

Pembroke College, Cambridge

Recommended Cambridge College Accounts (RCCA)

For the year ended 30th June 2017

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Pembroke College Contact Information

Address

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Trumpington Street
Cambridge CB2 1RF

Key officers

Master - Rt. Hon. Lord Smith of Finsbury
Treasurer and Bursar – Dr. A. Cates
Senior Tutor – Dr. A. W. Tucker

Registered charity number

1137492

VAT number

214 2442 08

Professional advisors:

Actuaries

Cartwright Group Limited
Suite 7, 2nd Floor
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IQ Farnborough
Farnborough
Hants, GU14 7JP

Auditors

Peters Elworthy and Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank Plc
9-11 St Andrew's Street
Cambridge
CB2 3AA

Principal solicitors

Hewitsons
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42 Market Road
Cambridge CB5 8EP

Principal property managers

Bidwells
Trumpington Road
Cambridge CB2 2LD

Cheffins Limited
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1-2 Clifton Road
Cambridge
CB1 7EA

Pembroke College Trustees of the charity

Rt Hon Lord Smith of Finsbury
Professor NB Davies
Professor JM Maciejowski
Professor NA Fleck
Professor MC Payne
Professor CP Melville
Professor TRS Allan
Professor JP Parry
Dr MR Wormald
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Dr K Ettenhuber
Mr M Mellor
Professor S O'Rahilly
Professor G Csanyi
Dr M Clatworthy
Professor A Venkitaraman
Dr D Huggins (left 7th July 2017)
Professor CM Lizieri
Dr A Houen
Dr R Gagne
Dr M Gorji

Dr C Burt
Dr S Nouwen
Dr K Koziol (left 31 January 2017)
Professor R Johnson
Professor C Loch
Professor C Grey
Dr M Abreu
Dr C Nahum-Claudel (left 31 March 2017)
Dr S John
Dr W Galloway (left 31 March 2017)
Dr H Grunwald
Dr A Cates
Dr P Cavill
Dr MJ Sternberg
Dr J Durrell
Dr HGM Diemberger
Dr S Cottaar
Dr AP Camozzi
Dr TT Weil
Dr TG Miklem
Dr IRM Hussin
Dr W Yaqoob
Dr P Warde
Professor M Wyatt
Dr H Mumby (left 30 September 2017)
Dr E Jones (left 31 August 2017)
Dr A Madhavapeddy
Dr G Hennequin
Dr G Rosso
Dr RJH Webb
Dr R Lamble
Dr S Sehlikoglu
Dr AV Corr (left 31 August 2017)
Dr CJ Ness
Dr D Passolt
Dr N Kindersley (started 1 October 2017)
Dr A Fryxell (started 1 October 2017)
Dr P Epstein (started 1 October 2017)
Dr J Bausch (started 1 October 2017)
Dr N Burton (started 1 October 2017)
Dr N Jones (started 1 October 2017)
Professor G Hayward (started 1 October 2017)

Pembroke College

Operating and Financial Review

For the financial year ended 30 June 2017

Status

Mary de St. Pol founded the College or Hall of Valence-Mary in the University of Cambridge, more commonly known as Pembroke College, in 1347. The College is an autonomous, self-governing community of scholars, and one of thirty one Colleges within the University of Cambridge. The College is a registered charity and its registered charity number is 1137492.

Aims and objectives

The College is an institution of higher education. Its purposes are the promotion of education, religion, learning, research and scholarship, and the personal and intellectual development of its members. The College admits (as junior members) undergraduate and graduate students matriculated in the University of Cambridge. It provides financial and other support to those of its members who require it in order to achieve its purposes, and it supports teaching and research in the University. In furtherance of its objectives, the College maintains and manages an investment portfolio, including properties. Besides financial and tutorial support, it provides accommodation, catering, and other services to its members and to others. Governance arrangements for the College are set out on page 9.

Overview of the Year

On page 19, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £8.6m (2016 £35.9m). The SOCIE is a statement of all movements of the net assets of the College between one year and the next. Therefore, it reports all operating income and expenditure, investment gains and losses and other adjustments, e.g. total return and pension adjustments. The boxed section on page 19 is, in effect, the operating result as reported for the year. Therefore, the College reported a deficit of £1.1m for 2016/17 compared to £0.7m for 2015/16. In 2015/16, £35m was reported as income being the expected receipt of a gift from the Dolby Estate. The gift is expected to part fund the Development of the Mill Lane site. In 2016/17, the majority of the gift was received (sooner than expected) along with other donations towards the Mill Lane development. Investment performance was stronger in the year with an increase of £8.5m (2016 £1.5m). The CCFPS pension deficit increased by a further £0.6m.

The College management accounts for the year reported a deficit of £0.52m (2016 surplus £0.14m). The difference between that and the RCCA deficit of £1m is as follows:

	£m
Management accounts deficit	(0.52)
Add:	
Capital additions	0.44
Less:	
Depreciation	(0.93)
Pensions adjustments	(0.14)
Studentship commitment movement	0.10
Deficit included in SOCIE	(1.05)

The College aims for a balanced budget in its management accounts, where a discretionary expenditure fund replaces depreciation. This aim was successfully achieved in several years up to 2015/16 but a higher than planned deficit occurred in 2016/17. The College expects to return to a break-even budget in 2017/18. Total donations, including endowment gifts, were £3.7m including operational gifts (2016 £3.3m). This excludes Mill Lane gifts which were £35.1m in 2015/16 and £1.3m in 2016/17. The major projects were to continue to replace heating systems/pipework at a cost of £0.6m. In addition, student accommodation was refurbished with £0.2m capitalised.

The Balance Sheet shows net assets of £177.5m (2016 £168.9m), including investments of £83.3m (2016 £74.3m). Total assets include short-term investments/debtors in respect of a gift of Dolby Laboratories shares which total £35.2m and all amounts have now been received. The gift is for use to improve College buildings and gardens, primarily the proposed Mill Lane development. The gift also appears as a capital donation within the SOCIE.

Total return for the year was 13.4% (2016 3.4%). Total return includes income and capital growth but excludes donations to the endowment.

Pembroke College

Operating and Financial Review (continued)

Students

During the year, the College educated 465 (2016 452) undergraduate students and 245 (2016 233) graduate students. This includes all students up to the time they complete their studies, regardless of the time spent at the College.

The College admits as students those who have the greatest potential for benefiting from the education provided by the College and the University and recruits as 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.

Undergraduate student applications are shown in the table below, showing the level of diversity of students attending Pembroke. About 15% of undergraduate students are from overseas (including EU) backgrounds:

Applicants

- Number of applicants 752 (2016 726)
- Arts 351 or 47% (2016 299 or 41%); Science 401 or 53% (2016 427 or 59%)
- Male 52%, female 48%
- Home/EU 84.1%; overseas 15.9%
- Office for Fair Access (OFFA ***) applicants – maintained sector 334 (63%); independent sector 194 (37%)

Offers

- Number of offers 164 (22% of applicants) (2016 151 or 21%)
- State educated 62.3%, independent educated 37.7% (of home offers)
- Male 52%, female 48%
- OFFA applicants – 71 offers to maintained sector students from 334 applicants (21%)

*** OFFA applicants are defined broadly as UK residents at state schools.

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
- Accommodation and meal charges at reasonable rates.

