

**CHURCHILL COLLEGE IN THE
UNIVERSITY OF CAMBRIDGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Charity Registration Number: 1137476

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Contents	Page
Reference and Administrative Details	2
Operating and Financial Review	3 - 9
Responsibilities of the College Council	10
Independent Auditors' Report	11 - 12
Statement of Principal Accounting Policies	13 - 17
Consolidated Statement of Comprehensive Income and Expenditure	18
College Statement of Comprehensive Income and Expenditure	19
Consolidated Statement of Changes in Reserves	20
College Statement of Changes in Reserves	21
Consolidated Balance Sheet	22
Consolidated Cash Flow Statement	23
Notes to Financial Statements	24 - 39

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 30 JUNE 2017

Churchill College in the University of Cambridge

Charity Registration Number
1137476

VAT Registration Number
GB 732 155 751

Address

Churchill College
Storey's Way
Cambridge, CB3 0DS

Trustees

The Trustees of the College are the members of the College Council. The Trustees during 2016/17 were:

Master	Prof Dame Athene Donald	
Vice-Master	Prof K Siddle	
Senior Tutor	Mr R Partington	
Bursar	Mrs J M Brook (to 20 Feb 17), Mrs T M James (from 20 Feb 17)	
Tutor for Advanced Students	Dr I B Kingston	
MCR President	Ms C Tang (to 31 Jan 17), Mr S Ainsworth (from 1 Feb 17)	
MCR Council Member	Ms M R McGregor	
JCR President	Mr M Gupta (to 31 Dec 16), Mr P Deady (from 1 Jan 17)	
JCR Member	Ms C Weston (to 31 Jan 17), Mr D Fernandes (from 1 Feb 17)	
Staff Members	Mrs S Cook, Mr D Spaxman	
Members	Dr K Stott	Dr A Taylor (to 30 Sep 16)
	Prof A M Finch	Dr P van Houten
	Dr J Toner	Mr B Phipps
	Dr Jardine-Wright	Dr S Savory (from 1 Oct 16)
	Prof M Kramer (to 30 Sep 16)	Dr M Holmes (from 1 Oct 16)

Senior Officers

Master	Prof Dame Athene Donald
Vice-Master	Prof K Siddle
Senior Tutor	Mr R Partington
Bursar	Mrs J M Brook (to 20 Feb 17), Mrs T M James (from 20 Feb 17)
Tutor for Advanced Students	Dr I B Kingston

Principal Advisers

Auditors

Price Bailey LLP
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Bankers

Lloyds Bank
3 Sidney Street
Cambridge
CB2 3HG

Investment Fund and Property Managers

Aberdeen Asset Management	CIM Dividend Fund	LGT Capital Partners
Brandes Investment Fund	Edgbaston Investment Partners	Lindsell Train Global Funds
Charities Property Fund	Heronbridge Investment	Charles Stanley Pan Asset
IVI Umbrella Fund	Savills Plc	

Legal Advisers

Ashtons Legal
Chequers House
77-81 Newmarket Road
Cambridge
CB5 8EU

Hewitsons LLP
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

Penningtons Manches LLP
Clarendon House
Clarendon Road
Cambridge
CB2 8FH

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2017

Report from the Master of Churchill College, Professor Dame Athene Donald FRS

The College has had an excellent year of exam results, improving its position in comparison with other colleges. A number of our students won University Prizes.

The new court of undergraduate accommodation, named Cowan Court after its main benefactor, was completed in July 2016 and the Xiaotian Fu Garden commenced.

The Churchill Archives Centre continues to go from strength to strength. This year has seen the installation of freezer storage for the preservation of the Centre's most vulnerable audio-visual materials, completion of cataloguing of the papers of Professor Aaron Klug, and the commencement of cataloguing of the papers of Professor Sir Robert Edwards. The Centre partnered with the University of Zurich to commemorate the anniversary of Churchill's speech there in 1946 and hosted a discussion on Churchill and nuclear weapons as part of a two-day symposium of the nature of modern warfare.

This year has been one of investment in development of executive education for the Møller Centre and the development of people and teams for business growth. The Centre won three industry gold awards from Meetings and Incentive Travel and a top score in the UK for its Hospitality Assured external assessment. Programmes during the year ranged from corporate clients such as ARM Ltd to the Institutes for Manufacturing and for Sustainability Leadership, Rand Europe and Ofsted.

There have been significant changes in senior staff in the College with Jennifer Brook, our long-serving and successful Bursar retiring after nearly 20 years. Tamsin James has joined the College as the new Bursar, coming to us from Madingley Hall. Fran Malaree, previously Development Director at Clare College, has joined as the new Development Director.

