securities	200	140
Total	<u>228</u>	<u>168</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

4. Donations		
	2014	2013
	£000	£000
Unrestricted donations	768	1,041
Released from Deferred Capital Grants	139	26
Total	907	1,067
5. Education expenditure		
	2014	2013
	£000	£000
Teaching	2,222	2,150
Tutorial	698	639
Admissions	330	298
Research	382	314
Scholarships and awards	700	634
Other educational facilities	272	262
Total	4,604	4,297
6. Residences, catering and conferences expenses		
	2014	2013
	£000	£000
Accommodation		
College members	2,320	2,226
Conferences	609	443
Catering		
College members	1,122	1,009
Conferences	669	560
Total	4,720	4,238

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

7a. Analysis of 2014 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education	1,911	2,425	268	4,604
Residences, catering and conferences	2,149	1,884	687	4,720
Other	138	354	-	492
	<u>4,198</u>	<u>4,663</u>	<u>955</u>	<u>9,816</u>

7b. Analysis of 2013 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Total £000
Education	1,841	2,228	228	4,297
Residences, catering and conferences	1,910	1,743	585	4,238
Other	136	290	-	426
	<u>3,887</u>	<u>4,261</u>	<u>813</u>	<u>8,961</u>

7c. Auditors' remuneration

	2014 £000	2013 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	17	20
Other fees payable to the College's external auditors	-	-
Total	<u>17</u>	<u>20</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

8. Staff	College Fellows 2014 £000	Non Academic 2014 £000	Total 2014 £000	Total 2013 £000
Staff costs:				
Emoluments	1,140	2,378	3,518	3,251
Social Security costs	86	155	241	225
Other pension costs	157	282	439	411
	<u>1,383</u>	<u>2,815</u>	<u>4,198</u>	<u>3,887</u>
 Average number of staff (full time equivalent)				
Academic	60	-	60	60
Non academic	3	101	104	104
	<u>63</u>	<u>101</u>	<u>164</u>	<u>164</u>

The Governing Body consists of 66 (2013: 66) College Fellows, of which 66 (2013:63) are stipendary.

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

During the year emoluments paid to trustees in their capacity as College Fellows was:

	2014 £000	2013 £000
Aggregate Emoluments	<u>1,400</u>	<u>1,326</u>

The trustees receive no emoluments in their role as trustees of the Charity.

ST CATHARINE'S COLLEGE, CAMBRIDGE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

9. Fixed assets
Group

	College Buildings and Site £000	College House and Hostels £000	Heritage Assets £000	Assets under construction £000	Total £000
Cost/valuation					
At 1 July 2013	43,716	8,721	2,765	99	55,301
Additions	607	5	-	3,210	3,822
Transfers	554	-	-	(554)	-
At 30 June 2014	44,877	8,726	2,765	2,755	59,123
Depreciation					
At 1 July 2013	6,262	1,188	-	-	7,450
Provided for the year	779	176	-	-	955
At 30 June 2014	7,041	1,364	-	-	8,405
Net book value					
At 30 June 2014	37,836	7,362	2,765	2,755	50,718
At 30 June 2013	37,454	7,532	2,765	99	47,850

The insured value of freehold land and buildings as at 30 June 2014 was £141,241,000 (2013: £136,900,000).

The cost to the group of freehold buildings and assets under construction consists of the costs incurred by the College less the surplus recorded in the accounts of St Catharine's College Development Limited, a subsidiary undertaking, and eliminated on consolidation.

College

	College Buildings and Site £000	College House and Hostels £000	Heritage Assets £000	Assets under construction £000	Total £000
Cost/valuation					
At 1 July 2013	43,716	8,778	2,765	99	55,358
Additions	607	5	-	3,210	3,822
Transfers	554	-	-	(554)	-
At 30 June 2014	44,877	8,783	2,765	2,755	59,180
Depreciation					
At 1 July 2013	6,262	1,188	-	-	7,450
Provided for the year	779	176	-	-	955
At 30 June 2014	7,041	1,364	-	-	8,405
Net book value					
At 30 June 2014	37,836	7,419	2,765	2,755	50,775
At 30 June 2013	37,454	7,589	2,765	99	47,907

9. Fixed assets continued

The College buildings, site, houses and hostels were valued by Gerald Eve, Chartered Surveyors, at replacement cost at 31 July 2009. Also included within the College Buildings and Site is freehold land valued by Bidwells Property Consultants, Chartered Surveyors, at £5 million; this is not depreciated.

Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. As stated in the statement of principal accounting policies heritage assets are stated at insurance value. The values of the acquisitions have been immaterial in the current and previous four years.

