



MAGDALENE COLLEGE  
CAMBRIDGE

**REPORTS AND ACCOUNTS**

FOR THE YEAR ENDED 30 JUNE 2016

**MAGDALENE COLLEGE, CAMBRIDGE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2016**

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**MAGDALENE COLLEGE, CAMBRIDGE**  
**FELLOWSHIP**  
**YEAR ENDED 30 JUNE 2016**

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**FELLOWSHIP**

**Governing Body**

Lord R Williams, PC, DD (Hon), DCL, FBA  
Professor M A Carpenter, ScD  
Professor H A Chase, ScD, FREng  
J R Patterson, MA, PhD  
M E J Hughes, MA, PhD  
T Spencer, MA, PhD  
B J Burchell, MA and PhD (Warwick)  
S Martin, MA, PhD  
K Patel, MA, MSc and PhD (Essex)  
T N Harper, MA, PhD  
N G Jones, MA, LLM, PhD  
Professor H Babinsky, MA and PhD (Cranfield)  
Professor P Dupree, MA, PhD  
S K F Stoddart, MA, PhD  
M Hughes, MB, BChir, PhD (until 30 September 2016)  
T A Coombs, MA, PhD  
H Azérad, MA, PhD  
A L Hadida, MA, PhD  
C S Watkins, MA, MPhil, PhD  
A L Du Bois-Pedain, MJur (Oxon)  
S C Mentchen, MA  
S J Morris, BA (Newcastle), FCA, IPFA  
R M Burnstein, MB, BS, PhD  
G P Pearce, MA, PhD  
C Brassett, MB, BChir, MChir, FRCS  
Rev P P Hobday, BA, MA (Oxon), MA (until 31 August 2015)  
M J Waithe, MA (Leeds), PhD  
C D Lloyd, MA (Kent)  
R L Roebuck, BA, MEng, PhD  
A K Bennison, BA, PhD (London)  
L C Skinner, BSc, MPhil, PhD  
E So, MEng, PhD, CEng  
A J W Thom, MA, MSci, PhD  
W T Khaled, MA, PhD  
A Ercole, BA, MA, PhD, PG Dipl, MB BChir, FRCA  
A Spectre, PhD (Hong Kong)  
Professor E Rothschild, CMG, MA (until 30 September 2015)  
Professor K Munshi  
T Euser, PhD, MSc (Twente)  
J M Munns, MA (Durham), MPhil (Bristol), PhD, FRSA (from 1 September 2015)  
Rev N Widdows, MEng (Oxon), CA, MA (Bristol) (from 8 September 2015)  
E J Howell, LLB, LLM, DPhil (from 1 October 2015)

**Emeritus Fellows**

Professor P J Grubb, ScD  
R Hyam, LittD  
J B Dwight, MA, MSc  
P E Reynolds, ScD  
J E Field, OBE, PhD, FRS  
His Honour C F Kolbert, MA, PhD  
Professor N Boyle, LittD, FBA  
R J S Spence, MA, PhD  
R Lockett, MA, PhD

**MAGDALENE COLLEGE, CAMBRIDGE**  
**FELLOWSHIP (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**Emeritus Fellows continued**

Professor E Duffy, DD, FBA  
Professor N Rushton, MD

**Research Fellows**

P M Steele, BA, MPhil, PhD  
L Chang, BA, DPhil (until 30 September 2015)  
A K Büll, MSc, PhD (until 30 September 2015)  
C M Lye MA, PhD (until 30 September 2015)  
M Hetherington, BA, MA, MPhil, PhD (until 30 September 2015)  
H Brink-Roby MA, MPhil (until 30 September 2016)  
J R D G Landel, MSc, MEng, PhD (until 30 September 2016)  
H O Malone, M Phil, PhD  
J J Sbierski, MAST, PhD  
Y Wan BA, MMath  
F J Beltrán Tapia, MA, DPhil (Oxon)  
S Caddy, PhD (from 1 October 2015)  
M Haeussler, BA (London), MPhil (from 1 October 2015)  
C L Evans, MA (Harvard) (from 1 October 2015)

**Senior Research Fellows**

J D Coull, MA, MEng, PhD  
G W Atkins, MPhil, PhD  
C N Spottiswood, BSc, PhD  
Professor J R Raven, MA, PhD  
A Bartok-Partay, MSc, PhD (until 30 September 2016)  
C Vial, PhD  
B Seymour, BSc, MB, PhD (from 1 October 2015)  
M Ubiali, PhD (Edinburgh) (from 1 October 2015)

**Life Fellows**

M D Billinge, MA, PhD  
J D Lewins, MA, PhD, DSc (Eng) (London)  
Sir Derek Oulton, GCB, QC, MA, PhD (deceased 1 August 2016)  
Professor W R Cornish, Hon QC, LLD, FBA  
A R Thompson, MBE, MA, MPhil  
Professor T H Clutton-Brock, ScD, FRS  
S Halper, PhD  
Professor E H Cooper, LittD, FBA  
Professor T A J Cockerill, BA, MPhil  
E Rothschild, CMG, MA (from 1 October 2015)

**Bye-Fellows**

C V S Pike, MA, MSci, PhD (until 30 September 2015)  
A N Neumann, PhD  
O J S Macleod (until 30 September 2015)  
S L Bayliss (until 30 September 2015)  
M Ubiali, PhD (Edinburgh) (until 30 September 2015)  
Rev J M Munns, MA (Durham), MPhil (Bristol), PhD, FRSA ( until 31 August 2015)  
A Kellerer, PhD (Paris)  
A V Corr, BA, MA, MPhil, PhD (Paris) (from 1 October 2015 until 30 September 2016)  
P Baillie-Johnson, BA (from 1 October 2015 until 30 September 2016)  
L Foxcroft, BA, MPhil, PhD (from 1 October 2015)  
A P Coutts, BSc, MSc, PhD (from 18 February 2016)

**MAGDALENE COLLEGE, CAMBRIDGE**  
**FELLOWSHIP (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**Visiting Fellows**

J H Ohlmeyer (until 30 September 2015)  
Professor R Foster (from 1 October 2015 until 30 September 2016)  
Dr I Baudino, PhD (for 2015/16 academic year)  
Professor W Li (for two months within the 2015/16 academic year)  
Professor R Etlin (for one month within the 2015/16 academic year)  
Dr G Hens (from 16 January 2016)

**Honorary Fellows**

The Lord Ezra, MBE, MA (deceased 22 December 2015)  
HRH the Duke of Gloucester, KG, GCVO, MA  
Professor Sir John Boardman, MA, FBA, Hon RA  
The Rt Revd S Barrington-Ward, KCMG, MA  
Professor Sir David Hopwood, MA, PhD, DSc (Glasgow), FRS  
A W B Vincent, MA, Hon LLD (Trinity College, Dublin)  
A B Gascoigne, MA, FRSL  
Professor H H Vendlar, AB, PhD (Harvard), Hon Litt D  
H R L Lumley, MA  
J C F-Simpson, CBE, MA, FRGS  
Sir Antony Jay, CVO, MA, FRSA (deceased 21 August 2016)  
Sir Colin Corness, MA  
Professor Sir Richard Jolly, KCMG, MA, PhD (Yale)  
Professor Sir John Gurdon, PhD, Hon ScD, Hon DSc (Oxon), FRS  
D J H Murphy, MA  
Professor D C Clary, ScD, FRS  
Sir John Tooley, MA  
Lord Malloch Brown, MA, KCMG  
R W H Cripps  
The Rt Hon Lord (Igor) Judge, Kt, PC, MA  
HE Judge Sir Christopher Greenwood, CMG, QC, MA, LLB  
The Rt Hon Sir Andrew Morritt, PC, CVO, MA  
R H Vignoles, BA, BMus, ARCM, Hon RAM, Hon FRMCM  
The Hon Wong Yan-lung, SC, MA, JP  
D D Robinson, CBE, MA and MA (Yale), FSA, DL  
Professor S Springman, CBE, PhD, FREng  
C I von Christierson, MA  
HRH Sultan Nazrin Shah, BA (Oxon), PhD (Harvard)  
L L Cardozo Kindersley, MBE  
Dame C A Duffy, DBE, BA (Liverpool)

**Fellow-Commoners**

T G M Keall, MA  
R L Skelton, MA  
A I J Fitzsimons, Diplômée de l'ISIT (Paris)  
J J Hellyer Jones, MA, FRCO  
B Fried, MBA (Pennsylvania)  
N Raymont, BSc (Econ), FCA  
M R W Rands, BSc, DPhil  
P J Marsh, MPhil, Honorary PhD (University of Central England)  
M Gillies, BA (until 30 September 2015)  
R V Chartener, AB (Princeton), MPhil, MBA (Harvard)  
C H Foord, MAAT, Assoc CIPD  
A Ritchie QC, MA  
C V S Pike, MA, MSci, PhD (from 1 October 2015)