Widening Participation

The College's work in the area of widening participation helps young people from backgrounds which are traditionally under-represented at Cambridge to have confidence in their ability and to consider applying to top universities, including Cambridge. It equips the students with information relevant to their stage in the student life cycle, and how to understand the additional elements of the application process at Cambridge. In particular we work to debunk myths about what we are looking for in successful applicants. For sixth formers, we provide specific advice about the detail of the application process and the sort of super-curricular exploration (namely academic work outside the syllabus) that applicants need to undertake in order to develop intellectually. We particularly try to demystify the interview process. For year 10 and 11 students we work to explain how to make effective choices of A-level subjects. For younger students our impact is about raising aspirations and showing that Cambridge is a place where the ablest students from all backgrounds fit in. In addition, we work with teachers to help them more fully understand our application process so that they can better advise the students they are working with. Our programme involves both team members from Pembroke, including the Admissions Tutor, making visits to schools and colleges, and hosting groups of school students and teachers in Pembroke. Those who come to the college on a visit day are given a full programme of activities. Our work furthermore includes residential events here in Cambridge, most recently a three day Women in Science event for female students in years 10 and 11. Within total admissions and access costs of £0.8m shown on page 24, £0.5m was spent on Access and Widening Participation activity in the year, a 10% increase.

Student Support

In order to assist undergraduates entitled to Student Support, the College provides, through the Cambridge Bursary Scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. That scheme is approved by the Office for Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. In total £1.2m has been provided to students through this and other College provision over the last three years as detailed in the table overleaf. The majority of

Pembroke College

Operating and Financial Review (continued)

bursary support is provided through the Cambridge Bursary Scheme. In addition, undergraduate studentships have been supported over the same period with £0.2m of funding.

The College also provides substantial financial support to its graduate students. This has amounted to £1m over the past three years and includes scholarships to fund fees and living costs, as well as 'top-up' funding to fill shortfalls in students' funding packages.

The College supports all students through a grant scheme to assist with the purchase of books and equipment, attendance at conferences, childcare support and travel grants. In the period June 2014 to June 2017, this support amounted to £0.3m. Prizes and scholarships of £0.3m have also been awarded over the same 3 year period.

In addition to its other programmes, the College operates a hardship (rent rebate) scheme for students in financial hardship which has provided £0.2m of assistance in the past 3 years.

The following table shows the awards made to students over the previous three years:

Support	3 Year Total £k	2016/17 £k	2015/16 £k	2014/15 £k
Graduate studentships	1,121	431	362	328
Undergraduate studentships	241	49	96	96
Cambridge Bursaries	772	196	270	306
Other bursary/student support	452	186	123	143
Prizes and scholarships	287	96	84	107
Rent rebates	200	96	62	42
Book grants	29	10	10	9
Research expenses	112	50	37	25
Other awards	159	56	56	47
Total awards	3,373	1,170	1,100	1,103

The College's aims in the area of student funding is to support academic excellence irrespective of financial background, in a diverse and interdisciplinary community. We wish to attract the most able students and enabling them to reach their academic potential. In this we aim for a balance of disciplines with global representation but remaining sustainable in size. Previously steered by a working group this area of college activity will henceforth be managed by the newly founded student funding committee reflecting the growing complexity and budget of student funding. In order to achieve the greatest possible accountability the committee shall: 1) support strategic and budgetary planning; 2) allow for adaptability in light of changes to University and national/external funding policy landscape; and 3) respond to the needs of other sections of the College including, for example, the Admissions, Graduate, and Development Offices. What is covered by the student funding policy falls into three broad areas: 1) Means tested undergraduate student support, in partnership and in addition to the Cambridge Bursary scheme; 2) non-means tested graduate studentships awarded at entry in partnership with the University complemented by a Pembroke MPhil Scheme; 3) General support available to all students. General support for undergraduates includes vacation study grants and academic enrichment, hardship funds, counselling and medical fee support, general travel awards as well as subject specific expenses. Graduates have the opportunity to apply for research specific travel and conference support, as well as support-in-kind for Pembroke student led symposia/conferences in Cambridge, academic enrichment and hardship funds; counselling and medical fee support.

Academic performance

In 2016/17, Pembroke College continued its high ranking for undergraduate examination results. There is no comparable ranking for the performance of graduate students but a relatively large number continue to proceed to research fellowships and to other positions of academic distinction.

Employees

In order to fulfil its charitable purposes, the College employs as Fellows College Lecturers, Supervisors, Director of Studies, Tutors, Clergy and senior administrative officers, all of whom, along with the Master, serve as charity trustees through being members of the College's Governing Body. The employment of the Master and Fellows is undertaken with the intention of furthering the College's objectives and their employment directly contributes to the fulfilment of those aims. The benefit accruing to the Master and Fellows through salaries, stipends and employment related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the employment of Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge. The total number of Fellows in the year was 75 (2016 73) excluding Life Fellows. The College also

Pembroke College

Operating and Financial Review (continued)

employs 179 other FTE members of staff to provide the professional and service support necessary to run the College. This figure compares with 172 in 2015/16.

Internal Beneficiaries

The Master and Fellows of the College receive a number of benefits as beneficiaries. These include accommodation, loans, research grants, conference grants and book grants. These benefits are provided with the intention of furthering the College's aims and primarily that of advancing research. The amounts of the benefits provided are objectively reasonable, measured against the academic benefits made available to others in the sector.

Funding of the College

Pembroke College is funded from a series of sources. Including endowment gifts, the principal elements of income are as follows:

	2016-17	2015-16
Donations (including legacies but excluding capital gifts)	24%	23%
Income from investment drawdown	17%	16%
International Programmes and conference activities	17%	21%
Student fees	18%	17%
Student rooms	13%	12%
Other (including catering, properties)	11%	11%
Total	100%	100%

Financial performance

The College manages its finances through a set of management accounts. During the year, the College managed its budget with a deficit of £0.5m, higher than planned. The main reasons for the higher deficit were: (1) lower than expected annual gifts; (2) increase in staff costs particularly in Catering and Porters; (3) additional buildings maintenance costs.

Total donations and legacies increased during the year to £3.7m (2016 £3.4m). As mentioned earlier, restricted fund donations for 2015/16 included a capital gift of £35m which will provide part-funding for the Mill Lane project. This has now been received in addition to further gifts of £1.3m in the year. Fee income rose by 9% due to an increased share of the combined graduate fee and self-funded student fees increased. International Programmes income fell by 11% as student numbers were consolidated at a lower level on the largest programme and three smaller programmes ended. Pay increases were again modest at 1.1% but overall payroll costs rose by 7%. The increase related to new appointments or additional pay in departments such as Catering, Maintenance, HR, IT, Housekeeping and Porters. The College increased its spend on maintenance projects plus additional works such as heating system improvements. On the investment front markets improved over the previous year resulting in a 13.4% **total return** overall.