I made a trip to Australia and the Far East in the Spring, having the pleasure of meeting some of the College's more distant alumni in Sydney, Singapore and Hong Kong. In Hong Kong I was hosted by alumnus Peter Bennett, whose recent benefaction jointly to the University and the College will endow the Bennett Chair in Public Policy with a particular emphasis on inequality and economic growth. This Chair will be taken up in the next financial year, opening up new directions for College activity.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

Introduction

The introduction of the new UK accounting standards has radically changed the appearance of the financial results of the College this year. The treatment of donations, reserves and investment gains and losses has led to an apparent significant increase in the surplus in the College's accounts. As a result of these changes, the surplus or deficit will also appear to vary much more significantly year on year. Any member of the public who wishes to see a summary of the College's management accounts is very welcome to apply to bursar@chu.cam.ac.uk for a copy.

The College has had another good year financially and operationally. The academic performance of the students in the College remained strong. The number of fee-paying students decreased slightly over the previous year. The College's commercial business, hosting summer schools, conferences and continuing education programmes was again very successful and the profits from these operations contribute to the cost of providing the education for our students, providing financial support for students and improving facilities for our academic staff and students. The Møller Centre completed a major extension and refurbishment the previous year and has been investing on building its management team and developing new areas of business during the year, which has again impacted on its financial performance and contribution to the College.

Scope of the Financial Statements

In addition to the educational activities of the College, the consolidated accounts include the commercial activity of the College and, through its subsidiaries, the Møller Centre for Continuing Education Ltd and Churchill Conferences Ltd. The surpluses from these operations are donated to the College under Gift Aid and appear as donations in the College's income and expenditure statement. The figures below refer to the College accounts rather than the consolidated accounts.

Aims and Objectives of the College

The charitable objectives of the College are:

- 1) To advance education, learning and research especially in the field of science and technology
- 2) To provide a College wherein members of the University of Cambridge may work for degrees in the University, or may carry out post-graduate studies or other special studies at Cambridge.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for some 802 (807 in 2015/16) undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring 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.

In addition, through the Møller Centre for Continuing Education, the College provides courses to develop management knowledge and skills and leadership training for executives in the private, public and professional service sectors from the UK and elsewhere.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

The College advances research through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post; there were 11 research fellows in the College for all or part of the academic year 2016/17.
- the launch of a new scheme in 2013 to provide a collegiate base for 10 post-doctoral By-Fellows each year, for three year duration. There were 24 post-doctoral By-Fellows in 2016/17.
- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding senior 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;
- supporting students through the provision of £925k in grants, bursaries and studentships including the provision of 64 grants to enable postgraduate students to participate in research conferences;
- the College's own resources, a total subsidy of over £1.75 million (£1.4 million in 2015/16) on the provision of education.
- the Churchill Archives Centre providing facilities for anyone wishing to study the papers in its collection (if allowed under government rules). There are research fellowships, tied to work in the Archives Centre, and the Centre organises lectures, symposia and exhibitions open to members of the public.
- maintaining an extensive Library, so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely.

The College also extends the use of its facilities to the local community and community organisations and participates generously in hosting programmes to bring talented young people from poorer backgrounds to Cambridge.

Funding

During the last two years the College was funded in the following proportions:

	2017	2016
Endowment Income	14.3%	12.9%
Fee and Academic Income	26.6%	22.7%
Operating charges (rents and catering to College members)	35.0%	26.6%
Direct Commercial income	14.1%	11.5%
Donations	9.7%	23.0%
Donations from subsidiary companies	0.3%	3.3%
	100.0%	100.0%

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

The use of the facilities and amenities of the College is maximised, particularly out of term time, by extending them to commercial clients, including learned societies, other academic institutions and community education, to provide revenue to cover the fixed costs of the College and to support the academic endeavours.

Achievements and Performance

The College's undergraduates achieved strong results across the board. In absolute terms, i.e. in terms of the overall College score, this year's results are (very narrowly) the second best in recent history with only last year's results proving to be better. In particular, this year's results make the College top in terms of women's performance

The College again attracted record numbers of undergraduate applications, with its recruitment efforts focussed on the state sector. It also supported, financially, various university vacation programmes to support applications from students from less privileged backgrounds. 67.8% of those admitted to study in 2016/17 were educated in state schools, a similar level to the 68.4% in 2015/16.

The construction of Cowan Court was completed during the summer of 2016.

The Archives Centre continued to enjoy Accreditation. Archive Service Accreditation defines good practice and agreed standards for archive services across the UK, thereby encouraging and supporting the development of the archive service. The Churchill Papers collection has been inscribed on the UNESCO International Register for the Memory of the World.