**MAGDALENE COLLEGE, CAMBRIDGE**  
**PRINCIPAL OFFICERS AND PROFESSIONAL ADVISORS**  
**YEAR ENDED 30 JUNE 2016**

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**Officers**

<b>Master:</b>	Lord Rowan Williams, PC, DD (Hon), DCL, FBA
<b>President:</b>	Professor Michael Carpenter, ScD
<b>Senior Tutor:</b>	Dr Stuart Martin, MA, PhD
<b>Senior Bursar:</b>	Mr Steven Morris, BA (Newcastle), FCA, IPFA
<b>Development Director:</b>	Mrs Corinne Lloyd, MA (Kent)

**Professional Advisors**

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

**Bankers:** Barclays Bank plc  
9-11 St Andrew's Street  
Cambridge CB2 3AA

**Property Managers:**  
(Commercial) Cheffins Commercial  
Clifton House  
1-2 Clifton Road  
Cambridge CB1 7EA

**Property Managers:**  
(Agricultural) Savills  
Olympic House  
Doddington Road  
Lincoln LN6 3SE

**Securities Managers:** Stanhope Capital LLP  
35 Portman Square  
London W1H 6LP

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

# **MAGDALENE COLLEGE, CAMBRIDGE**

## **REPORT OF THE GOVERNING BODY**

### **YEAR ENDED 30 JUNE 2016**

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The Governing Body of Magdalene College presents its Reports and Accounts for the year ended 30 June 2016.

#### **STATUS**

The College of Saint Mary Magdalene, one of 31 Colleges in the University of Cambridge, commonly called Magdalene College, was re-founded by Lord Audley of Walden in 1542. The 1542 Charter provides that the College is '*for the advancement of knowledge, arts, learning and virtue and for the advancement of moral studies in the University of Cambridge.*' The College became a registered charity on 18 August 2010. The Charity Commission of England and Wales is therefore the principal regulator for the College.

The College is a legally independent corporation within the collegiate University of Cambridge. A system of University-wide committees exists to plan and discuss the joint affairs of the collegiate University.

#### **AIMS AND OBJECTIVES**

The Governing Body has adopted a Strategic Plan to determine the future direction and size of the College. This plan identifies the priorities to be addressed to maintain and enhance teaching provision and the College's academic resources, and to provide appropriate residential and recreational amenities.

The College's charitable purpose as a place of religion, education, learning and research is clearly reflected by objectives in the Strategic Plan:

- to deliver a world-class undergraduate education by safeguarding the provision of small-group College-based supervision teaching;
- to maintain and develop a commitment for encouraging applications from the most talented students irrespective of social, ethnic and religious background in tandem with a needs-blind admission system supported by a comprehensive bursary programme; and
- to promote academic research of the highest quality.

#### **GOVERNANCE**

The Governing Body of the College comprises the Master and the Fellows (Classes A, B and C, if aged below 67 years) and they are *de facto* the trustees of the College. This body is constituted and regulated in accordance with the College Statutes (revised 1997) and is responsible for the strategic direction of the College, for its administration and for the management of its finances and assets. It meets at least seven times a year under the chairmanship of the Master. The Presidents of the Middle Common Room (MCR) and the Junior Common Room (JCR) attend for unreserved business.

The Governing Body acknowledges its responsibility to act with prudence and care and to ensure the College complies with relevant laws and regulations. The Governing Body elects all Fellows of the College. Information is given to new Fellows regarding the College and how it is governed.

The principal committees of the Governing Body include the:

- Academic Committee; which establishes policy and monitors progress in respect of the College's main activities of education and research. The Committee meets five times a year and its membership is drawn from the Governing Body;
- Fellowship Committee; which advises on the recruitment and the retention of College Fellows including recommendations about individual elections. The Committee meets at least four times a year. Its membership, which is drawn from the Governing Body, reflects the range of academic disciplines;
- Finance & General Purposes Committee; which has responsibility for the oversight of the College's financial and administrative affairs and meets six times a year. Membership is drawn from the Governing Body;

**MAGDALENE COLLEGE, CAMBRIDGE**  
**REPORT OF THE GOVERNING BODY (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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- Investments Committee; which has oversight and sets policy for the College's endowment. The Committee meets three times a year and it includes external members with knowledge and experience of investments; and
- Development Committee; which oversees and sets policy for the College's alumni relations and fund-raising programmes. The Committee meets at least three times a year and its membership is from the Governing Body and the wider Fellowship.

As secretary to the Governing Body, the Senior Bursar maintains a register of interests for members of the Governing Body. Declarations of interest are standing items on the agendas of the Governing Body and its principal committees. The Governing Body has established a Remuneration Committee, with a membership which is independent from it, to review and to advise on the benefits appertaining to Fellows. This Committee met on three occasions during the financial year to review relevant policy proposals, has reviewed its own remit and then advised the Governing Body accordingly.

The Master is the chairman of the trustees and has a duty to promote the welfare of the College and to ensure the College maintains an appropriate learning environment for its members. The President, as a senior fellow, supports the interests of the fellowship and acts as the vice-master. The Senior Tutor has day-to-day responsibility for the admission, education and welfare of undergraduate and graduate students and supporting the research activities of the College. The Governing Body appoints Admissions Tutors to support the Senior Tutor in the selection of suitable students for admission to the College. The Senior Bursar has responsibility for the estates, finance and administration of the College.

The College appoints a Director of Studies for each undergraduate and provides small group teaching in addition to the teaching provided by the University. The College also provides a Tutor for each student and access to other forms of pastoral care, including a Chaplain, Nurse and Counsellors. Together, the Dean and the Tutors have responsibility for maintaining standards of behaviour and good order in the College.

Members of the JCR and the MCR elect annually an executive committee to support and promote their welfare. The College makes grants to these student bodies, as well as to sports and cultural societies.

## **PROGRESS MADE DURING THE YEAR**

The College is always striving to improve its own academic standards and is active in promoting the wider collegiate university's standing in terms of teaching and research and the position of the colleges within it. The College continues to build upon its existing academic strengths by recruiting Fellows who are outstanding in their field of study and by admitting talented students.

Fellows of the College continue to receive awards for their published work and for their contribution to the University, whilst the examination results for the College's undergraduate students remains impressive. It is pleasing to note that 92% of the graduating cohort obtained a 2.1 class of degree or better.

Following the changes to tuition fees which were introduced by the government in 2012, the undergraduate colleges have agreed a revised fee arrangement with the University including a basis for sharing equally the costs of student bursaries and widening participation. Agreement has also been reached in respect of postgraduate students between the colleges and the University to pool their combined fee income and then share resources based upon predetermined proportions.

Since the appointment of architects and a design team for the new library building, progress has been made throughout the year and recently a planning application has been submitted to the local authority and determination is hoped for in early December 2016. Thereafter plans will be formulated for the fund-raising phase of the project.

The College, and subsequent to a thorough due diligence process, decided to buy-out the remaining 50% of Quayside from its joint venture partner, Axa, using a fixed interest bank loan, on the basis it allows the College to control the asset and the cost of finance has been at historically low levels.

## **FINANCIAL REVIEW**

### **Scope of Financial Statements**

The financial statements include the accounts of Magdalene College and its subsidiary undertaking.



**MAGDALENE COLLEGE, CAMBRIDGE**  
**REPORT OF THE GOVERNING BODY (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**Sources of Funding**

The principal sources of income of the College are:

- Students through fees charged for education provided
- The University through fees charged for education provided to its students
- Donors through grants for research
- Members and friends of the College through donations and bequests
- Students and Fellows through charges for goods, services and facilities provided
- Conference customers for goods, services and facilities provided
- Investment income from the accumulated endowment.

**Transition to 2015 Recommended Cambridge Colleges Accounts (RCCA) and Format Changes**

As explained in the Principal Accounting Policies these financial statements adopt the 2015 RCCA for the first time, as amended for FRS 102, which has led to significant presentational changes in some of the primary statements together with different criteria for aspects of income recognition, particularly with donation income. The College has also taken the opportunity to revalue its operational buildings using the transitional provisions within FRS 102.

The format for showing the financial results of the year has altered whereby the Income and Expenditure Account and Statement of Recognised Gains and Losses have been replaced by a new Statement of Comprehensive Income and Expenditure (and accompanying Statement of Changes in Reserves). The new Statement of Comprehensive Income and Expenditure is analysed between unrestricted, restricted and endowment activities.

The opening balance sheet for the College has had to be adjusted to reflect changes in accounting policy within the new SORP and details are given in Note 22 to these accounts.

**Results for the Year**

The financial results for the year are given as follows:

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>	<b>% Change</b>
Total Income	11,242	9,913	+13.4%
Total Expenditure	(10,351)	(9,723)	+6.5%
Surplus before investment gains or changes to pension schemes	891	190	+369%
Gains on investments	216	4,069	
Actuarial gains on pensions	252	275	
<b>Total Comprehensive Income</b>	<b>1,359</b>	<b>4,534</b>	<b>-70%</b>

The College deems it prudent to plan for a modest recurrent surplus to provide stability and to allow for new funds for reinvestment.