During the year, the College's **net assets** increased in value by £8.6m or 5% (see pages 19 and 21). Investment in the endowment of £2m in the year was made. Investment assets grew by £9m, including new investment and capital growth.

College **income** decreased from £49.2m in 2015/16 to £15.9m in 2016/17, largely because of the Dolby gift in 2015/16 of £35m. The **Statement of Comprehensive Income and Expenditure** (see page 19), in the boxed section, reports a net deficit of £1.1m (2015/16 deficit £0.7m). **Depreciation** accounted for £0.9m in 2016/17 and 2015/16.

Other financial issues of note from the RCCA are:

- Academic fees and charges increased to £3.1m. Nearly all home/EU students are now subject to the University fee of £9,000 p.a., where the College receives half.
- Total income from residences, catering, International Programmes and conferences (note 2) decreased from £6.2m to £6.1m. Income from College Members accommodation increased from £2m to £2.2m. Student rents increased by RPI plus 3% and more rooms were let, e.g. a leased property in Bateman Street.
- International Programmes (vacation courses) income fell from £3m to £2.7m, as three smaller programmes were not run in summer 2016.
- Investment drawdown increased to £2.8m in 2016/17. Drawdown is now calculated on a 4-year weighted average investment portfolio at 4.0%. Drawdown from actual investments at 30th June 2016 was 3.7% (2016 3.5%) in the year.
- Education costs rose from £5.9m to £6.1m. The education expenditure per student excluding research costs was little changed in the year being £8,204 per undergraduate (2016 £8,189) and £5,624 per graduate student (2016 £5,637).

Pembroke College

Operating and Financial Review (continued)

- The total costs of accommodation, catering and International Programmes (note 5) remained at £6.6m. International Programmes expenditure fell a little whilst the cost of providing student accommodation rose.
- The contribution to the Colleges' Fund was £50k on page 19 (15/16 £18k).

Development activity

The total income from donations received in 2016/17 was £5.0m (2015/16 £38.4m, including £35m Dolby gift).

This includes income detailed on page 19 (donations, endowment gifts and capital donations). The breakdown is as follows:

	£m
Annual Fund and Avenue Society gifts	0.7
College legacies	0.2
Restricted fund annual gifts	0.6
Restricted fund endowment gifts	1.6
Unrestricted endowment gifts	0.1
Corporate donations	0.5
Capital gifts – Mill Lane	1.3
Total	5.0

Within total College expenditure of £15.2m, a total of £1.2m was spent on fundraising, Campaign Launch, corporate partnerships and alumni relations, including £0.3m on general fundraising.

Staffing costs and pension schemes

The College makes pension-fund contributions on behalf of its employees to two defined-benefit schemes: the Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff, and the Universities Superannuation Scheme (USS) on behalf of academic and other staff. Notes in respect of pension schemes are shown on pages 30 to 33 of the accounts. Most new staff are auto-enrolled into the NOW:Pension Scheme (a defined contribution scheme).

Payroll costs (academic and non-academic) in note 6 rose from £7m to £7.5m. The underlying increase occurred because:

- Due to the cessation of contracting out of the State Second Pension, National Insurance costs rose from 1st April 2016 having a full year effect in 2016/17.
- The impact of FRS102 pension costs in year.
- Increase in housing allowances for Fellows.
- Significant investment in Catering and Porters Lodge staffing.
- Short-term increase in IT staff costs.
- Increase in Senior Tutor costs, and also overlap with previous Tutor.

Capital projects 2016/17 and future works/discretionary projects

During the year, the College improved heating systems in phase two of a project at a cost of £509k which will be depreciated over 20 years, in addition to a further £71k of phase one costs. A sportsground store was built for £56k and hostels were improved at a cost of £166k in addition to other repairs/redecoration.

The major projects planned in 2017/18 include: upgrade of virtual server system, improved fire protection, increased hostel refurbishment.

Endowment and other investments

Investments of £83.3m amounts to around 7 times core expenditure (i.e. total expenditure minus IP and Development Office costs). In order to maintain its excellence in teaching and research in present and foreseeable circumstances, with admissions on merit alone, the College considers that this cover ratio needs to be raised substantially. Raising the endowment will continue to remain a crucial part of fund-raising campaigns, including development of the Mill Lane site.

Investment performance and cash management

The College investments are reviewed at three meetings a year by the Investments Committee, which comprises five external and nine internal members. External managers are employed to manage specific elements of the investments portfolio. The College has a challenging long-term target total return of CPI plus 4%, i.e. to support investment drawdown plus educational inflation. During 2016/17, the investments rose by £9m to £83.3m and

Pembroke College Operating and Financial Review (continued)

generated a total return of 13.4%. This figure excludes the new investment of £2.4m but includes £2.8m drawn down to fund expenditure. Over the same period, London stock markets rose by 12.3% (FTSE) and US markets rose 19.1% (Dow Jones). One area of agricultural land benefitted from an uplift in value due to potential sale for property development.

The College holds a well diversified portfolio covering most asset classes. The breakdown of assets in the investments portfolio at 30 June 2017 and 30 June 2016 is as follows:

Investments	Amount 2017 £m	% Of total	Amount 2016 £m	% Of total
Investment assets (note 9)	83.3		74.3	
Managed cash (other than operating balance)	5.7	6.8	10.2	13.7
Corporate bonds	3.0	3.6	7.2	9.7
Equities	27.5	33.0	21.9	29.5
Alternative investments (hedge funds, derivatives)	1.8	2.2	1.6	2.2
Property funds	11.0	13.2	5.0	6.7
College property – shops, land and commercially held properties	31.4	37.7	25.4	34.2
Private equity, venture capital	1.8	2.2	1.9	2.6
Other investments	1.1	1.3	1.1	1.4
Total investments	83.3	100.0	74.3	100.0
Overall investment growth	12.1%		2.2%	
New investment	-2.3%		-2.3%	
Drawdown for spending	3.6%		3.5%	
Total return	13.4%		3.4%	

Liquid funds increased as the College holds more cash due to the risky investment environment and a desire to invest in property. A hedge fund is in the process of being closed hence a reduction in alternatives. The College has a target of ensuring the investment portfolio has at least 5% invested in liquid funds (realisable in 0-10 days) and 9% in semi-liquid (realisable in 11 days to 6 weeks). The level of drawdown in 2016/17 was 4% of the 4-year weighted average investment level (or 3.6% of the actual investments at 30 June 2016).