10. Fixed Asset Investments Consolidated and College

	2014 £000	2013 £000
College Expendable Investments (note 11)	21,426	19,928
	<u>21,426</u>	<u>19,928</u>

Holdings of more than 20%

The College holds more than 20% of the share capital of the following companies:

	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
St Catharine's College Development Limited	UK	Ordinary	100.00
St Catharine's College Events Limited	UK	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves	Profit/(loss) for the year
		2014 £000	2014 £000
St Catharine's College Development Limited	Development contractor	-	-
St Catharine's College Events Limited	Functions and events	18	-

11. Endowment Assets Consolidated and College

	2014 £000	2013 £000
At 1 July	48,317	43,300
Additions	26,917	6,207
Disposals	(23,430)	(6,296)
Appreciation/(Depreciation) on revaluation	3,775	3,448
Increase/(Decrease) in cash balances held at fund managers	(1,074)	1,658
	<u>54,505</u>	<u>48,317</u>
Represented by:		
Freehold property	11,669	9,930
Charities property fund	3,764	3,514
Quoted securities	28,357	25,560
Property income trust	1,094	1,046
Unquoted securities	8,308	5,880
Cash held for investment	1,313	2,387
	<u>54,505</u>	<u>48,317</u>
Total	<u>54,505</u>	<u>48,317</u>
College Expendable Investments (note 10)	(21,426)	(19,928)
	<u>33,079</u>	<u>28,389</u>

Freehold property was valued at Bidwells Property Consultants, Chartered Surveyors, at open market value at 30 June 2014.

12. Debtors

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Trade debtors	230	191	194	132
Amounts due from subsidiary undertakings	-	148	-	2
Taxation	129	112	120	120
Other debtors	107	107	51	51
Prepayments and accrued income	310	272	809	810
	<u>776</u>	<u>830</u>	<u>1,174</u>	<u>1,115</u>

13. Cash

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Short-term deposits	627	438	594	594
Current account	3,872	3,872	1,270	1,229
	<u>4,499</u>	<u>4,310</u>	<u>1,864</u>	<u>1,823</u>

14. Creditors: amounts falling due within one year

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Trade creditors	841	839	440	436
Amounts due to subsidiary undertakings	-	-	-	41
Taxation and Social Security	151	151	118	110
Income in advance	446	331	430	320
Other creditors	894	894	651	650
	<u>2,332</u>	<u>2,215</u>	<u>1,639</u>	<u>1,557</u>

15. Creditors: amounts falling due after more than one year

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Bank loan	6,000	6,000	6,000	6,000
Other loans	5,000	5,000	-	-
	<u>11,000</u>	<u>11,000</u>	<u>6,000</u>	<u>6,000</u>

During 2014 the College borrowed from institutional investors, collectively with other Colleges, the College's share being £5 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. Although issued through a funding vehicle, the College has no responsibility for the obligations of any other of the issuing Colleges.

In addition the College has existing other unsecured borrowings of £6 million from a bank, repayable in 2048, at a fixed interest rate of 4.93%.

16. Pension liability Group and College

	2014 £000	2013 £000
Balance at beginning of year	2,362	1,627
Movement in the year:		
Current service cost including life insurance	305	240
Contributions	(199)	(190)
Other finance income/(costs)	24	32
Actuarial loss	654	652
Balance at end of year	<u>3,146</u>	<u>2,361</u>

17. Deferred capital grants

Group and College

	Donations 2014 £000	Group Total 2014 £000	Donations 2013 £000	Group Total 2013 £000
Balancing at beginning of year:				
Buildings	7,097	7,097	5,610	5,610
	<u>7,097</u>	<u>7,097</u>	<u>5,610</u>	<u>5,610</u>
Grants and donations received:				
Buildings	282	282	1,513	1,513
	<u>282</u>	<u>282</u>	<u>1,513</u>	<u>1,513</u>
Released to income and expenditure accounts:				
Buildings	(139)	(139)	(26)	(26)
	<u>(139)</u>	<u>(139)</u>	<u>(26)</u>	<u>(26)</u>
Balances at end of year:				
Buildings	7,240	7,240	7,097	7,097
	<u>7,240</u>	<u>7,240</u>	<u>7,097</u>	<u>7,097</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014