**Income**

Overall income (before investment gains and actuarial pension changes) was up by 13.4% when compared to 2014-15. This was due to higher conference revenues, more commercial rental income following the acquisition of the remainder of Quayside, an increase in academic fee and research activity and donations.

Income from academic fees (including research income and Cambridge Bursary income) increased to £2,834k (+7% when compared to 2014-15). There was more research activity and higher tuition fees were derived from graduate students.

Income from College-provided accommodation and catering was £3,894k (£3,519k for 2014-15), or 10.7% higher than last year, with conference revenues increasing by 25.1% year on year. There was an overall increase in member income of 5.4% following planned increases in room rents and again more catering activity.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**REPORT OF THE GOVERNING BODY (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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Investment income increased by 29.2% to £2,539k (£1,966k previous year), after adjusting for the movement relating to total return in the Statement of Comprehensive Income and Expenditure. The increase is due to more rental income from the commercial estate due to acquisition of the other half of Quayside during the year.

Total donation related income was £1,737k against £1,592k in 2014-15.

**Expenditure**

Expenditure on education has increased by 3.3% to £4,189k (£4,057k previous year), which compares to £2,834k received (£2,646k previous year) directly from academic fees and research income, providing a deficit on educational activity of £1,355k. Education accounts for 40.5% (previous year 41.7%) of total expenditure.

Expenditure on College-provided accommodation and catering increased to £4,956k (£4,868k previous year) or by +1.8%, there being more conference and catering activity in 2015-16.

Staffing costs remained comparable to 2014-15, amounting to £4,099k or 39.6% of total costs. Although staffing costs increased from a general pay award as well as an increase in expenditure to cover the increased catering and conferencing activity, this was offset by a technical charge from the USS pension scheme. That is, this charge increased costs in 2014-15 by £268k but decreased expenditure in 2015-16.

The Governing Body remains concerned about the long term costs of providing defined benefit pensions, and whilst it has taken steps to try to limit future liabilities by ceasing to offer a defined benefit scheme to new non-academic staff, most current employees participate in a defined benefit salary scheme. The College has experienced a decrease to its FRS 102 pension deficit for the Cambridge Colleges Federated Scheme and its share of the USS deficit to £2,426k from £2,657k during the year. The overall deficit is symbolic of the long-term costs of providing final salary pensions.

Other operating costs increased by 13.8% to £4,940k (£4,278k previous year), as conference and college catering operations were more successful and bank loan interest and office refurbishment arising from the Quayside acquisition were incurred. Depreciation costs for operational buildings, in accordance with a revised policy and reflecting the revaluation (deemed cost), is now £1,205k (previous year £1,203k), far higher than under the previous policy with a far lower net carrying value for buildings.

College net assets, as restated, only increased slightly during the year from £148.4m in 2014-15 to £149.7m in 2015-16. The principal reasons were due to a modest rise in investment assets when taking market value changes and new capital donations together, along with another retained surplus for the year which has helped to boost cash balances. The decrease in the pension deficit is offset by a small net decline in operational buildings (after depreciation).

**Capital Expenditure and Maintenance**

The College's operational assets, the largest asset class of the College, remain a financial pressure for the College. Capital expenditure for the year amounts to a significant £0.5m. The College commissions a rolling five-year condition survey of its operational estate which informs its forward looking five-year maintenance plan. The maintenance programme is designed to maintain and improve the estate and additional resources have been allocated to it in recent years, recognising the need to increase investment in the long-term maintenance of its operational estate.

**Investment Policy and Performance**

The College manages its investments in securities and property to produce the highest return consistent with the preservation of capital value in real terms for the long term and given the associated risks. The principal responsibility of the Governing Body in investing the College's endowment is to ensure the real value of the endowment is maintained after spending, consistent with the risk/return profile adopted and within a suitably diversified portfolio. The Governing Body expects, within the scope of this fiduciary duty, its fund managers to engage actively with companies to promote and support acceptable standards of practice in respect of their business activities and how they impact on their employees, the environment and the communities in which they operate. The Investments Committee is currently reviewing its responsible investment policy.

# **MAGDALENE COLLEGE, CAMBRIDGE**

## **REPORT OF THE GOVERNING BODY (*continued*)**

### **YEAR ENDED 30 JUNE 2016**

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The College holds a securities portfolio (£26.7m in 2015-16, £27.2m previous year) managed from 1 July 2012, by Stanhope Capital under a discretionary mandate with the objective to maximise total return, as well as direct property and agricultural land holdings (£34.5m in 2015-16, but with debt financing outstanding of £9.1m, £25.5m previous year). The direct property, which is managed by Cheffins, is held as a long-term strategic asset, with the policy of maximising yield, whilst the agricultural land is managed by Savills. The Committee agreed to continue with a total return policy (first introduced in July 2010) with a 3.75% spending rule which resulted in a drawdown from capital of £882k (£805k in 2014-15).

College investment assets grew to £62.2m (£52.7m previous year but includes only 50% of Quayside). The securities portfolio returned 3.2% to June 2016. This return underperformed the blended benchmark (which is based upon portfolio weightings in different asset classes) which returned +10.8%. The direct property portfolio returned +4.7%, which underperformed the industry IPD, which returned +9.1%, for the year, but it outperformed IPD over the past five years (10.3% for the College against an IPD of 10.1%). This relative return for the year reflects the timing of valuation very shortly after the EU Referendum result and the office voids within Quayside. The College's commercial estate remains in a sound position, drawing on the relative strengths of the local economy and from the active management by the property agent.

#### **Donations**

Magdalene's primary fundraising efforts are directed at raising monies through major donations as well as by regular giving, to add to the College's endowment. Our key objectives focus on College teaching, research and student hardship. In the medium-term, a new College Library is also planned, which will provide exceptional learning resources for our students.

The ongoing support of our Members, friends and the Fellowship is particularly welcome and appreciated during these trying economic times. Over the course of 2015-16, donations to the College were, in total, £1.7m an increase from last year's figure of £1.59m, and for which the College is immensely grateful. The costs of fundraising efforts were £333k compared with £350k for 2014-15.

#### **Reserves and Endowment Funds**

Total College reserves and funds amounted to £149.7m. Within the College's endowment funds there are almost 100 trust funds supporting the College in achieving its aims.

These reserves are represented by the College's operational estate and to a large extent, the permanent endowment assets and therefore are not available as income funds to be spent. Collectively the College's free revenue reserves and earmarked building reserves only amount to £1.8m after taking account of the pension deficit. The Governing Body considers it prudent to hold sufficient unrestricted reserves and appropriate earmarked reserves in the event of major variations to the College's income and expenditure and has concluded that its general reserves should be 20% of annual income and that its building reserve should represent 1% of the insurable value of the operational estate. Together this amounts to £3.3m. In the short-term the kitchen refurbishment has depleted these reserves and therefore, the College is in the process of increasing these reserves over the medium term.

#### **Cash Flow and Treasury Management**

The College's treasury management policy requires cash deposits to be spread across a range of counterparties, all of which must be at least Fitch A credit-rated. Net cash funds significantly increased by £1,096k from £3,055k to £4,151k over the year, as cash was received from donations and new endowment.

#### **PRINCIPAL RISKS**

The Governing Body has approved a Risk Register that identifies the major risks to which the College is exposed and this is reviewed annually. Principal risks include adverse endowment asset performance, the long-term costs of employee pensions, unexpected building maintenance expenditure, and the impact of government policy changes on both student and College finances.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**REPORT OF THE GOVERNING BODY (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**FINANCIAL OUTLOOK AND PLANS FOR THE FUTURE**

The overall Leave vote is likely to lead to a profound change to the UK's relationship with the EU. In the short term it has resulted in an immediate negative shock to the UK economy. Financial markets globally have been volatile and there has been a steep decline in sterling. This led the governor of the Bank of England to relax capital ratios for UK banks, to provide more liquidity and to signal rates will be reduced if proven necessary. In recent weeks markets have been improving. Once economic data becomes available an assessment of the short term impact can be made but it's likely to have dented business confidence. The referendum vote is likely to reduce economic growth throughout 2016 and into 2017 than otherwise would have been the case, although the Chancellor is expected to announce additional borrowing in his Autumn Statement to fund long-term infrastructure projects. Sterling's weakness will aid exporters but will put pressure on domestic inflation which has to-date been subdued.

Whilst the Leave vote by the UK from the EU has created uncertainty and in particular in the Higher Education Sector, it is hoped that as the terms of a new agreement with the UK and the EU emerge the implications over the longer term become clearer. In the meantime there are concerns for the collegiate university with respect to academic staff and student recruitment and future research funding.