Challenges Ahead

There have been a number of financial challenges in recent years. Employment costs from National Insurance and pensions have risen significantly. Pension costs continue to rise and there have been changes to the benefit structure for USS members. There are likely to be further increases in cost going forward as the results of the triennial review for 2017 are announced. Investment in staff salaries and numbers has been necessary, as the College continues to invest in education. Likewise, the Fellowship has grown steadily and investment in recruitment and retention has been needed, e.g. provision of accommodation and housing allowances. Investment in IT and Maintenance has been made, including increased staffing in Catering, Housekeeping and the Porters Lodge. The College has increased maintenance expenditure on existing buildings but this challenge continues, with currently the project to replace heating systems a large investment of over £1m having just been completed. A steep rise in IT expenditure will be made in 2017/18 as the virtual infrastructure is updated along with investment in security and a new HR system. After the planned budget deficit in 2016/17, a balanced budget is expected in 2017/18 as gradually this additional investment is absorbed although some prioritisation will be needed to achieve this. Following the 2017 Campaign Launch ("The Time and the Place"), fundraising to develop the Mill Lane site is a priority to build on the generous Dolby bequest. Additionally, it will be important to balance the need to fundraise for annual requirements as well as the buildings and investment in student support. Acquisitions of space on the Mill Lane site are expected during 2017/18 and it is likely that some building renovations will take place before the end of 2019. This will present opportunities in re-designating the use of other College space as individuals and departments move to the Mill Lane site. The main Mill Lane site redevelopment is expected in the subsequent five years.

Approved by: 

Dr A Cates (Treasurer and Bursar)

Date of approval:

7/11/17

Pembroke College

Corporate Governance and Public Benefit Statement

Governance

The Master and Fellows constitute the Governing Body of the College, to whose meetings are invited Junior Member representatives (for open business). The Governing Body is constituted and regulated in accordance with the College Statutes. The body is responsible for the strategic direction of the College, for its on-going administration, and for the management of its finances and assets. Meetings are held ten times a year under the chairmanship of the Master. Supporting the Governing Body is a range of committees including: Finance, Development, Planning, Fellowship, Investment, Consultative, Teaching, Buildings, International Programmes and General Policy. Responsibilities of the Governing Body are more fully described on page 11.

The Governing Body members are also the Trustees of the charity and are listed on page 2. The principal officers are listed on page 1. There are Registers of Interests of Trustees and declarations of interest are made systematically at meetings.

Risk assessment

The major risks to which the College is exposed are reviewed regularly by the various College committees named above and reported to the Governing Body. Systems are in place, or are in the process of being established, to mitigate identified risks. The College Health & Safety Policy Statement is reviewed regularly and endorsed by the Governing Body and is displayed throughout the College. As part of this policy, the process for reporting accidents at work is described. The College maintains a risk register which is updated and reviewed regularly.

Environmental policy

In achieving excellence in teaching and research, Pembroke College manages its activities, buildings and estates to promote environmental sustainability, conserves and enhances natural resources and prevents environmental pollution to bring about a continual improvement in its environmental performance. The College has an environmental policy statement which is reviewed regularly and endorsed by the Governing Body and is displayed in the College.

Equal opportunities

Many matters relating to recruitment and employment matters are covered in the Staff Handbook. The College is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. The College's employment policy seeks to ensure that no job applicant or employee receives less favourable treatment on any grounds that are unjustified in terms of equality of opportunities for all.

Public benefit statement

In accordance with its Founding Charter and Statutes, the College's charitable purpose is to advance education, religion, learning and research for the public benefit by the provision, support and maintenance of a College in the University of Cambridge. A full statement of the public benefit it provides has been lodged with the Charity Commission. It is summarised as follows:

Education:

- The provision, in conjunction with the University of Cambridge, of an education for some 710 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills and so prepares them to play full and effective roles in Society.
- The provision of teaching facilities and individual or small group supervisions, as well as pastoral, administrative and academic support through its tutorial systems.
- Social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

Pembroke College

Corporate Governance and Public Benefit Statement (continued)

Research:

- The provision of Research Fellowships to outstanding academics at an early stage of their careers, enabling them to focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post.
- Supporting the research work of its other Fellows by promoting interaction across disciplines, providing facilities and grants for conferences, research trips, and materials.
- Encouraging visits from outstanding academics from abroad.
- Encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College also 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, it maintains and supports a Chapel and holds services which are open to the general public and visitors. Through the College Dean of Chapel, it supports the emotional, mental and spiritual well-being of all members of the College whatever their faith tradition or none. It is also the Patron of 14 parishes and maintains its historic link with Pembroke House, in Walworth, South London, a Charity whose aims overlap with those of Pembroke College, working in an area of high deprivation.

The College maintains an extensive library, so providing a valuable resource for members of Pembroke, other Colleges, and the University of Cambridge more widely as well as external scholars and researchers and the public through regular exhibitions.

The resident members of the College, both students and academic staff, are the primary beneficiaries and are directly engaged in education, learning or research. However, beneficiaries include students and academic staff from other Colleges in Cambridge and from Cambridge University more widely, visiting academic staff from other higher education institutions and visiting school children who have an opportunity to attend educational events at the College or use its academic facilities. The general public are also able to attend educational activities in the College such as exhibitions.

Pembroke College

Responsibilities of the Governing Body

The Governing Body is responsible for the administration and management of the College's affairs.

The Governing Body presents audited financial statements for each financial year. These are prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards, including the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions', as interpreted by the University of Cambridge in their Recommended Cambridge College Accounts.

With reference to the above provisions, the Governing Body is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

In causing the financial statements to be prepared, the Governing Body has sought to ensure that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

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.

Pembroke College

Independent auditor's report to the Governing Body of Pembroke College, Cambridge

Opinion

We have audited the financial statements of Pembroke College (the 'College') for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Operating and Financial Review other than the financial statements and our auditor's report thereon. The Governing Body are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the Governing Body of Pembroke College, Cambridge (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the Operating and Financial Review ; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Body

As explained more fully in the responsibilities of the Governing Body statement set out on page 11, the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 the Charities Act 2011. Our work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's 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.



PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge, CB1 2LA

Date:

14th November 2017

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

Pembroke College

Statement of Principal Accounting Policies

1. 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 Institutions' (the SORP).

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 7.

2. Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments which are included at valuation.

3. Basis of consolidation

The activities of student societies have not been consolidated.

4. Recognition of income

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 Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

There are four main types of donations and endowments with restrictions:

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

Grant income

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

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Investment income and change in value of investment assets

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

Pembroke College

Statement of Principal Accounting Policies (continued)

Total return

The College operates a total return policy with regard to its investment assets (including property). The method of calculation altered on 1st July 2016. From the start of the financial year, the College calculated its income requirements (based on a percentage of the 4-year weighted average investment value) and that amount was transferred to investment income in the Statement of Comprehensive Income and Expenditure. The income is stated net of investment management and property fees. All returns from cash or property held in respect of operating assets are treated as income as received.

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

Other income

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

Cambridge Bursary Scheme

The Cambridge Bursary Scheme (CBS) administration has changed for 2016/17:

- SLC (Student Loans Co) assesses the students for CBS eligibility.
- SLC pays the student direct for the CBS payment and then takes the money from the College by direct debit.
- At end of term, the University provides College with a list of students and how much their and the College's contribution is.

The College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges", although strictly speaking this was not a College transaction for this year.

The net payment of £105k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£169k
Expenditure	£274k

5. Foreign currencies

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

6. Fixed assets

a) Land and buildings

College land and buildings used for operational purposes (to house College Members) are stated at depreciated replacement cost, as determined by professional valuers. Gerald Eve valued main site buildings in April 2003 when RCCA was introduced. Subsequently, Bidwells valued off-site houses in 2007 when those properties were transferred into operational assets from investment assets. All operational College buildings (except the following) are depreciated on a straight-line basis over 100 years: Foundress Court, the sports ground and the boathouse are depreciated on a straight-line basis over 50 years. Freehold land is not depreciated. Assets 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.