18. Endowments					
	Group and college	Unrestricted Permanent £000	Restricted Permanent £000	Total 2014 £000	Total 2013 £000
	Balance at beginning of year:				
	Capital and unspent income	6,763	21,626	28,389	25,641
	New endowments received	162	1,738	1,900	316
	Income receivable from endowment asset investments				
	Expenditure	273 (240)	868 (637)	1,141 (877)	988 (766)
	Net transfer from income and expenditure account	33	231	264	222
	Transfers				
	Increase in market value of investments	(24) 571	35 1,944	11 2,515	(3) 2,213
	Balances at end of year	<u>7,505</u>	<u>25,574</u>	<u>33,079</u>	<u>28,389</u>
	Comprising				
	Capital and unspent income	7,505	25,574	33,079	28,389
	Representing				
	Fellowship Funds	6,025	13,714	19,739	16,832
	Prize Funds	432	893	1,325	1,199
	Travel Awards	637	338	975	872
	Home Business	226	3,580	3,806	3,462
	Graduate Bursaries	-	2,111	2,111	1,930
	Overseas Bursaries	-	3,967	3,967	3,581
	Grants	185	258	443	385
	Other Funds	-	713	713	128
	Group Total	<u>7,505</u>	<u>25,574</u>	<u>33,079</u>	<u>28,389</u>

ST CATHARINE'S COLLEGE, CAMBRIDGE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014**

19. Reserves

Group and College	2014 Total	2013 Total
	£000	£000
Opening balance as previously stated	53,929	53,167
(Deficit)/Surplus retained for the year	(940)	34
Actuarial (loss)	(654)	(652)
Increase in market value of investments	1,606	1,342
Surplus on revaluation of fixed assets	-	35
Transfers	(11)	3
Balance at end of year	<u>53,930</u>	<u>53,929</u>

20. Analysis of changes in net debt

	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and in hand	1,864	2,635	4,499
Debts falling due after more than one year	(6,000)	(5,000)	(11,000)
Net Debt	<u>(4,136)</u>	<u>(2,365)</u>	<u>(6,501)</u>

21. Policy on management of reserves

The College's reserves are invested in property, both direct property holdings and in property unit trusts, and in cash, equities and alternative instruments, according to a Statement of Investment Principles which is reviewed by the Investments Committee and the Governing body from time to time. Cash balances are maintained at a level to fund recurring expenditure.

22. Capital commitments

Commitments contracted for at 30 June 2014.

The group has entered into contracts for work on the College buildings at an expected total cost of £1,473,052 (2013: £1,924,140).

The group is participating in a collective investment with the University of Cambridge and other Cambridge Colleges. The maximum level of participation will not exceed US \$1,000,000 (2013: \$1,000,000) of which US \$717,500 (2013: \$717,500) had already been paid at 30 June 2014.

The group has entered into other collective investment schemes through investment managers. The maximum level of participation will not exceed US \$3,250,000 (2013: \$3,000,000) and €70,000 (2013: €70,000), of which US \$2,329,625 (2013: \$1,936,875) and €55,195 (2013: €55,195) has already been paid.

23. Pension schemes

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). The College also offers staff not in CCFPS the opportunity to join the Cambridge Colleges Group Personal Pension Scheme, which is a defined contribution pension scheme. In addition the College contributes to the Church of England Funded Pension Scheme (CEFPS) on behalf of the College chaplain. The assets of the schemes are held in separate trustee administered funds. The total pension costs for the period were £439,000 (2013: £411,000). This includes £42,000 (2013: £42,000) outstanding contributions at the balance sheet date.

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 appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new 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, the actuary 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 2013 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 £32,433.5M and the value of the scheme's technical provisions was £35,343.7M indicating a shortfall of £2,910.2M. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

23. Pension schemes (continued)

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 trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer 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 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 for on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age - the Normal pension age was increased for future service and new entrants, to age 65.

Flexible retirement - flexible retirement options were introduced.

Member contributions increased - contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

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

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

23. Pension schemes (continued)

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. As estimate of the funding level measured on a historic gilts basis at the date was approximately 55%.

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.

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 148,000 active members and the institution had 43 active members participating in the scheme.

The contribution rate payable by the institution was 16% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College is a member of a multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2011 and updated to 30 June 2012 by a qualified independent Actuary.