Financial Review

a) Maintenance of Buildings

Total expenditure on routine building maintenance, including staff costs, was just over £1 million. In addition, £85k was spent on repairing and replacing a burst gas main in the staff car park and this was capitalised.

b) Capital Expenditure

The College spent more than £1M (including staff costs) on repairing and maintaining its operational buildings and grounds and a further £2.3M was capitalised. Most of the capital expenditure was on buildings.

Major projects undertaken in 2016-17 included:

- the rewiring and refurbishment of three staircases - 34, 35, 37 & 49
- the final part of the construction of Cowan Court (March 2015-July 2016)
- the replacement of the kitchen and Fellows' lifts
- the redevelopment of 36 Storeys Way was brought to RIBA stage G/H

In addition, £236k was spent on the Møller Centre fixtures and fittings and £28k by Churchill Conferences Ltd.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

c) Endowment and Investment Performance

The College's Amalgamated Investment Fund, which makes up over 90% of the College's investments, delivered a total return of 18.6% compared with 2.5% the previous year. £307k new funds were invested in the Amalgamated Investment Fund during the year and no capital funds were withdrawn.

The College drew down a total of £2,836k in accordance with the agreed formula for smoothing total return from year to year compared with the drawdown of £2,707k the previous year. The drawdown per unit was 3.26% of the value at 30 June 2017 compared with 3.49% per unit at 30 June 2016.

Staff Costs and Pensions

Personnel costs as a whole (including related costs such as training, health and safety management, meals, recruitment) rose by 6.8%. A 1.1% pay increase was awarded to all staff from October 2016 but many were also eligible for increments. In addition, those staff on the lowest payscales received an additional payrise from 1 April 2017, to bring their wages in line with the National Living Wage. A new charge of 0.5% of all salaries and stipends came into effect from 1 April 2017 as part of the Government's Apprenticeship Levy scheme.

The College continues to pay into the Combined Colleges Federated Pension Scheme which is now closed to Churchill staff for future service and to new members. £229K was contributed this year. Non-academic staff appointed since 2007 have been offered a defined contribution pension, with generous contributions from the College.

The College operates an auto-enrolment pension scheme with NOW Pensions and continues to offer Group Pension Scheme membership to its non-academic staff. It retains an independent consultant to advise staff on their options. The College also offers pre-retirement courses and spent over £38K on staff training during the year.

d) Reserves Policy

The College intends to continue to pursue its objectives in perpetuity and has set a reserves policy which requires reserves to be maintained at a level which ensures that the core activity could be continued during a period of unforeseen difficulty.

The Archives Centre has limited reserves but is largely supported by a number of grant-making trusts, most established for that purpose.

Principal risks and uncertainties

The College pays a considerable charge for carbon allowances under the Carbon Reduction Commitment Energy Efficiency Scheme which also requires considerable administrative input. The cost of the scheme to the College and Møller Centre was over £30K for 2016/17 (£29k in 2015/16). However, the nature of our buildings is 80% residential and they are also listed of historic interest and so significant efficiencies are particularly difficult to achieve.

Plans for the Future

The major building projects to be progressed in 2016/17 are the ongoing refurbishment and rewiring of another 3 staircases and the development of plans for 36 Storey's Way to replace an old office building with additional graduate accommodation.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

Corporate Governance

1. The following statement is provided by the College Council (the Trustees) to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number 1137476) and subject to regulation by the Charity Commission for England and Wales. The members of the College Council are the charity trustees and are responsible for ensuring compliance with charity law.
3. The College Council is advised in carrying out its duties by a number of Committees including a Finance Committee, an Education Committee, a Tutorial Committee, an Estates Committee, an Audit Committee and an Investment Advisory Committee.
4. The principal officers of the College are the Master, Vice-Master, Senior Tutor, Bursar and Tutor for Advanced Students.
5. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the College Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors and to make an annual report to the Trustees.

Membership of the Finance Committee in 2016/17 included the Master, Bursar, Vice-Master, Senior Tutor, Tutor for Advanced Students, Finance Manager, Domestic Bursar, Dr J Ackroyd, Professor R Goldstein, Prof M Holmes, Mr N Knight, Professor D Ralph, Dr R Monson, Dr S Ozanne, Professor D Ralph, Dr J Toner, Dr C Tout, Mr T Ingram (external member), Dr E Powell (external member) and representatives of the JCR and MCR.