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

Pembroke College

Statement of Principal Accounting Policies (continued)

When land and buildings are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is described in accounting policy 4 above.

Finance costs that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

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

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.

b) Maintenance of buildings

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

c) Furniture and equipment

Furniture and equipment is not capitalised if an individual item costs less than £5k. Such expenditure is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Computer equipment/photocopiers	33% p.a. (3 years)
Boats	7% p.a. (15 years)
Heating systems	5% p.a. (20 years)
Other furniture and equipment	10% p.a. (10 years)

When furniture and equipment is acquired with the aid of specific bequests or donations, the policy for accounting for that income is described in accounting policy 4 above.

d) Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1st July 2003 or with a cost below £5k have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1st July 2003 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

7. Investments

Non-current investment assets are included in the balance sheet at market value. Investments that are not listed on a recognised stock exchange (except estate properties) are carried at historical cost less any provision for impairment in their value.

While College hostels and other properties treated as operational assets are re-valued as stated in 6a) above, other properties and agricultural land held for their investment value are treated and valued as investment assets. Such investment assets are valued annually, at least by desktop valuation, by a professional valuer (Bidwells and Cheffins) and revalued on the balance sheet accordingly. Every five years, a full valuation is carried out.

8. Stocks

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

Pembroke College

Statement of Principal Accounting Policies (continued)

9. 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.

10. Taxation

The College is a registered charity (number 1137492) 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.

11. 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.

12. Pension schemes

The College participates in Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed 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. As required by Section 28 of FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. 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 therefore an expense is recognised.

The College participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and until 31 March 2016 was contracted out of the State Second Pension (S2P). As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by Section 28 Employee Benefits of FRS 102 'Retirement Benefits'. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the amount calculated under FRS102 guidelines.

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

13. 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

Pembroke College

Statement of Principal Accounting Policies (continued)

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.

14. 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.

15. 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.

17. 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.

Pembroke College
Statement of Comprehensive Income and Expenditure
Year ended 30th June 2017

	Note	2017				2016			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	2,907	170	-	3,077	2,666	163	-	2,829
Residences, catering and conferences	2	6,101	-	-	6,101	6,243	-	-	6,243
Investment income	3a	12	1	1,614	1,627	44	1	1,340	1,385
Endowment return transferred	3a	1,236	1,533	(2,776)	(7)	1,140	1,368	(2,513)	(5)
Other income		58	20	-	78	263	8	-	271
Total income before donations and endowments		10,314	1,724	(1,162)	10,876	10,356	1,540	(1,173)	10,723
Donations		1,195	609	-	1,804	1,388	286	-	1,674
New endowments		-	-	1,946	1,946	-	92	1,626	1,718
Other capital donations for Mill Lane project		-	1,300	-	1,300	-	35,056	-	35,056
Total income		11,509	3,633	784	15,926	11,744	36,974	453	49,171
Expenditure									
Education	4	4,037	2,055	-	6,092	4,061	1,870	-	5,931
Residences, catering and conferences	5	6,647	-	-	6,647	6,615	-	-	6,615
Other expenditure		1,858	-	547	2,405	1,760	-	459	2,219
Contribution under Statute G,II		19	31	-	50	18	-	-	18
Total expenditure		12,561	2,086	547	15,194	12,454	1,870	459	14,783
Surplus/(deficit) before other gains and losses		(1,052)	1,547	237	732	(710)	35,104	(6)	34,388
Gain/(loss) on investments	3a	-	459	8,025	8,484	-	(5)	1,553	1,548
Surplus/(deficit) for the year		(1,052)	2,006	8,262	9,216	(710)	35,099	1,547	35,936
Other comprehensive income									
Actuarial (loss) in respect of pension schemes	15	(576)	-	-	(576)	(31)	-	-	(31)
Total comprehensive income/(expenditure) for the year		(1,628)	2,006	8,262	8,640	(741)	35,099	1,547	35,905

The notes on pages 23 to 34 form part of these accounts.

Pembroke College
Statement of Changes in Reserves
Year ended 30th June 2017

	Income and expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£000	£000	£000	£000
Balance at 1 July 2016	59,337	41,922	67,608	168,867
Transfer from endowment to restricted	-	397	(397)	-
Surplus/(deficit) from income and expenditure statement	(1,051)	2,006	8,262	9,216
Other comprehensive (expenditure)/income	(576)	-	-	(576)
Balance at 30 June 2017	57,709	44,325	75,473	177,508
		(note 17)	(note 16)	

	Income and expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£000	£000	£000	£000
Balance at 1 July 2015	60,078	6,521	66,363	132,962
Prior year adjustment: inclusion of deferred capital	-	302	(302)	-
Surplus/(deficit) from income and expenditure statement	(710)	35,099	1,547	35,936
Other comprehensive income	(31)	-	-	(31)
Balance at 30 June 2016	59,337	41,922	67,608	168,867
		(note 17)	(note 16)	

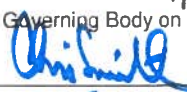

The notes on pages 23 to 34 form part of these accounts

**Pembroke College
Balance Sheet
as at 30th June 2017**

	Note	2017 £000	2016 £000
Non-current assets			
Fixed assets	8a	70,577	69,984
Heritage assets	8b	136	103
Investments	9	83,295	74,311
Current assets			
Stock	10	644	634
Trade and other receivables	11	8,034	35,943
Cash and cash equivalents	12	633	1,783
Short-term investments	13	29,078	-
		38,389	38,360
Creditors: amounts falling due within one year	14a	(4,893)	(4,324)
Net current assets		33,496	34,036
Total assets less current liabilities		187,504	178,434
Creditors: amounts falling due after more than one year	14b	(4,960)	(5,136)
		182,544	173,298
Provisions			
Pension provisions	15	(5,037)	(4,431)
Total net assets		177,507	168,867
Restricted reserves			
Income and expenditure reserve - endowment reserve	16	75,473	67,608
Income and expenditure reserve - restricted reserve	17	44,325	41,922
		119,798	109,530
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		57,709	59,337
		57,709	59,337
Total reserves		177,507	168,867

The financial statements were approved by the Governing Body on 7/11/17 and signed on its behalf by:

Approved by:

Rt Hon Lord Smith of Finsbury (Master)

Dr. A Cates (Treasurer and Bursar)

The notes on pages 23 to 34 form part of these accounts.

Pembroke College
Cash Flow Statement
for the Year Ended 30th June 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities	23	(1,907)	(2,055)
Cash flows from investing activities	24	975	1,681
Cash flows from financing activities	25	(218)	(217)
(Decrease) in cash and cash equivalents in the year		(1,150)	(591)
Cash and cash equivalents at beginning of the year		1,783	2,374
Cash and cash equivalents at end of the year	12	633	1,783

The notes on pages 23 to 34 form part of these accounts.