Following acquisition by the College of the remainder of Quayside a programme of offices refurbishment, including central plant upgrade, is underway, with the intention of securing a long-term return.

As the College uses its endowment to subsidise the costs of education and research, as well as the costs of accommodation and catering for its members, the performance of its investments continues to be central to the long-term financial stability of the College. The longer term costs of defined benefit pension schemes are of concern and the financial predicament of USS is of particular concern and increased employer participation costs from 2016. Staffing costs are expected to increase following known changes to national insurance contributions and the recent announcement on the national living wage.

The government's new tuition fee policy for the higher education sector became effective in October 2012 and the collegiate University will be investing further in its outreach and aspiration raising programmes. Recent announcements by the government to withdraw maintenance grants are likely to influence policy for the Collegiate University. The government has also announced plans and has engaged in consultation in making sweeping changes to the Sector's regulator, HEFCE and the set up concerning UK research councils.

The College is now working towards the development of a modern undergraduate library over the next few years and is seeking planning consent for a new building. Once this is obtained a fund-raising effort will take place. As such, the Development Office remains a significant focus in seeking to attract donations to assist the College in achieving its strategic objectives. In the medium-term efforts will focus on new funds for student hardship bursaries and the campaign for the new library building.

**Approved by the Governing Body on 13 October 2016**

**R Williams**  
**Master**

**S J Morris**  
**Senior Bursar**

# **MAGDALENE COLLEGE, CAMBRIDGE**

## **STATEMENT OF PUBLIC BENEFIT**

### **YEAR ENDED 30 JUNE 2016**

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The Governing Body is satisfied that the activities as described in these reports and accounts meet the public benefit requirements of a registered charity.

#### **Objects**

By maintaining an academic community of the Master, Fellows, Scholars and other students the College is fulfilling its charitable objects as a place of religion, education, learning and research within the University of Cambridge.

#### **Education**

The College provides an education for some 365 (2014: 384) undergraduate and 145 (2014: 139) graduate fee-paying students which is recognised internationally as being of the highest standard. The education develops students intellectually 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, bursaries, and individual or small-group supervision, as well as pastoral, administrative and academic support through its directors of studies and tutorial and graduate mentoring systems, thereby enabling students both to develop personally and intellectually and to proceed to degrees of the University of Cambridge (and in some cases other qualifications);
- specialist choral musical education for its choral students, including provision of choral and organ scholarships;
- a residential community with social, cultural, musical, recreational and sporting facilities that enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College; and
- accommodation and catering at reasonable rates.

#### **Research**

In the same way the College advances knowledge and learning through:

- supporting research work pursued by its Fellows through promoting interaction between them and across disciplines, and providing facilities and grants for attendance at national and international conferences and research trips, and other resources for research;
- providing Research Fellowships to outstanding academics in the early stages of their careers, which enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- providing Fellows and academic staff with study rooms;
- encouraging visits from outstanding academics from other institutions, with or without the provision of accommodation and meals at the common table; and
- encouraging the dissemination of research undertaken by members of the College through the publication of books, papers in academic journals, or other suitable means.

#### **Libraries**

The College Library provides a valuable resource for students and Fellows of the College. The College also maintains an Old Library for its members and members of other Colleges and the University of Cambridge more widely, and for external scholars and researchers.

The Pepys Library, which is a collection of international significance, provides an educational resource for academics, allows access to organised tours by local children and institutions, and is regularly open for visits by the general public.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF PUBLIC BENEFIT (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**Beneficiaries**

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

However, beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions, and alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities and take meals at the common table. The general public are also able to attend various educational activities in the College such as Open Garden exhibitions, and the College's educational festivals. Subject to certain reasonable restrictions, the grounds of the College are open to the general public on most days of the year without charge.

**Admissions**

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as Fellows and academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the College's objects and students, Fellows and academic staff of the College are drawn from across the UK and internationally;
- whilst students of the College are predominantly between 18 and 24 years old, there are no age restrictions in the College's objects, and many graduate students are older than 24 years; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

The focus of the College is strongly academic and students need to satisfy high academic entry requirements.

The College charges the following fees:

- College fees at externally regulated rates to undergraduates entitled to Student Support and to graduate students (with those undergraduate fees being paid by grant funding through arrangements approved by the Government); and
- A fee determined by the College annually to overseas undergraduates and any Home/EU undergraduates not entitled to student support.

**Student Support**

In order to assist undergraduates entitled to student support the College provides, through a scheme operated in common with the University and other Colleges (the Cambridge Bursary Scheme), bursary support for those of limited financial means. (For the academic year 2015-16, the number of awards made was 60, out of a Home/EU undergraduate population of 272; 45 of the awards were at the maximum value of £3,400 or £3,500 (depending on year of matriculation); and the average value of the awards was £3,092.) The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement. Supplementing the Cambridge Bursary Scheme, the College is committed to raising funds to award an enhanced bursary to every undergraduate eligible for the scheme's maximum £3,500 award. During 2015-16 the College was able to support 42 undergraduate students through this enhanced bursary scheme.

To support graduate students, the College provides substantial financial support. This includes several scholarships to fund fees and living costs and 'top-up' to fill shortfalls in students' funding packages. The College has also established a Graduate Research Fund to assist graduates with expenses associated with research conferences and activities, usually in conjunction with the University. Awards are based upon academic criteria as well as the financial position of students. During the year the College provided financial assistance amounting to £135,000 from these schemes.

The College also offers support to all students through a grant scheme to assist with academic materials, supporting the costs of related short courses (e.g. language studies), and attendance at conferences. These awards are given following an evaluation of the academic relevance and the financial means of the student. The College also provides a range of

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF PUBLIC BENEFIT (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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annual travel awards to provide opportunities to travel to complement academic study. During the year 22 students received such an award from these funds. The College also offers vacation study grants and 21 students benefitted from one of those.

The Governing Body also approves annual prizes and scholarships for undergraduates obtaining outstanding examination success. In total £34,050 of scholarships and awards were granted to 118 students during the year.

Finally the College operates a hardship scheme, which also partially contributes to the cost of the Cambridge Bursary Scheme, for all students in financial hardship and is actively campaigning to raise additional funds from its members. Awards are assessed by the student's Tutor and are based upon the specific financial situation of the student. The combined costs for these financial awards were £44,600 for the year.

### **Access**

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying the College operates an outreach programme. This programme includes an extensive programme of visits to schools, annual outreach events outside College which schools are invited to attend, visits by schools to the College, open days, and admissions symposia for teachers, as well as guidance and information on the College website for prospective applicants.

In the year College Fellows, staff and existing students supported the access programme of events which led to contact with a number of prospective students. The College holds a series of outreach events each year. In total the College spent £82,000 during the year directly on outreach programmes.

### **Religion**

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian 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;
- Maintains its choral tradition, which is integral to the provision of divine service in its Chapel, through the College's Choir;
- Supports, through the College Chaplain and through others, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none;
- Strives to maintain a College community which is socially cohesive and is supportive of its members from all faith backgrounds or none; and
- Maintains its historic connection with the work of the Church of England, particularly through its involvement as Patron or joint Patron of 11 parishes.

There is no geographical, age or religious restriction on who may attend Chapel in the College and in practice those attending are highly varied and include those who do not follow the Christian faith. The pastoral services of the clergy of the College are available to all members of the College whatever their faith traditions or none.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF INTERNAL CONTROL**  
**YEAR ENDED 30 JUNE 2016**

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The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policies, 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 requirements of the Charity Commission and the Education Memorandum with the University of Cambridge.

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

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The process was in place for the year ended 30 June 2016 and up to the date of approval of the financial statements.

The Governing Body is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Governing Body meets regularly throughout the year to consider the progress being made by the College, the effectiveness of its policies and plans which support the strategic direction of the College
- The Governing Body receives relevant reports from its committees concerning its policies, the risks and any specific issues in connection with the system of internal control
- A College risk register is maintained and reviewed annually
- A system of risk ranking is used to monitor risks and to highlight the principal risks
- Risks are assigned responsibility to College Officers and Heads of Departments of the College
- The Finance and General Purposes Committee undertakes a detailed annual review of the risk register and briefs the Governing Body accordingly.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work and advice of College Officers and Heads of Department, who have operational responsibility for the maintenance and development of the internal control system.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the external auditors, through their comments in the management letter and other reports.