6. The Audit Committee is chaired by Dr E Powell (external member) and two elected members of the Governing Body with responsibility for reporting on any matters of operational or financial concern to the College Council.
7. There is a Register of Interests of Trustees and all Fellows and external members of the Finance Committee and Estates Committees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
8. The College's Trustees (members of the College Council) during the year ended 30 June 2017 are set out on page 2.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

OPERATING AND FINANCIAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

Statement of Internal Control

The College Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which it is responsible, in accordance with the College's Statutes.

1. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
2. The systems 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. This process was in place for the year ended 30 June 2017 and up to the date of approval of the financial statements.
3. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - An approval matrix for purchasing and authorisation of actual expenditure;
 - Guidelines for limits on personal expenses;
 - Counter-signing of claims by Heads of Departments and checking by accounts staff before payment;
 - Double signatures on all transactions over £20,000 by whichever means of payment;
 - Stock checks on vulnerable items on a regular basis;
 - On site security and limited access to vulnerable items
4. The Council's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College Officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports and by the Audit Committee.



Mrs T M James
Bursar

7 November 2017

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

RESPONSIBILITIES OF THE COLLEGE COUNCIL

FOR THE YEAR ENDED 30 JUNE 2017

Statement of Responsibilities of the College Council

The College Council 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) including FRS102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and "Statement of Recommended Practice: Accounting for Further and Higher Education".

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council 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 Council 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 Council 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 Council 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.



Mrs T M James

Bursar

7 November 2017

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF CHURCHILL COLLEGE

FOR THE YEAR ENDED 30 JUNE 2017

Opinion

We have audited the financial statements of Churchill College for the year ended 30 June 2017 which comprise the Statement of principal Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

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

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 annual report, other than the financial statements and our auditor's report thereon. The trustees 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.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF CHURCHILL COLLEGE

FOR THE YEAR ENDED 30 JUNE 2017

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 Trustees' annual report is inconsistent in any material respect with the financial statements;
- sufficient accounting records have not been kept;
- 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.

Responsibilities of trustees

As explained more fully in the Responsibilities of the Governing Body, set out in the Trustee's Report, the Governing Body are responsible for the preparation of financial statements which 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 is 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 Governing Body 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 the Charities Act 2011, s. 144 and report in accordance with regulations made under section 154 of that Act, in accordance with the College's Statutes and the Statutes of the University of Cambridge. 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.



Price Bailey LLP
Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date *20 December 2017*

Price Bailey LLP is eligible to act as an auditor in terms of the Companies Act 2006, s. 1212

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017

Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP) and with the Financial Reporting Standard FRS102.

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.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments [and certain operational properties] which is included at valuation.

Basis of Consolidation

The consolidated financial statements include the College and its wholly owned subsidiary undertakings:

- The Møller Centre for Continuing Education Limited, whose principal activity is the provision of facilities for residential training courses and day courses, and the delivery of executive education programmes.
- Churchill Conferences Limited, whose principal activity is the provision of residential and day conference facilities

The activities of Churchill Residences II Limited, which develops property on the College site on behalf of the College, have not been consolidated as its activities are too dissimilar to those of the College and will have an immaterial effect on consolidation. The College, through the Møller Centre for Continuing Education, has a minority interest in the Møller PSFG Cambridge Ltd.

Intra-group balances are eliminated on consolidation. The consolidated financial statements do not include the activities of student societies (as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no control).

Recognition of income

a. 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.

b. Grant Income

Grants received from non-government sources (including research grants 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.

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

c. Donations and Benefactions

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

c. Donations and Benefactions (continued)

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; and
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.

d. 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.

e. Total Return

The Endowment is invested on a Total Return basis. The total actual income and gains/losses in the year are taken to a reserve, from which the planned Endowment drawdown is released to the Income and Expenditure account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within reserves as set out in Note 18.

f. Other Income

Income is received from a range of activities including residences, catering conferences and other services rendered. Income is recognised in the period in which the related goods or services are delivered.

g. Cambridge Bursary Scheme

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 and the Isaac Newton Trust 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", although strictly speaking this was not a College transaction for this year.

The net payment of £117,547 is shown within the Consolidated Statement of Comprehensive Income and Expenditure for 2015/16 as follows:

Income (see note 1)	£185,382
Expenditure	£302,929

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)
FOR THE YEAR ENDED 30 JUNE 2017

Foreign Currency Translation

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

Tangible fixed assets

a. Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

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 buildings are depreciated on a straight line basis over their expected useful economic life of 60 years. Freehold land is not depreciated as it is considered to have an indefinite useful life.