Pembroke College
Notes to the accounts
For the year ended 30th June 2017

1. Academic fees and charges

	2017 £000	2016 £000
College fees		
Fee income received at the Regulated Undergraduate rate	1,838	1,792
Fee income received at the Unregulated Undergraduate rate	335	290
Fee income received at the Graduate rate	640	497
	<u>2,813</u>	<u>2,579</u>
Other income	95	88
Cambridge Bursary Scheme	169	162
Total	<u>3,077</u>	<u>2,829</u>

2. Income from residences, catering and conferences income

	2017 £000	2016 £000
International Programmes	2,663	3,004
Accommodation	2,220	2,014
College members	118	119
Conferences	924	932
Catering	176	174
College members		
Conferences		
Total	<u>6,101</u>	<u>6,243</u>

3a. Endowment and investment income

	2017 £000	2016 £000
Income from investments and donations:		
Income drawdown from endowment	2,769	2,508
Freehold land and buildings	9	24
Other interest receivable	5	21
	<u>2,783</u>	<u>2,553</u>
Summary of total return:		
Income from:		
Land and buildings	536	498
Quoted and other securities and cash	1,077	841
Gains/(losses) on endowment assets:		
Land and buildings	3,417	(333)
Quoted and other securities and cash	5,067	1,881
Investment management costs in respect of:		
Land and buildings	(336)	(200)
Quoted and other securities and cash	(211)	(259)
Total return for the year	<u>9,550</u>	<u>2,428</u>
Total return transferred to income and expenditure reserve (see above)	<u>(2,776)</u>	<u>(2,513)</u>
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (page 19)	<u>6,774</u>	<u>(85)</u>

3b. Investment management costs

	2017 £000	2016 £000
Quoted securities - equities	110	67
Fixed interest securities	19	38
Other investments	82	154
Total	<u>211</u>	<u>259</u>

Pembroke College
Notes to the accounts
For the year ended 30th June 2017

4. Education expenditure	2017 £000	2016 £000
Teaching	988	957
Tutorial	1,097	1,018
Admissions and Access	805	741
Scholarships and awards	556	612
Other educational facilities	1,246	1,316
Academic community	395	377
	<u>5,087</u>	<u>5,021</u>
Research	1,005	910
Total	<u>6,092</u>	<u>5,931</u>

Total expenditure on student support during the year included above was £1,170k (2016 £1,099k).

5. Residences, catering and conferences expenditure	2017 £000	2016 £000
International Programmes	2,413	2,581
Accommodation	2,710	2,588
College Members		
Conferences	83	79
Catering	1,266	1,216
College Members		
Conferences	175	151
Total	<u>6,647</u>	<u>6,615</u>

6. Staff and Fellows	College Fellows and Trustees 2017 £000	College Other academic 2017 £000	College Staff 2017 £000	Total 2017 £000	Total 2016 £000
Staff & Fellows payroll costs					
Emoluments	1,628	54	4,462	6,144	5,728
Social security costs	156	5	341	502	405
Other pension costs (see note 21 (d))	258	10	599	867	889
	<u>2,042</u>	<u>69</u>	<u>5,402</u>	<u>7,513</u>	<u>7,022</u>
Average staff no.s (full time equivalent)					
Academic	71	-	-	71	69
Non-academic	4	2	177	183	176
	<u>75</u>	<u>2</u>	<u>177</u>	<u>254</u>	<u>245</u>

The number of officers and employees of the College, including the Head of House, who received emoluments in the following ranges was:

	2017	2016
£100,000 - £109,999	-	1
£110,000 - £119,999	-	-

Of the 75 (2016 73) College Fellows and Trustees declared above, 20 (2016 17) are stipendiary. The trustees receive no emoluments in their role as trustees of the charity.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This includes aggregated emoluments paid to key management personnel.

During the year, emoluments paid to Trustees in their capacity as Key Management Personnel were:

	2017 £000	2016 £000
Aggregate emoluments	<u>1,701</u>	<u>1,552</u>

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7a. Analysis of expenditure by activity 2016/17

	Staff & Fellows payroll costs (note 6) £000	Other operating expenses £000	Depreciation £000	Total 2017 £000
Education (Note 4)	3,206	2,718	168	6,092
Residences, catering, and conferences (Note 5)	3,157	2,783	707	6,647
Other expenditure (see below)	1,150	1,201	54	2,405
Contribution under Statute G,II	-	50	-	50
	7,513	6,752	929	15,194

Loan interest payable for the year to 30th June 2017 was £120k.
Other expenditure includes governance, investment management fees, fundraising and alumni relations expenditure.
Fundraising costs were £308k.

7b. Analysis of expenditure by activity 2015/16

	Staff & Fellows payroll costs (note 6) £000	Other operating expenses £000	Depreciation £000	Total 2016 £000
Education (Note 4)	2,998	2,766	167	5,931
Residences, catering, and conferences (Note 5)	3,006	2,930	679	6,615
Other expenditure	1,018	1,147	54	2,219
Contribution under Statute G,II	-	18	-	18
	7,022	6,861	900	14,783

Loan interest payable for the year to 30th June 2016 was £125k.
Other expenditure includes governance, investment management fees, fundraising and alumni relations expenditure.
Fundraising costs were £312k.

7c. Auditors' remuneration

	2017 £000	2016 £000
Other operating expenses include (excluding VAT):		
Audit fees payable to the College's external auditors	21	21
Other fees payable to the College's external auditors	-	-

8a. Fixed assets

	College site Buildings £000	Assets in Course of Construction £000	College site Foundress Court £000	Houses for College Members £000	Sportsground/ Boathouse £000	Land £000	Furniture & Equipment £000	Total 2016 £000
Cost/valuation								
At 1 July 2016	26,629	2,220	10,570	29,457	1,406	8,690	2,200	81,172
Additions	18	608	-	166	68	-	663	1,523
Disposals	-	-	-	-	-	-	(14)	(14)
Transfers	-	-	-	-	-	-	-	-
Cost/valuation as at 30 June 2017	26,647	2,828	10,570	29,623	1,474	8,690	2,849	82,681
Depreciation								
At 1 July 2016	3,512	-	2,946	3,007	293	-	1,430	11,188
Provided for the year	267	-	211	296	30	-	125	929
Disposals	-	-	-	-	-	-	(13)	(13)
Depreciation at 30 June 2017	3,779	-	3,157	3,303	323	-	1,542	12,104
Net book value								
At 30 June 2017	22,868	2,828	7,413	26,320	1,151	8,690	1,307	70,577
At 30 June 2016	23,117	2,220	7,624	26,450	1,113	8,690	770	69,984

The insured value of freehold land and buildings as at 30 June 2017 was £146m (2016 £145m). All of the above assets are used for Collegiate purposes.

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8b. Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2003 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for those on a cost-benefit basis, they have not been capitalised. As a result, the total cost included in the balance sheet is partial.