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

	2014 % p.a.	2013 % p.a.
Discount rate	4.2	4.6
Expected long-term rate of return on Scheme assets	6.2	6.2
Salary inflation assumption	2.8**	2.8*
Inflation assumption:		
Retail Prices Index (RPI) assumption	3.3	3.3
Consumer Prices Index (CPI) assumption	2.3	2.3
Pension increases (RPI linked)	3.3	3.3

* 1.5% in 2013; 2.8% thereafter

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

23. Pension schemes (continued)

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

- Male aged 65 now has a life expectancy of 22.3 year (previously 22.0 years)
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 years (previously 25.3 years)

The major categories of scheme assets and expected rates of return were as follows:

	Long term rate of return expected at 30 June 2014 %	Value as at 30 June 2014 £000	Long term rate of return expected at 30 June 2013 %	Value as at 30 June 2013 £000
Equities and Hedge Funds	7.0	3,966	7.0	3,686
Cash and bonds	3.8	1,303	4.0	1,301
Property	6.0	397	6.0	434
Total		5,666		5,421

The following results were measured in accordance with the requirements of FRS 17:

	2014 £000	2013 £000	2012 £000	2011 £000
Total value of assets	5,666	5,421	4,821	5,292
Present value of defined benefit obligation liabilities	(8,812)	(7,782)	(6,448)	(5,900)
Net pension liability	(3,146)	(2,361)	(1,627)	(608)

23. Pension schemes (continued)

	2014	2013
	£000	£000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	7,782	6,448
Service cost (including Member contributions)	305	270
Interest cost	359	305
Actuarial losses/(gains)	650	955
Benefits paid	(284)	(196)
Closing defined benefit obligation	8,812	7,782

	2014	2013
	£000	£000
Changes in the fair value of the Scheme assets are as follows:		
Opening fair value of Scheme assets	5,421	4,821
Expected return	335	273
Actuarial gains	(4)	304
Contributions by employer	169	190
Contributions by members (including AVCs)	29	29
Benefits and expenses paid	(284)	(196)
Closing fair value of assets	5,666	5,421

The agreed contributions to be paid by the College for the forthcoming year is 10.04% of Contribution Pay for non salary sacrifice members, (19.04% of Contribution Pay for salary sacrifice members) plus £16,291 p.a. to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

	2014	2013
	£000	£000
The amounts recognised in the income and expenditure account are as follows:		
Current service cost (excluding Member contributions)	275	241
Interest on pension scheme liabilities	359	305
Expected return on pension scheme assets	(335)	(273)
Total	299	273
Actual return on Scheme assets	331	577

	2014	2013
	£000	£000
The amounts recognised in the statement of total recognised gains and losses are as follows:		
Actual return less expected return on scheme assets	(4)	304
Experience gains and losses arising on Scheme liabilities	(68)	(53)
Changes in assumptions underlying the present value of Scheme liabilities	(582)	(903)
Total	(654)	(652)

23. Pension schemes (continued)

Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses are as follows:

	2014 £000	2013 £000
Cumulative actuarial loss at beginning of period	(1,854)	(1,202)
Recognised during the period	(654)	(652)
Cumulative actuarial loss at end of period	(2,508)	(1,854)

The movement in deficit during the year are as follows:

	2014 £000	2013 £000
Deficit in Scheme at beginning of year	(2,361)	(1,627)
Service cost (employer only)	(275)	(241)
Contributions paid by the College	169	190
Finance cost	(25)	(31)
Actuarial gains/(losses)	(654)	(652)
Deficit in Scheme at the end of the year	(3,146)	(2,361)

**Amounts for the current
and previous four periods
are as follows**

	30 June 2014 £000	30 June 2013 £000	30 June 2012 £000	30 June 2011 £000	30 June 2010 £000
Defined benefit obligation	(8,812)	(7,782)	(6,448)	(5,900)	(6,058)
Plan Assets	5,666	5,421	4,821	5,292	4,438
Deficit	(3,146)	(2,361)	(1,627)	(608)	(1,620)

	30 June 2014 £000	30 June 2013 £000	30 June 2012 £000	30 June 2011 £000	30 June 2010 £000
Actual return less expected return on Scheme assets	(4)	304	(917)	346	267
Experience gain/(loss) arising on Scheme liabilities	(68)	53	(127)	2	213
Change in assumptions underlying present value of Scheme liabilities	(582)	(903)	(73)	650	(755)

23. Pension schemes (continued)

Church of England Funded Pension Scheme

The College participates in the Church of England Funded Pensions Scheme and employs one member of the Scheme out of a total membership of approximately 8,500 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the College's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

24. 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 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.

No disclosure of transactions with St Catharine's College Development Limited or St Catharine's College Events Limited has been made as those financial statements at 30 June 2014 have been consolidated.

Like some other Colleges, the College offers a shared equity housing assistance scheme to Fellows, in order to attract them to work in Cambridge, which is a high cost residential area. As at June 30th 2014 one Fellow benefited from assistance and the College's contribution was £150,000 (2013: £150,000).