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

b. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% to 20% per annum
Motor vehicles and general equipment	10% to 20% per annum
Computer equipment	10% to 33% per annum

c. Leased assets

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

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 1 August 2014 have not been capitalised since reliable estimates of cost or value are not available on a cost benefit basis, and also the volume of items and valuation issues mean that it is neither practical nor beneficial to identify and value them. Acquisitions since 1 August 2014 and valued at over £500k are capitalised and recognised in the Balance Sheet at the cost or, where the assets are donated, at valuation on receipt of these assets where such a cost or valuation is reasonably obtainable.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Expenditure which is required to preserve or prevent further deterioration of individual items within the heritage assets is recognised in the Income and Expenditure Account when it is incurred. Operational assets are those that the College uses in the course of meeting its charitable purposes of education, religion, learning, and research. Once an asset has been classified as an operational asset it is not reclassified as a heritage asset.

Investments

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

Stocks

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

Provisions

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

Taxation

The College is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Contribution under Statute G,II

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

Pension schemes

a) Universities Superannuation Scheme

The institution 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 institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "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 institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution 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

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

b) CCFPS

The College is also a member of the multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension scheme. The Churchill College section closed for accrual on 31 March 2007 when all active members were made deferred. The fund is valued every three years by a professionally qualified independent actuary. In the intervening years, the actuary reviews the progress of the scheme.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

CONSOLIDATED		2017			2016				
	Note	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
INCOME									
Academic fees and charges	1	3,396	207	-	3,603	3,047	434	-	3,481
Residence, catering and conferences	2	13,607	1	-	13,608	12,087	4	-	12,091
Endowment return transferred	3	2,051	785	(2,836)	-	1,924	783	(2,707)	-
Other investment income	3	29		1,907	1,936	41	-	1,940	1,981
Total income before donations and endowments		<u>19,083</u>	<u>993</u>	<u>(929)</u>	<u>19,147</u>	<u>17,099</u>	<u>1,221</u>	<u>(767)</u>	<u>17,553</u>
Donations		253	361	-	614	363	583	-	946
New endowments		-	417	10	427	-	592	110	702
Other capital grants for assets		-	282	-	282	-	1,994	-	1,994
Total income		<u>19,336</u>	<u>2,053</u>	<u>(919)</u>	<u>20,470</u>	<u>17,462</u>	<u>4,390</u>	<u>(657)</u>	<u>21,195</u>
EXPENDITURE									
Education	4	4,798	555	-	5,353	4,104	776	-	4,880
Residence, catering and conferences	5	13,744	6	-	13,750	12,573	8	-	12,581
Investment Management Costs	3	142	-	-	142	123	-	-	123
Other expenditure	6	670	591	-	1,261	718	537	-	1,255
Contribution under statute G,II		39	-	-	39	34	-	-	34
Total expenditure		<u>19,393</u>	<u>1,152</u>	<u>-</u>	<u>20,545</u>	<u>17,552</u>	<u>1,321</u>	<u>-</u>	<u>18,873</u>
(Deficit)/Surplus before other gains and losses		(57)	901	(919)	(75)	(90)	3,069	(657)	2,322
Gain on investments		6,228	965	5,150	12,343	(126)	(38)	458	294
(Deficit)/Surplus for the year		<u>6,171</u>	<u>1,866</u>	<u>4,231</u>	<u>12,268</u>	<u>(216)</u>	<u>3,031</u>	<u>(199)</u>	<u>2,616</u>
Other comprehensive Income									
Actuarial gain in respect of pension schemes	16	15	-	-	15	456	-	-	456
Share of Associate (loss)/gain	28	(4)	-	-	(4)	4	-	-	4
Total comprehensive income for the year		<u>6,182</u>	<u>1,866</u>	<u>4,231</u>	<u>12,279</u>	<u>244</u>	<u>3,031</u>	<u>(199)</u>	<u>3,076</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

COLLEGE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2017

COLLEGE		2017		2016
		Total		Total
		£'000		£'000
INCOME				
Academic fees and charges	Note 1	3,603	3,047	3,481
Residence, catering and conferences	2	6,648	6,226	6,230
Endowment return transferred	3	-	1,924	-
Other investment income	3	1,936	39	1,940
Total income before donations and endowments		12,187	11,236	11,690
Donations				
New endowments		640	389	972
Other capital grants for assets		427	-	702
		282	-	1,994
Total income		13,536	11,625	15,358
EXPENDITURE				
Education	4	5,353	4,104	4,880
Residence, catering and conferences	5	6,692	6,407	6,415
Investment Management Costs	3	142	123	123
Other expenditure	6	1,261	718	1,255
Contribution under statute G,II		39	34	34
Total expenditure		13,487	11,386	12,707
(Deficit)/Surplus before other gains and losses		49	239	2,651
Gains/(loss) on investments		5,150	(126)	458
Surplus (deficit) for the year		12,392	113	2,945
Other comprehensive Income				
Actuarial gain in respect of pension schemes	16	15	456	456
Total comprehensive income for the year		12,407	569	3,401