Amounts for the current and previous four years were as follows:

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Total value 1st July	103	93	83	75	60
Acquisitions purchased with specific donations	13	-	7	-	-
Acquisitions purchased with College funds	20	10	3	8	15
Total cost of acquisitions purchased	33	10	10	8	15
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised in year	33	10	10	8	15
Total value 30th June	136	103	93	83	75

9. Investments

	2017 £000	2016 £000
Balance at 1 July	74,311	72,716
Additions	15,140	5,845
Disposals	(9,407)	(12,743)
Gain	7,984	945
(Decrease)/Increase in cash held by investment managers	(4,717)	7,548
Less: change in amount owed to Pembroke House	(16)	0
Balance at 30 June	83,295	74,311

Long-term investments:

	2017 £000	2016 £000
Commercial shops	2,535	2,350
Agricultural land	12,281	9,590
Residential property	16,471	13,510
Total investment properties	31,287	25,450
Equities	32,810	25,939
Other investments	12,968	11,957
Cash in hand and at investment managers	5,283	9,999
Equity loans to Fellows	-	50
Loans to Fellows	1,136	1,089
Less: amount owed to Pembroke House	(189)	(173)
Total	83,295	74,311

10. Stock

	2017 £000	2016 £000
Kitchen	18	14
Cellar wine	621	616
Bar	5	4
Total	644	634

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11. Trade and other receivables

	2017 £000	2016 £000
Trade debtors	156	34
Members of the College	207	171
Debtors and prepayments - International Programmes	315	191
Debtors and prepayments - Other	815	547
Debtors and prepayments - Mill Lane gifts	6,541	12,000
Trade and other receivables due within one year	8,034	12,943
Debtors and prepayments - Mill Lane gifts	-	23,000
Trade and other receivables due after one year	-	23,000
	8,034	35,943

In 2015/16, the Dolby Foundation has pledged £35m towards the Mill Lane project subject to certain conditions, which at current market prices amount to a two fold coverage of the Pledge, concerning the share price of Dolby Laboratories and the exchange rate. All sums, apart from one final small share transfer, have been received to date.

12. Cash and cash equivalents

	2017 £000	2016 £000
Current accounts	436	512
Bank deposits	200	1,276
Cash	3	1
Less: amount owed to Pembroke House	(6)	(6)
	633	1,783

13. Short-term investments

	2017 £000	2016 £000
Mill Lane deposits	28,651	-
Other investments - Mill Lane gift	427	-
	29,078	-

14a. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Bank loan	99	94
Trade creditors	439	227
Members of the College	818	792
Accruals and deferred income - International Programmes	2,554	2,160
Accruals and deferred income - Other	593	697
University fees	12	9
Contribution to Colleges Fund	50	18
Taxes and social security	155	167
Holiday pay accrual	50	43
Other creditors	123	117
	4,893	4,324

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

	2017 £000	2016 £000
Bank loan	1,768	1,867
Members of the College	292	369
Other loan	2,900	2,900
	4,960	5,136

The original unsecured bank loan was for £2.3 million repayable over 20 years, at a floating rate of interest for the two years until 30 January 2012 and a fixed rate of 6.21% p.a. thereafter.

During 2013-14, the College borrowed from institutional investors, collectively with other Colleges, the College's share amounting to £2.9 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets, and has been in compliance with the covenant at all times since incurring the debt.

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15. Pension provisions

	CCFPS £000	USS £000	2017 £000	2016 £000
(Deficit) in schemes in beginning of the year	(3,537)	(894)	(4,431)	(4,296)
Movement in year:				
Recognised in income and expenditure	(325)	10	(315)	(420)
Contributions paid by the College	285	-	285	316
Actuarial (loss) recognised in the Statement of Comprehensive Income and Expenditure	(576)	-	(576)	(31)
(Deficit) in schemes at end of the year	(4,153)	(884)	(5,037)	(4,431)
	note 21b	note 21a		

16. Endowment funds

	Restricted Permanent £000	Unrestricted Permanent £000	2017 Total £000	2016 Total £000
Balance at beginning of year:				
Capital	34,433	33,175	67,608	66,060
	<u>34,433</u>	<u>33,175</u>	<u>67,608</u>	<u>66,060</u>
New donations and endowments	1,611	335	1,946	1,626
Transfer of endowment	(723)	326	(397)	-
Increase/(decrease) in market value of investments	3,565	2,751	6,316	(78)
Balance at end of year (page 20)	<u>38,886</u>	<u>36,587</u>	<u>75,473</u>	<u>67,608</u>
Representing:				
Fellowship Funds	11,837	-	11,837	9,612
Scholarship Funds	10,109	-	10,109	9,000
Prize Funds	1,102	-	1,102	512
Hardship Funds	4,526	-	4,526	3,732
Bursary Funds	2,965	-	2,965	3,202
Travel Grant Funds	612	-	612	573
Other Funds	7,735	-	7,735	7,802
General endowments	-	36,587	36,587	33,175
Total	<u>38,886</u>	<u>36,587</u>	<u>75,473</u>	<u>67,608</u>
Analysis by asset:				
Property	14,606	13,743	28,349	23,154
Investments	21,814	20,524	42,338	35,356
Cash	2,466	2,320	4,786	9,098
	<u>38,886</u>	<u>36,587</u>	<u>75,473</u>	<u>67,608</u>

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17. Restricted reserves

	Capital grants unspent £000	Unspent Permanent £000	Restricted Expendable £000	2017 Total £000	2016 Total £000
Balance at beginning of year:					
Capital	-	-	3,939	3,939	3,677
Accumulated income	35,214	2,328	441	37,983	2,844
	<u>35,214</u>	<u>2,328</u>	<u>4,380</u>	<u>41,922</u>	<u>6,521</u>
Transfers between funds in year		(83)	480	397	302
New endowments	-	-	-	-	92
Increase/(Decrease) in market value of investments	-	-	459	459	(5)
Capital grants	1,300	-	-	1,300	35,056
Donations	-	54	555	609	286
Endowment return transferred	-	1,355	178	1,533	1,368
Other investment income	-	21	170	191	172
Expenditure	(31)	(1,157)	(898)	(2,086)	(1,870)
Movement in the year	<u>1,269</u>	<u>190</u>	<u>944</u>	<u>2,403</u>	<u>35,401</u>
Balance at end of year	<u>36,483</u>	<u>2,518</u>	<u>5,324</u>	<u>44,325</u>	<u>41,922</u>
Balance at end of year:					
Capital	-	-	4,798	4,798	3,939
Accumulated income	36,483	2,518	526	39,527	37,983
	<u>36,483</u>	<u>2,518</u>	<u>5,324</u>	<u>44,325</u>	<u>41,922</u>
Representing:					
Fellowship Funds	-	420	2,335	2,755	2,661
Scholarship Funds	-	836	287	1,123	1,049
Prize Funds	-	123	43	166	141
Hardship Funds	-	583	1	584	559
Bursary Funds	-	270	832	1,102	520
Travel Grant Funds	-	82	126	208	165
Other Funds	36,483	204	1,700	38,387	36,827
Total	<u>36,483</u>	<u>2,518</u>	<u>5,324</u>	<u>44,325</u>	<u>41,922</u>

18. Memorandum of unapplied total return

Included within reserves the following amounts represent the unapplied total return of the College:

	2017 £000	2016 £000
Unapplied total return at the beginning of the year	31,008	31,093
Unapplied total return for the year (see note 3a)	6,774	(85)
Unapplied total return at end of year	<u>37,782</u>	<u>31,008</u>

19. Policy on management reserves

The College unrestricted endowment of £36.6m (note 16) and unrestricted general reserves £57.7m (page 20) provide total reserves of £94.3m. Restricted reserves total an additional £83.1m, which includes Mill Lane gifts. The restricted reserves can only be spent on purposes set down by the donor. All unrestricted legacies and endowment donations received are reinvested in the unrestricted endowment reserves.