**MAGDALENE COLLEGE, CAMBRIDGE**  
**RESPONSIBILITIES OF THE GOVERNING BODY**  
**YEAR ENDED 30 JUNE 2016**

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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.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY**  
**YEAR ENDED 30 JUNE 2016**

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We have audited the financial statements of Magdalene College, Cambridge for the year ended 30 June 2016 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changes in reserves, the consolidated balance sheet, the consolidated cash flow statement and related notes. The financial reporting frame work 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 Governing Body's Responsibilities Statement set out on page 16, the Governing Body is are 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 Financial Reporting Council'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 information and non-financial information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on Financial Statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 30 June 2016 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; and
- the contribution due from the College to the University has been correctly computed as advised in the professional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**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**

**Salisbury House**  
**Station Road**  
**Cambridge**  
**CB1 2LA**

**Date: 20 October 2016**

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

# **MAGDALENE COLLEGE, CAMBRIDGE**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

### **YEAR ENDED 30 JUNE 2016**

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#### **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 RCCA).

The consolidated statement of comprehensive income and expenditure 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 RCCA is set out in note 6.

The College has prepared its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 22.

Application of first time adoption grants certain exemptions from the full requirements of FRS 102 in the transition period. The College has used the exemption regarding land and buildings in these financial statements. That is, a revaluation as at 30 June 2014, has been used for deemed cost for operational properties measured at fair value.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and certain operational land and buildings at deemed cost.

#### **Basis of consolidation**

The Consolidated Financial Statements include the College and its subsidiary undertaking, Cloverleaf Limited. Intra-group transactions are eliminated upon consolidation. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only are not included because Cloverleaf Limited is a design and build company and therefore the balance sheet of the College would not be materially different to the one included in these accounts. Some details of the subsidiary undertaking are given in note 25.

#### **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 research grant income

Research grants received from non-government sources are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance related conditions have been met.

##### Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves and additional details are provided within the notes to the accounts.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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There are four main types of donations and endowments:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Total return

The College invests its endowment investment portfolio and allocates a proportion of the related earnings and capital appreciation to the income and expenditure account in accordance with the total return investment concept. The allocation to income is determined by a spending rule, currently 3.75%, which is designed to stabilise annual spending levels from the endowment. The income transferred to the consolidated statement of income and expenditure on this total return basis is calculated by a formula that uses the weighted average value of the College's investment portfolio over a three year period up to the commencement of the current accounting year. Details are given in note 3.

Investment income and change in value of investment assets

Investment income and any change in value of investment assets is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

Other income

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

In 2015-16, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University. However, to remain consistent with previous years' presentation as well as the system agreed for 2016-17 (where the College pays Cambridge Bursaries to eligible students and receives a contribution from the University), for 2015-16 the College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges".

**Pension schemes**

The College participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee 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. Since the College has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

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.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

Because of the mutual nature of the Church of England Funded Pension Scheme, the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis and therefore 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 schemes in respect of the accounting period and expenses accrued in that year, plus any impact of deficit contributions. Since the College has entered into a recovery plan that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account in accordance with Section 28 of FRS 102.

The College offers a defined contribution pension scheme for non-academic staff. For staff employed before 1 April 2014 this was the Cambridge Colleges Group Pension Scheme. For staff employed after that date it is the NOW: Pensions Scheme. The assets of both those defined contribution schemes are held separately from those of the College. The annual contributions payable are charged to the Income and Expenditure account.

**Tangible fixed assets**

Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value at June 2014, the date of transition to 2015 RCCA, and are measured on the basis of deemed cost, this being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- operational buildings – the structure between 41 and 100 years
- operational buildings – the internal fit-out between 15 and 35 years
- operational buildings – the mechanical and electrical services between 10 and 35 years

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use. The cost of additions to operational property shown in the balance sheet includes the cost of land.

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.

Maintenance of premises

The College has a five year rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is shown in the consolidated statement of comprehensive income and expenditure as it is incurred. The cost of major refurbishment and maintenance which restores or improves value is capitalised and depreciated over the expected useful economic life of the asset concerned. The College also sets aside sums periodically to meet future maintenance costs, these being disclosed within unrestricted reserves.

Equipment

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

Furniture and equipment	10 years
Energy regeneration	20 years
Library books	15 years
Information technology	3 years
Specialist software	10 years
Catering & conference equipment	5, 10 or 20 years

Where equipment is acquired with the aid of specific bequests or donations it is capitalised and depreciated. The related benefactions are credited to income in the year it arises.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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Heritage assets

The College holds and conserves two book collections which are of historical and cultural importance. No heritage assets acquired since 1st July 1999 have been of sufficient value to be capitalised in accordance with the principles outlined in the Statement of Principal Accounting Policies. The majority of assets held in the College's collections were acquired before 1st July 1999 and, because reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the Balance Sheet is £nil.

**Investments**

Securities

Securities are shown at their fair value on 30 June each year, except for investments in the subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation.

Direct property

Investment properties are included at fair valuation and the aggregate surplus or deficit is transferred to Unrestricted Reserves. A formal valuation is performed at least every 5 years. For commercial property holdings, a formal valuation is currently undertaken every year and this year was carried out by Cheffins, Chartered Surveyors, as at 30 June 2016. The last formal valuation for agricultural land was carried out by FPD Savills as at 30 June 2013.

**Stocks**

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

**Employment benefits**

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

**Provisions**

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

**Contingent liabilities and assets**

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

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction. 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.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**Taxation**

The College is a registered charity (number 1137542) 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.

**Reserves**

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold to perpetuity. Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

**Critical accounting judgements**

FRS102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Governing Body are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.



**MAGDALENE COLLEGE, CAMBRIDGE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**YEAR ENDED 30 JUNE 2016**

<b>Income</b>	<b>Note</b>	<b>Unrestricted £000</b>	<b>Restricted £000</b>	<b>Endowment £000</b>	<b>2016 Total £000</b>	<b>Unrestricted £000</b>	<b>Restricted £000</b>	<b>Endowment £000</b>	<b>2015 Total £000</b>
Academic fees and charges	1	2,720	114	-	2,834	2,511	135	-	2,646
Residences, catering and conferences	2	3,894	-	-	3,894	3,519	-	-	3,519
Investment income	3	2,197	4	338	2,539	1,579	3	384	1,966
Endowment return transferred	3	258	624	(882)	-	236	569	(805)	-
Other income		201	37	-	238	159	31	-	190
<b>Total income before donations and endowments</b>		<b>9,270</b>	<b>779</b>	<b>(544)</b>	<b>9,505</b>	<b>8,004</b>	<b>738</b>	<b>(421)</b>	<b>8,321</b>
Donations		489	973	-	1,462	379	580	-	959
New endowments		-	-	188	188	-	-	191	191
Other donations for assets		-	87	-	87	-	442	-	442
<b>Total income</b>		<b>9,759</b>	<b>1,839</b>	<b>(356)</b>	<b>11,242</b>	<b>8,383</b>	<b>1,760</b>	<b>(230)</b>	<b>9,913</b>
<b>Expenditure</b>									
Education	4	3,453	736	-	4,189	3,505	552	-	4,057
Residences, catering and conferences	5	4,942	14	-	4,956	4,855	13	-	4,868
Investment management costs	3	53	-	200	253	45	-	209	254
Other expenditure		892	48	-	940	499	34	-	533
Contribution under Statute G, II		13	-	-	13	11	-	-	11
<b>Total expenditure</b>	<b>6</b>	<b>9,353</b>	<b>798</b>	<b>200</b>	<b>10,351</b>	<b>8,915</b>	<b>599</b>	<b>209</b>	<b>9,723</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>406</b>	<b>1,041</b>	<b>(556)</b>	<b>891</b>	<b>(532)</b>	<b>1,161</b>	<b>(439)</b>	<b>190</b>
Gain/(loss) on investments		(3)	(3)	222	216	40	33	3,996	4,069
<b>Surplus/(deficit) for the year</b>		<b>403</b>	<b>1,038</b>	<b>(334)</b>	<b>1,107</b>	<b>(492)</b>	<b>1,194</b>	<b>3,557</b>	<b>4,259</b>
<b>Other comprehensive income</b>									
Actuarial gain in respect of pension schemes	15	252	-	-	252	275	-	-	275
<b>Total comprehensive income for the year</b>		<b>655</b>	<b>1,038</b>	<b>(334)</b>	<b>1,359</b>	<b>(217)</b>	<b>1,194</b>	<b>3,557</b>	<b>4,534</b>

The notes on pages 29 to 45 form part of these accounts

**MAGDALENE COLLEGE, CAMBRIDGE**  
**STATEMENT OF CHANGES IN RESERVES**  
**YEAR ENDED 30 JUNE 2016**

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	<b>Income and expenditure reserve</b>			<b>Total</b>
	<b>Unrestricted £000</b>	<b>Restricted £000</b>	<b>Endowment £000</b>	<b>£000</b>
<b>Balance at 1 July 2015</b>	96,775	2,502	49,101	148,378
Surplus/(deficit) from income and expenditure statement	403	1,038	(334)	1,107
Other comprehensive income	252	-	-	252
Transfers	(8)	8	-	-
<b>Balance at 30 June 2016</b>	<u>97,422</u>	<u>3,548</u>	<u>48,767</u>	<u>149,737</u>