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED	Income and Expenditure Reserve			Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000	
Balance at 1 July 2016	107,298	16,651	28,617	152,566
Surplus from statement of comprehensive income and expenditure	6,171	1,866	4,231	12,268
Other Comprehensive Income	11	-	-	11
Release of Restricted Capital Funds Spent in the year	8,374	(8,374)	-	-
Balance at 30 June 2017	<u>121,854</u>	<u>10,143</u>	<u>32,848</u>	<u>164,845</u>

CONSOLIDATED	Income and Expenditure Reserve			Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000	
Balance at 1 July 2015	107,054	13,620	28,816	149,490
Surplus from statement of comprehensive income and expenditure	(216)	3,031	(199)	2,616
Other Comprehensive Income	460	-	-	460
Balance at 30 June 2016	<u>107,298</u>	<u>16,651</u>	<u>28,617</u>	<u>152,566</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 30 JUNE 2017

COLLEGE	Income and Expenditure Reserve			Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000	
Balance at 1 July 2016	104,255	16,651	28,617	149,523
Surplus from statement of comprehensive income and expenditure	6,295	1,866	4,231	12,392
Other Comprehensive Income	15	-	-	15
Release of Restricted Capital Funds Spent in the year	8,374	(8,374)	-	-
Balance at 30 June 2017	<u>118,939</u>	<u>10,143</u>	<u>32,848</u>	<u>161,930</u>

COLLEGE	Income and Expenditure Reserve			Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000	
Balance at 1 July 2015	103,686	13,620	28,816	146,122
Surplus from statement of comprehensive income and expenditure	113	3,031	(199)	2,945
Other Comprehensive Income	456	-	-	456
Balance at 30 June 2016	<u>104,255</u>	<u>16,651</u>	<u>28,617</u>	<u>149,523</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

CONSOLIDATED AND COLLEGE BALANCE SHEET

AS AT 30 JUNE 2017

	Note	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
FIXED ASSETS					
Tangible Assets	9	90,097	79,836	90,034	79,414
Investments	10	88,258	95,243	76,536	83,521
Investment in Associate	28	56	-	60	-
		<u>178,411</u>	<u>175,079</u>	<u>166,630</u>	<u>162,935</u>
CURRENT ASSETS					
Stock		556	530	517	495
Debtors	12	2,731	2,739	2,685	2,142
Cash	13	4,145	3,520	4,675	4,203
		<u>7,432</u>	<u>6,789</u>	<u>7,877</u>	<u>6,840</u>
Creditors: Amounts Falling Due Within One Year	14	(5,048)	(3,988)	(5,437)	(3,748)
NET CURRENT ASSETS		<u>2,384</u>	<u>2,801</u>	<u>2,440</u>	<u>3,092</u>
Creditors: Amounts Falling Due After One Year	15	(13,922)	(13,922)	(14,338)	(14,338)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>166,873</u>	<u>163,958</u>	<u>154,732</u>	<u>151,689</u>
Pension Liability	16	(2,028)	(2,028)	(2,166)	(2,166)
NET ASSETS INCLUDING PENSION LIABILITY		<u>164,845</u>	<u>161,930</u>	<u>152,566</u>	<u>149,523</u>
RESTRICTED RESERVES					
Income and Expenditure Reserves					
Endowment Reserve	17	32,848	32,848	28,617	28,617
Restricted Reserve	18	10,143	10,143	16,651	16,651
		<u>42,991</u>	<u>42,991</u>	<u>45,268</u>	<u>45,268</u>
UNRESTRICTED RESERVES					
Income and Expenditure Reserve					
Unrestricted		121,854	118,939	107,298	104,255
		<u>164,845</u>	<u>161,930</u>	<u>152,566</u>	<u>149,523</u>

The financial statements were approved by College Council on 7 November 2017 and signed on its behalf by:



Dame Athene Donald
Master



Mrs T M James
Bursar

The notes on pages 24 to 39 form part of these accounts.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED		2017	2016
	Note	£'000	£'000
Net Cash Inflow from Operating Activities	20	2,406	4,875
Cash Flows from Investing Activities	21	(1,920)	(4,591)
Cash Flows from Financing Activities	22	(1,016)	(1,605)
Decrease In Cash and Cash Equivalents in Year		(530)	(1,321)
Cash and Cash Equivalents at Beginning of Year		4,675	5,996
Cash and Cash Equivalents at End of Year		4,145	4,675