20. Capital commitments

Capital commitments contracted for at 30th June

2017 £000	2016 £000
<u>120</u>	<u>534</u>

Other commitments

The College has committed to invest in various private equity/venture capital funds over the next few years. Commitments, excluding distributions which may be made, total \$935k (c £736k). This includes a commitment to invest in the Cambridge Associates Fund II up to a total \$1m.

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21. Pension schemes

(a) Universities Superannuation Scheme

The total cost charged to the Statement of Comprehensive Income and Expenditure is £553k (2016 £535k) as shown in note 21d. 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. The valuation as at 31 March 2017 is underway. 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:

	2017	2016
Discount rate	2.6%	3.6%
Pensionable salary growth	n/a	n/a
Price increases (CPI)	2.4%	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:

	2017	2016
Males currently aged 65 (years)	24.4	24.2
Females currently aged 65 (years)	26.6	26.3
Males currently aged 45 (years)	26.5	26.2
Females currently aged 45 (years)	29.0	28.6

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

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21. Pension schemes

(b) 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 2017 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:

	30 June 2017	30 June 2016
Discount rate	2.60%	3.70%
Increase in salaries	2.85%	3.70%
RPI assumption	3.35%	2.75%
CPI assumption	2.35%	3.25%
Pension increases in payment (RPI Max 5% p.a.)	3.25%	2.25%
Pension Increases in payment (CPI Max 2.5% p.a.)	1.85%	3.05%

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2016 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2016: same base table with CMI_2015 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 22.1 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 23.9 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.5 years (previously 23.2 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2017 (with comparative figures as at 30 June 2016) are as follows.

	2017 £000	2016 £000
Total market value of assets	8,142	7,298
Present value of scheme liabilities	(12,295)	(10,835)
Net pension liability	(4,153)	(3,537)

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ended 30 June 2017 (with comparative figures for the year ended 30 June 2016) are as follows:

	2017 £000	2016 £000
Current service cost	212	260
Administration expenses	13	13
Interest on net defined benefit liability	100	127
Total	325	400

Changes in the present value of the Scheme liabilities for the year ending 30 June 2017 (with comparative figures for the year ended 30 June 2016) are as follows:

	2017 £000	2016 £000
Present value of plan liabilities at beginning of period	10,835	9,654
Current service cost	212	260
Employee contributions	12	12
Benefits paid	(416)	(298)
Interest on plan liabilities	300	357
Actuarial losses	1,352	850
Present value of plan liabilities at end of period	12,295	10,835

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21. Pension schemes

(b) Cambridge Colleges Federated Pension Scheme (continued)

Changes in the fair value of the plan assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017 £000	2016 £000
Market value of plan assets at beginning of period	7,298	6,234
Contributions paid by the College	285	315
Employee contributions	12	12
Benefits paid	(416)	(298)
Administration expenses	(24)	(24)
Interest on plan assets	200	230
Return on assets, less interest included in Comprehensive Income and Expenditure	787	829
Market value of plan assets at end of period	8,142	7,298
Actual return on plan assets	988	1,059

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2017 (with comparative figures for the year ended 30 June 2016) are as follows:

	2017 £000	2016 £000
Equities	67%	59%
Bonds and cash	27%	35%
Property	6%	6%
Total	100%	100%

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 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017 £000	2016 £000
Return on assets, less interest included in Comprehensive Income and Expenditure	787	829
Expected less actual plan expenses	(10)	(11)
Experience gains and losses arising on plan liabilities	(107)	6
Changes in assumptions underlying the present value of plan liabilities	(1,246)	(855)
Actuarial (loss)/gain recognised in OCI (page 19)	(576)	(31)

Movement in (deficit) during the 12 months ending 30 June 2017 (with comparative figures for the year ended 30 June 2016) are as follows:

	2017 £000	2016 £000
(Deficit) in plan at beginning of year	(3,537)	(3,421)
Recognised in Statement of Comprehensive Income and Expenditure	(325)	(400)
Contributions paid by the College	285	315
Actuarial (loss)/gain recognised in OCI	(576)	(31)
(Deficit) in plan at the end of the year	(4,153)	(3,537)

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 16 December 2016 and are as follows:

- Annual contributions of not less than £99,290 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.

Pembroke College
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21. Pension schemes

(c) NOW:Pensions scheme

The College operates a defined contribution scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £70k (2016 £46k) of which £16k (2016 £7k) was outstanding at the year end. It should be noted that most of the outstanding contributions have been collected by NOW since the 30th June 2017.

(d) Summary of pension costs

	2017 £000	2016 £000
Universities Superannuation Scheme	553	535
Cambridge Colleges Federated Pension Scheme	244	308
NOW:Pension Scheme	70	46
Total pension costs (note 6)	867	889

22. Related party transactions

Due to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

In addition, the College has provided loans to its Fellows for personal use, and also as part of equity share arrangements. The following amounts are included in Investments on page 26:

	2017 £000	2016 £000
Loans to Fellows	1,136	1,089
Equity share arrangements	-	50

23. Reconciliation of surplus for the year to cash flows from operating activities

	2017 £000	2016 £000
Surplus for the year	9,216	35,936
Adjustment for non-cash items:		
Depreciation (note 8)	929	895
(Gain) on endowments, donations and investment property	(8,484)	(1,548)
(Increase) in stocks	(10)	(26)
Decrease/(increase) in trade and other receivables	27,909	(34,248)
(Increase) in short-term investments	(29,078)	-
Increase/(Decrease) in creditors	486	(649)
Pension costs less contributions payable	31	104
Adjustment for investing or financing activities		
Investment income	(1,627)	(1,385)
Investment costs	547	459
Interest payable	120	125
Endowment funds invested	(1,946)	(1,718)
Total cash flows from operating activities	(1,907)	(2,055)

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24. Cash flows from investing activities

	2017 £000	2016 £000
Non-current investment disposal	2,776	2,513
Investment income	14	44
Investment costs	-	-
Endowment funds invested	1,946	1,718
Payments made to acquire non-current assets	(3,761)	(2,594)
Total cash flows from investing activities	975	1,681

25. Cash flows from financing activities

	2017 £000	2016 £000
Interest paid	(120)	(125)
Repayments of amounts borrowed	(98)	(92)
Total cash flows from financing activities	(218)	(217)

26. Lease obligations

At 30 June 2017 the College had annual commitments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Land and buildings:		
Expiring within one year	112	-
Expiring between two and five years	448	-
Expiring in over five years	112	-