	<b>Income and expenditure reserve</b>			<b>Total</b>
	<b>Unrestricted £000</b>	<b>Restricted £000</b>	<b>Endowment £000</b>	<b>£000</b>
<b>Balance at 1 July 2014</b>	37,654	1,290	45,544	84,488
Prior year adjustment – deferred capital grant	11,791	155	-	11,946
Other prior year adjustments (note 22)	47,552	(142)	-	47,410
<b>Restated balance at 1 July 2014</b>	<u>96,997</u>	<u>1,303</u>	<u>45,544</u>	<u>143,844</u>
Surplus/(Deficit) from income and expenditure statement	(492)	1,194	3,557	4,259
Other comprehensive income	275	-	-	275
Transfers	(5)	5	-	-
<b>Balance at 30 June 2015</b>	<u>96,775</u>	<u>2,502</u>	<u>49,101</u>	<u>148,378</u>

The notes on pages 29 to 45 form part of these accounts

**MAGDALENE COLLEGE, CAMBRIDGE**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2016**

	Note	2016 £000	2015 £000
<b>Non-current assets</b>			
Fixed assets	8	95,608	96,419
Investments	9	62,224	52,744
		<u>157,832</u>	<u>149,163</u>
<b>Current assets</b>			
Stocks	10	148	122
Trade and other receivables	11	2,247	1,239
Cash and cash equivalents	12	4,151	3,055
		<u>6,546</u>	<u>4,416</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,304)</u>	<u>(2,444)</u>
<b>Net current assets</b>		3,242	1,972
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(8,911)</u>	<u>(100)</u>
<b>Provisions</b>			
Pension provisions	15	(2,426)	(2,657)
<b>Total net assets</b>		<u>149,737</u>	<u>148,378</u>
<b>Restricted reserves</b>			
Income and expenditure reserve – endowment reserve	16	48,767	49,101
Income and expenditure reserve – restricted reserve	17	3,548	2,502
		<u>52,315</u>	<u>51,603</u>
<b>Unrestricted reserves</b>			
Income and expenditure reserve - unrestricted		<u>97,422</u>	<u>96,775</u>
<b>Total reserves</b>		<u>149,737</u>	<u>148,378</u>

These financial statements were approved by the Governing Body on 13 October 2016 and are signed on their behalf by:

**R Williams**  
**Master**

**S J Morris**  
**Senior Bursar**

The notes on pages 29 to 45 form part of these accounts

**MAGDALENE COLLEGE, CAMBRIDGE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED 30 JUNE 2016**

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		<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
	Note		
<b>Net cash outflow from operating activities</b>	18	(489)	(285)
<b>Cash flows from investing activities</b>	19	(7,424)	996
<b>Cash flows from financing activities</b>	20	9,009	-
<b>Increase in cash and cash equivalents in the year</b>		<u>1,096</u>	<u>711</u>
Cash and cash equivalents at beginning of the year		<u>3,055</u>	<u>2,344</u>
Cash and cash equivalents at end of the year	12	<u>4,151</u>	<u>3,055</u>

The notes on pages 29 to 45 form part of these accounts

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2016**

**1. Academic fees and charges**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
College fees:		
Fee income received at the Regulated Undergraduate rate	1,319	1,307
Fee income received at the Unregulated Undergraduate rate	517	501
Fee income received at the Graduate rate	400	319
Research income	484	384
Cambridge Bursary scheme	114	135
Total	<u>2,834</u>	<u>2,646</u>

**2. Income from residences, catering and conferences**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Accommodation		
College members	1,928	1,814
Conferences	598	498
Catering		
College members	786	762
Conferences	582	445
Total	<u>3,894</u>	<u>3,519</u>

**3. Endowment return and investment income**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>3a. Analysis</b>		
Total return contribution (see note 3b)	882	805
Income from:		
Freehold land and buildings	2,163	1,564
Unit Trust Scheme	18	-
Cash Deposits	20	18
Total	<u>3,083</u>	<u>2,387</u>

**3b. Summary of total return**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Income from:</b>		
Quoted and other securities and cash	338	384
<b>Gains on endowment assets:</b>		
Quoted and other securities and cash	672	1,564
Investment management costs (see note 3c)	(200)	(209)
<b>Total return for year</b>	<u>810</u>	<u>1,739</u>
Total return transferred to income and expenditure reserve (see note 3a)	(882)	(805)
<b>Unapplied total return for year included within Statement of Comprehensive Income and Expenditure</b>	<u>(72)</u>	<u>934</u>
<b>Unapplied total return at beginning of year</b>	<u>7,470</u>	<u>6,536</u>
<b>Unapplied total return at end of year</b>	<u>7,398</u>	<u>7,470</u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**3c. Investment management costs**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Quoted security – equities	135	145
Other investments	38	36
Fixed interest securities	27	28
<b>Investment management costs included within note 3b</b>	<u>200</u>	<u>209</u>
Freehold Land and Buildings	53	45
<b>Total</b>	<u><b>253</b></u>	<u><b>254</b></u>

**4. Education expenditure**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Teaching	1,680	1,682
Tutorial	534	540
Admissions	442	437
Research	787	715
Scholarships and awards	526	465
Other educational facilities	220	218
<b>Total (note 6)</b>	<u><b>4,189</b></u>	<u><b>4,057</b></u>

**5. Residences, catering and conferences expenditure**

		<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
Accommodation	College members	2,397	2,464
	Conferences	744	689
Catering	College members	1,081	1,099
	Conferences	734	617
<b>Total (note 6)</b>		<u><b>4,956</b></u>	<u><b>4,868</b></u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**6a. Analysis of 2015/16 expenditure by activity**

	<b>Staff costs (note 7) £000</b>	<b>Other operating expenses £000</b>	<b>Depreciation £000</b>	<b>Total £000</b>
Education (note 4)	2,005	1,932	252	4,189
Residences, catering and conferences (note 5)	1,899	2,000	1,057	4,956
Investment management costs (note 3c)	-	253	-	253
Other expenditure	195	742	3	940
Contribution under Statute G, II	-	13	-	13
	<u>4,099</u>	<u>4,940</u>	<u>1,312</u>	<u>10,351</u>

Expenditure includes fundraising costs of £333k. This expenditure includes the costs of alumni relations.

**6b. Analysis of 2014/15 expenditure by activity**

	<b>Staff costs (note 7) £000</b>	<b>Other operating expenses £000</b>	<b>Depreciation £000</b>	<b>Total £000</b>
Education (note 4)	1,958	1,841	258	4,057
Residences, catering and conferences (note 5)	1,940	1,848	1,080	4,868
Investment management costs (note 3c)	-	254	-	254
Other expenditure	207	324	2	533
Contribution under Statute G, II	-	11	-	11
	<u>4,105</u>	<u>4,278</u>	<u>1,340</u>	<u>9,723</u>

Expenditure includes fundraising costs of £350k. This expenditure includes the costs of alumni relations.

**6c. Auditors remuneration**

	<b>2016 £000</b>	<b>2015 £000</b>
Other operating expenses include:		
Audit fees payable to College's external auditors	<u>20</u>	<u>19</u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**7. Staff**

	<b>College Fellows 2016 £000</b>	<b>Non- academics 2016 £000</b>	<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
<b>Staff Costs</b>				
Emoluments (including non-staff)	1,036	2,510	3,546	3,280
Social security costs	68	167	235	216
Pension costs (note 23)	122	196	318	609
	<u>1,226</u>	<u>2,873</u>	<u>4,099</u>	<u>4,105</u>
<b>Average staff numbers (full-time equivalents)</b>				
Academic	54	-	54	52
Non-academics	4	90	94	92
	<u>58</u>	<u>90</u>	<u>148</u>	<u>144</u>

No officer or employee, including Head of House, received emoluments of over £100k.

**Key management personnel**

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

	<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
Key management personnel	<u>679</u>	<u>670</u>

This includes aggregated emoluments paid to key management personnel.

The trustees receive no emolument in their capacity as trustees of the charity, these payments relate to their capacity as College Officers.