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 ACADEMIC FEES AND CHARGES

	2017 £'000	2016 £'000
College Fees:		
Fee income received at the Publicly-funded Undergraduate rate	1,757	1,789
Fee income received at the Privately-funded Undergraduate rate	492	543
Fee income received at the Graduate rate	814	634
	<u>3,063</u>	<u>2,966</u>
Other Income	540	515
	<u>3,603</u>	<u>3,481</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Accommodation	College Members	3,614	3,974	3,368	3,727
	Conferences	3,944	833	4,036	652
	International Programmes	2,299	263	1,328	296
Catering	College Members	762	762	731	731
	Conferences	2,604	695	2,300	645
	International Programmes	385	121	328	179
		<u>13,608</u>	<u>6,648</u>	<u>12,091</u>	<u>6,230</u>

3 ENDOWMENT RETURN AND INVESTMENT INCOME

	2017 £'000	2016 £'000
3a Analysis		
Total Return Contribution (see note 3b)	2,836	2,707
Quoted Securities	11	10
Interest	18	29
Less: Excess of Total Return over Investment Income Received	(929)	(767)
COLLEGE	<u>1,936</u>	<u>1,979</u>
Interest	-	2
CONSOLIDATED	<u>1,936</u>	<u>1,981</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

3b Summary of Total Return

	2017 £'000	2016 £'000
Income From:		
Land and Buildings	563	604
Quoted and Other Securities and Cash	1,344	1,336
	<u>1,907</u>	<u>1,940</u>
Gains/(Losses) on Endowment Assets		
Land and Buildings	-	(600)
Quoted and Other Securities	12,343	894
	<u>12,343</u>	<u>294</u>
Investment Management Costs (see note 3c)	(142)	(123)
Total Return for the Year	14,108	2,111
Total Return Transferred to Income and Expenditure Account (see note 3a)	(2,836)	(2,707)
Unapplied Total Return for Year Included within Statement of Comprehensive Income and Expenditure (see note 19)	<u>11,272</u>	<u>(596)</u>

3c Investment Management Costs

Quoted Securities	61	55
Land and Buildings	81	68
	<u>142</u>	<u>123</u>

4 EDUCATION EXPENDITURE

	College 2017 £'000	College 2016 £'000
Teaching	2,078	1,881
Tutorial	659	553
Admissions (Incl Access Grants)	965	916
Research	637	572
Scholarships and Awards	601	571
Other Educational Facilities	413	387
	<u>5,353</u>	<u>4,880</u>

5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE

		Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Accommodation	College Members	3,644	3,644	3,459	3,459
	Conferences	4,542	887	4,098	766
	International Programmes	1,383	280	1,192	348
Catering	College Members	1,401	1,401	1,369	1,369
	Conferences	2,566	409	1,958	370
	International Programmes	214	71	505	103
Total		<u>13,750</u>	<u>6,692</u>	<u>12,581</u>	<u>6,415</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

6 OTHER EXPENDITURE

	2017	2016
	£'000	£'000
Archives Centre	501	462
Bond & Loan Interest	599	617
Other	161	176
COLLEGE AND CONSOLIDATED	1,261	1,255

7a ANALYSIS OF 2016/17 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
CONSOLIDATED				
Education (Note 4)	2,944	2,033	376	5,353
Residences, Catering and Conferences (Note 5)	5,745	6,500	1,505	13,750
Other (Note 6)	442	819	-	1,261
	9,131	9,352	1,881	20,364
COLLEGE				
Education (Note 4)	2,944	2,033	376	5,353
Residences, Catering and Conferences (Note 5)	2,858	2,356	1,479	6,693
Other (Note 6)	442	819	-	1,261
	6,244	5,208	1,855	13,307

Expenditure includes fundraising costs of £291k. This expenditure includes the cost of the alumni office.