**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 30 JUNE 2016**

**8. Fixed Assets**

	<b>Freehold Land and Buildings £000</b>	<b>Furniture and Equipment £000</b>	<b>Energy Regeneration £000</b>	<b>Library Books £000</b>	<b>Information Technology £000</b>	<b>Catering Equipment £000</b>	<b>Motor Vehicles £000</b>	<b>Total £000</b>
<b>Original Cost/Valuation</b>								
At beginning of year	96,771	583	3	168	303	636	7	98,471
Additions at cost	333	56	72	15	25	-	-	501
Disposals	-	-	-	(12)	-	-	-	(12)
At end of year	<u>97,104</u>	<u>639</u>	<u>75</u>	<u>171</u>	<u>328</u>	<u>636</u>	<u>7</u>	<u>98,960</u>
<b>Depreciation</b>								
At beginning of year	1,203	455	-	98	206	83	7	2,052
Charge for the year	1,205	23	2	12	29	41	-	1,312
Eliminated on disposal	-	-	-	(12)	-	-	-	(12)
At end of year	<u>2,408</u>	<u>478</u>	<u>2</u>	<u>98</u>	<u>235</u>	<u>124</u>	<u>7</u>	<u>3,352</u>
<b>Net Book value</b>								
At end of year	<u>94,696</u>	<u>161</u>	<u>73</u>	<u>73</u>	<u>93</u>	<u>512</u>	<u>-</u>	<u>95,608</u>
At beginning of year	<u>95,568</u>	<u>128</u>	<u>3</u>	<u>70</u>	<u>97</u>	<u>553</u>	<u>-</u>	<u>96,419</u>

The insured value of freehold land and buildings at 30 June 2016 was £106,607k (2015: £104,823k).

The net book value of Energy Regeneration includes £nil (2015: £3k) comprising assets under construction.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

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**8. Fixed assets (continued)**

**Heritage assets**

The College holds and conserves two book collections which are of historical and cultural importance. These comprise the Pepys Library and the Old Library, which provide a valuable research and educational resource. In respect of these collections, the College's practice is to preserve, conserve and manage the items in its care; to augment the collections where appropriate and within the limited resources available; to enable and encourage access to and use of the collections for teaching and research; and to enable access to and engagement with the Pepys library collection of books by members of the public.

No heritage assets acquired since 1st July 1999 have been of sufficient value to be capitalised in accordance with the principles outlined in the Statement of Principal Accounting Policies. The majority of assets held in the College's collections were acquired before 1st July 1999 and, because reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the Balance Sheet is £nil.

**9. Investments**

	<b>2016</b>	<b>2015</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Balance at beginning of year	52,744	47,750
Additions	14,600	10,128
Disposals	(6,324)	(7,275)
Appreciation on revaluation	1,036	3,397
Increase in cash balances held at fund managers	168	(1,256)
	<u>62,224</u>	<u>52,744</u>
Balance at end of year	<u>62,224</u>	<u>52,744</u>
<b>Represented by:</b>		
Property	34,495	25,526
Unit Trust Scheme	1,034	-
Quoted securities - equities	17,054	18,029
Fixed interest securities	3,430	3,463
Other investments	4,818	4,501
Cash held for reinvestment	1,393	1,225
	<u>62,224</u>	<u>52,744</u>

Investments held by the College also include an additional £1 (2015: £1) investment in the subsidiary company at cost (see note 25).

**10. Stocks**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Goods for resale:		
Catering	27	19
Fellows Wine	112	93
Merchandise	9	10
	<u>148</u>	<u>122</u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**11. Trade and other receivables**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Members of the College	101	70
Rents	742	566
Conferences	58	41
Other receivables	1,346	562
	<u>2,247</u>	<u>1,239</u>

**12. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Bank deposits	4,085	2,876
Current accounts	65	179
Cash in hand	1	-
	<u>4,151</u>	<u>3,055</u>

**13. Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Bank loans	470	-
Due to tradesmen and others	775	635
University fees	10	41
Advance deposits - students	192	93
Caution money	223	211
Contribution to Colleges Fund	13	11
Other creditors	89	67
Accruals and deferred income	1,108	840
Deferred research income	424	546
	<u>3,304</u>	<u>2,444</u>

**14. Creditors: amounts falling due after more than one year**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Bank loans	8,695	-
Fee deposits	216	100
	<u>8,911</u>	<u>100</u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

**15. Pension provisions**

	<b>CCFPS £000</b>	<b>USS £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Balance at beginning of year</b>	2,104	553	2,657	2,546
Movement in the year				
Current service cost including life assurance	41	229	270	569
Contributions	(79)	(263)	(342)	(287)
Other finance (income)/cost	78	15	93	104
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	(252)	-	(252)	(275)
<b>Balance at end of year</b>	<u>1,892</u>	<u>534</u>	<u>2,426</u>	<u>2,657</u>

**16. Endowment funds**

Restricted net assets relating to endowments are as follows:

<b>Consolidated</b>	<b>Restricted permanent endowments £000</b>	<b>Unrestricted permanent endowments £000</b>	<b>2016 Total £000</b>	<b>2015 Total £000</b>
<b>Balance at beginning of year</b>				
Capital	17,495	31,606	49,101	45,544
New donations and endowments	178	10	188	191
Increase/(decrease) in market value of investments	(48)	(474)	(522)	3,366
<b>Balance at end of year</b>	<u>17,625</u>	<u>31,142</u>	<u>48,767</u>	<u>49,101</u>

**Analysis by type of purpose**

Fellowships	7,538	-	7,538	7,512
Student Hardship and Bursaries	3,060	-	3,060	3,041
Graduate Scholarships	2,763	-	2,763	2,706
Undergraduate Scholarships and Prizes	1,012	-	1,012	1,004
Travel Awards	223	-	223	224
Music, Chapel and Choir	278	-	278	278
Student Sports and Culture	639	-	639	637
Library Funds	1,447	-	1,447	1,430
Other Funds	665	-	665	663
Corporate Capital	-	31,142	31,142	31,606
	<u>17,625</u>	<u>31,142</u>	<u>48,767</u>	<u>49,101</u>

**Analysis by asset**

Property	-	34,495	34,495	25,526
Bank loan	-	(9,165)	(9,165)	-
Investments	16,705	5,509	22,214	22,514
Cash	920	303	1,223	1,061
	<u>17,625</u>	<u>31,142</u>	<u>48,767</u>	<u>49,101</u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

**17. Restricted reserves**

Reserves with restrictions are as follows:

<b>Consolidated</b>	<b>Capital grants unspent £000</b>	<b>Permanent unspent and other restricted income £000</b>	<b>Restricted expendable endowment £000</b>	<b>2016 Total £000</b>	<b>2015 Total £000</b>
<b>Balance at beginning of year as restated</b>					
Capital	-	-	541	541	508
Accumulated income	597	835	529	1,961	876
	<u>597</u>	<u>835</u>	<u>1,070</u>	<u>2,502</u>	<u>1,384</u>
New donations	87	-	973	1,060	1,022
Endowment return transferred	-	589	35	624	569
Other income	-	153	2	155	224
Increase/(decrease) in market value of investments	-	-	(3)	(3)	33
Transfers from general reserves	-	8	-	8	(81)
Expenditure	-	(516)	(282)	(798)	(649)
<b>Balance at end of year</b>	<u>684</u>	<u>1,069</u>	<u>1,795</u>	<u>3,548</u>	<u>2,502</u>
Capital	-	-	538	538	541
Accumulated income	684	1,069	1,257	3,010	1,961
	<u>684</u>	<u>1,069</u>	<u>1,795</u>	<u>3,548</u>	<u>2,502</u>
<b>Analysis of other restricted funds/donations by type of purpose</b>					
Fellowships	-	474	15	489	747
Student Hardship and Bursaries	-	394	446	840	291
Graduate Scholarships	-	25	859	884	220
Undergraduate Scholarships and Prizes	-	54	396	450	465
Travel Awards	-	26	26	52	53
Music, Chapel and Choir	-	22	-	22	20
Student Sports and Culture	-	17	-	17	13
Library Funds	-	57	-	57	57
New Library Fund	684	-	-	684	597
Other Funds	-	-	53	53	39
	<u>684</u>	<u>1,069</u>	<u>1,795</u>	<u>3,548</u>	<u>2,502</u>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

**18. Reconciliation of consolidated operating surplus to net cash inflow from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Surplus for the year	1,107	4,259
<b>Adjustment for non-cash items</b>		
Depreciation	1,312	1,340
Investment income	(140)	(521)
(Increase) in stocks	(26)	(10)
(Increase) in trade and other receivables	(1,008)	(166)
Increase in creditors	507	78
Movement in pension deficit	20	386
Gain/(loss) on investment	(216)	(4,069)
<b>Adjustment for investing or financing activities</b>		
Investment income	(2,201)	(1,582)
Interest paid	156	-
<b>Net cash inflow from operating activities</b>	<b>(489)</b>	<b>(285)</b>

**19. Cash flows from investing activities**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Investment income	2,201	1,582
Non-current investment disposal	1,485	201
Endowment funds invested	(10,609)	(606)
Payments made to acquire non-current assets	(501)	(181)
<b>Total cash flows from investing activities</b>	<b>(7,424)</b>	<b>996</b>

**20. Cash flows from financing activities**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest paid	(156)	-
New secured loans	9,400	-
Repayments of amounts borrowed	(235)	-
<b>Total cash flows from financing activities</b>	<b>9,009</b>	<b>-</b>

**21. Capital commitments**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Capital commitments at 30 June are as follows:		
Authorised and contracted	676	452

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

**22. Transition to FRS 102 and 2015 RCCA**

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the 2015 RCCA. The accounting policies have been applied in preparing the comparative June 2015 and the opening financial position at 1st July 2014 resulting in a restatement of these figures.

In accordance with FRS 102 a reconciliation of opening balances is provided here:

	<b>2015 £000</b>
Surplus for the year as previously stated	1,613
Revised treatment of deferred capital	121
USS pension adjustments	(277)
Increase in depreciation	(743)
Movement in expenditure accrual for PhD student scholarships	(42)
Income accrual for donations	30
Adjustment for gains/(losses) previously recognised in the Statement of Recognised Gains and Losses	
New endowments	173
Increase in market value of investments	3,439
Actuarial gain in respect of pension schemes	188
	<u>4,502</u>
Other adjustments:	
Service charge adjustment (see footnote)	32
	<u>4,534</u>
Total Comprehensive Income as restated	<u>4,534</u>

	<b>01 July 2014 £000</b>	<b>30 June 2015 £000</b>
<b>Reconciliation of reserves and balances</b>		
<b>Reserve balances as previously stated</b>	84,488	89,901
Revised treatment of deferred capital	11,946	12,067
Fixed asset revaluation	47,708	46,965
Expenditure accrual for PhD student scholarships	(62)	(104)
Income accrual for donations	-	30
Accrual of employee holiday compensation	(41)	(41)
Pension adjustments	(277)	(554)
	<u>143,762</u>	<u>148,264</u>
Other adjustments:		
Service charge adjustment (see footnote)	82	114
<b>Reserve balances restated</b>	<u>143,844</u>	<u>148,378</u>

Footnote: A hospitality service charge creditor had built up over a number of years which has now been released to general reserves. From 2014-15 the hospitality service charge income is included in income with the bonus payments to staff included within expenditure.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**23. Pension Schemes**

The College participates in three defined benefit schemes and two defined contribution schemes. The defined benefit schemes are the Universities Superannuation Scheme (USS), the Cambridge Colleges Federated Pension Scheme (CCFPS) and the Church of England Funded Pensions Scheme (CEFPS). The defined contribution schemes are the Cambridge Colleges Group Pension Scheme and the NOW: Pensions scheme. The details of the schemes are as follows:

**Universities Superannuation Scheme**

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in first year and 4.0% thereafter
Price inflation (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	<b>2016</b>	<b>2015</b>
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

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



**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

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**23. Pension Schemes continued**

**Cambridge Colleges' Federated Pension Scheme**

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2014 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

	<b>2016</b>	<b>2015</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	2.8	3.7
Increase in salaries	2.4*	2.75**
Retail Prices Index (RPI) assumption	2.9	3.25
Consumer Prices Index (CPI) assumption	1.9	2.25
Pension increases in payments (CPI max 2.5% p.a.)	1.7	n/a

\*1.5% in 2016; 2.4% thereafter

\*\*1.5% in 2015 and 2016, 2.75% thereafter

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI\_2015 future improvement factors and a long-term rate of future improvement of 1% p.a. (2015: same base table with CMI\_2014 future improvement factors and a long-term future improvement rate of 1% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years.
- Female age 65 now has a life expectancy of 23.9 years.
- Male age 45 now and retiring in 20 years has a life expectancy of 23.2 years.
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years.

**Employee Benefit Obligations**

The amounts recognised in the Balance Sheet as at 30 June 2016 (with comparative figures as at 30 June 2015) are as follows:

	<b>June 2016</b>	<b>June 2015</b>
	<b>£000</b>	<b>£000</b>
Present value of Scheme liabilities	(7,394)	(6,920)
Market value of Scheme assets	5,502	4,816
<b>(Deficit) in the Scheme</b>	<b>(1,892)</b>	<b>(2,104)</b>

The amounts to be recognised in Profit and Loss for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	<b>June 2016</b>	<b>June 2015</b>
	<b>£000</b>	<b>£000</b>
Current service cost	41	46
Interest on net defined benefit (asset)/liability	78	96
<b>Total</b>	<b>119</b>	<b>142</b>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

**23. Pension Schemes continued**

**Cambridge Colleges Federated Pension Scheme continued**

Changes in the present value of the plan liabilities for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	<b>June 2016</b>	<b>June 2015</b>
	<b>£000</b>	<b>£000</b>
Present value of plan liabilities at beginning of period	6,920	6,752
Current service cost (including employee contributions)	44	49
Benefits paid	(230)	(316)
Interest on plan liabilities	252	278
Actuarial (gains)/losses	408	157
<b>Present value of plan liabilities at end of period</b>	<b>7,394</b>	<b>6,920</b>

Changes in the present value of the plan assets for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	<b>June 2016</b>	<b>June 2015</b>
	<b>£000</b>	<b>£000</b>
Market value of plan assets at beginning of period	4,816	4,483
Contributions paid by the College	79	32
Employee contributions	3	3
Benefits paid	(230)	(316)
Interest on plan assets	174	182
Return on assets, less interest included in Profit & Loss	660	432
<b>Market value of plan assets at end of period</b>	<b>5,502</b>	<b>4,816</b>
Actual return on plan assets	835	614

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	<b>2016</b>	<b>2015</b>
Equities	59%	69%
Bonds & Cash	35%	25%
Property	6%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The plan has no investments in property occupied by, assets used by, or financial instruments issued by the College.

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	<b>June 2016</b>	<b>June 2015</b>
	<b>£000</b>	<b>£000</b>
Actual return less expected return on plan assets	660	432
Experience gains and losses arising on plan liabilities	153	93
Changes in assumptions underlying the present value of plan liabilities	(561)	(250)
<b>Actuarial gain/(loss) recognised in OCI</b>	<b>252</b>	<b>275</b>

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
**YEAR ENDED 30 JUNE 2016**

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**23. Pension Schemes continued**

**Cambridge Colleges Federated Pension Scheme continued**

Movement in surplus/(deficit) during the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	<b>June 2016</b>	<b>June 2015</b>
	<b>£000</b>	<b>£000</b>
Surplus/(deficit) in plan at beginning of year	(2,104)	(2,269)
Recognised in Income and Expenditure	(119)	(142)
Contributions paid by the College	79	32
Actuarial gain/(loss) recognised in OCI	252	275
<b>Surplus/(deficit) in plan at the end of the year</b>	<b>(1,892)</b>	<b>(2,104)</b>

**Funding Policy**

Funding valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102.

The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 3 June 2015 and are as follows:

- Annual contributions of not less than £48,974 p.a. payable for the period from 1 July 2015 to 31 March 2034.

These payments are subject to review following the next funding valuation, due as at 31 March 2017.

**Other Pension Schemes**

The College participates in three other pension schemes:

**NOW: Pensions**

The College appointed NOW: Pensions to provide its workplace pension scheme for its non-academic staff from 1 April 2014. NOW: Pensions provides a defined contribution scheme which invests employer and employee contributions to provide a member specific fund that will be converted into pension on the member's retirement. There were contributions of £15k (2015: £14k) outstanding as at the year-end due to NOW: Pensions.

**Cambridge Colleges Group Personal Pension Scheme**

The College offered a defined contribution pension scheme to its non-academic staff until April 2014. The pension cost for this scheme represents contributions payable by the College, plus the set-up costs. There were contributions of £5k (2015: £6k) outstanding as at the year-end due to the Cambridge Colleges Group Personal Pension Scheme.

**Church of England Funded Pensions Scheme**

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 30 JUNE 2016**

**23. Pension Schemes continued**

**Other Pension Schemes continued**

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOCIE in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on 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 two thirds by 31 December 2029, with the balance in return-seeking assets; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future 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 females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
<b>Total contribution rate</b>	<b>38.2%</b>	<b>39.9%</b>

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Balance sheet liability at 1 January	31	36
Deficit contribution paid	(2)	(3)
Interest cost (recognised in SOCIE)	1	1
Remaining change to the balance sheet liability* (recognised in SOCIE)	(30)	(3)
Balance sheet liability at 31 December	-	31

\* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

**MAGDALENE COLLEGE, CAMBRIDGE**  
**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**  
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**23. Pension Schemes continued**

**Other Pension Schemes continued**

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	<b>December 2015</b>	<b>December 2014</b>	<b>December 2013</b>
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.7% pa

The total pension cost, after personal health insurance contributions, for the year to 30 June (see note 7) was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
USS: Contributions	228	523
CCFPS: Charged to Income and Expenditure Account	15	20
Other Schemes	75	66
	<u>318</u>	<u>609</u>

**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 members of the Governing Body 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.

**25. Principal subsidiary and associated undertakings and other significant investments**

	<b>Cost</b>	<b>Class of shares</b>	<b>Holding</b>
	<b>£</b>		
Cloverleaf Limited	1	Ordinary	100%

The principal activity of the above company is the development of the grounds and buildings of Magdalene College, Cambridge. This company is included in these consolidated financial statements.