7b ANALYSIS OF 2015/16 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
CONSOLIDATED				
Education (Note 4)	2,606	1,939	335	4,880
Residences, Catering and Conferences (Note 5)	5,495	5,131	1,955	12,581
Other (Note 6)	438	817	-	1,255
	8,539	7,887	2,290	18,716
COLLEGE				
Education (Note 4)	2,606	1,939	335	4,880
Residences, Catering and Conferences (Note 5)	2,695	2,380	1,341	6,416
Other (Note 6)	438	817	-	1,255
	5,739	5,136	1,676	12,551

Expenditure includes fundraising costs of £278k. This expenditure includes the cost of the alumni office.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

7c Auditors Remuneration

	2017 £'000	2016 £'000
Other Operating Costs include:		
Audit Fees payable to College's External Auditors	14	12
Audit Fees payable to Subsidiaries' External Auditors	8	7
Other Fees payable to Subsidiaries' External Auditors	1	1
	<u>23</u>	<u>20</u>

8 STAFF COSTS

	Academic 2017 £'000	Academic Related 2017 £'000	Non - Academic 2017 £'000	Total 2017 £'000	Total 2016 £'000
CONSOLIDATED					
Staff Costs:					
Emoluments	1,421	876	5,521	7,818	7,373
Social Security Costs	75	76	461	612	561
Other Pension Costs	192	96	413	701	605
	<u>1,688</u>	<u>1,048</u>	<u>6,395</u>	<u>9,131</u>	<u>8,539</u>

There were 108 fellows with voting rights on the Governing Body at 30 June 2017. The remuneration of all fellows has been included in the figures above.

	2017 Number	2016 Number
Average Staff Numbers (Full time equivalents)		
Academic	30	26
Academic Related	26	28
Non-Academics	208	200
	<u>264</u>	<u>254</u>

The number of staff employed by subsidiary companies who received emoluments in the following ranges was:

	2017	2016
£110,000 - £119,999	Nil	1
£100,000 - £109,999	<u>1</u>	<u>Nil</u>

No officer or employee of the College received emoluments over £100,000.

During the year emoluments paid to trustees in their capacity as Council members was:

	Total 2017 £'000	Total 2016 £'000
Aggregate Emoluments	<u>240</u>	<u>219</u>

The key management personnel are the Master, the Vice-Master, Bursar, the Senior Tutor and the Tutor for Advanced Students. They have authority and responsibility for planning, directing and controlling the activities of the College. The aggregate emoluments for the key management personnel are included in the figures above.

Employers pension contributions paid in respect of key management personnel in the year were £28k (2016: £23k).

No emoluments were paid to trustees in their capacity as trustees of the College.

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

8 STAFF COSTS (CONT)

COLLEGE	Academic 2017 £'000	Academic Related 2017 £'000	Non - Academic 2017 £'000	Total 2017 £'000	Total 2016 £'000
Staff Costs:					
Emoluments	1,421	876	2,974	5,271	4,915
Social Security Costs	75	76	223	374	324
Other Pension Costs	192	96	311	599	500
	<u>1,688</u>	<u>1,048</u>	<u>3,508</u>	<u>6,244</u>	<u>5,739</u>

9 FIXED ASSETS

a Tangible Assets - Consolidated

	College Site Flats & Buildings £'000	Assets In Construction £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Møller Centre £'000	Total £'000
COST/VALUATION						
At 1 July 2016	67,951	10,298	7,570	6,504	21,594	113,917
Additions	1,251	731	3	531	25	2,541
Disposals	-	-	-	(137)	-	(137)
Transfers	10,731	(10,731)	-	-	-	-
Cost at 30 June 2017	<u>79,933</u>	<u>298</u>	<u>7,573</u>	<u>6,898</u>	<u>21,619</u>	<u>116,321</u>
DEPRECIATION						
At 1 July 2016	14,226	-	1,578	4,036	4,043	23,883
Provided for the year	1,331	-	126	535	486	2,478
Eliminated on Disposal	-	-	-	(137)	-	(137)
Depreciation at 30 June 2017	<u>15,557</u>	<u>-</u>	<u>1,704</u>	<u>4,434</u>	<u>4,529</u>	<u>26,224</u>
NET BOOK VALUE						
At 30 June 2017	<u>64,376</u>	<u>298</u>	<u>5,869</u>	<u>2,464</u>	<u>17,090</u>	<u>90,097</u>
At 30 June 2016	<u>53,725</u>	<u>10,298</u>	<u>5,992</u>	<u>2,468</u>	<u>17,551</u>	<u>90,034</u>

The Insured Value of Freehold Land and Buildings as at 30 June 2017 was £110,691k (2016: £95,776k).

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

9a Tangible Assets - College

	College Site Flats & Buildings £'000	Assets in Construction £'000	College Hostels & Houses £'000	Fixtures Fittings Equipment £'000	Møller Centre £'000	Total £'000
COST/VALUATION						
At 1 July 2016	67,951	10,298	7,570	2,419	11,105	99,343
Additions	1,251	731	3	292	-	2,277
Disposals	-	-	-	(71)	-	(71)
Transfers	10,731	(10,731)	-	-	-	-
Cost at 30 June 2017	<u>79,933</u>	<u>298</u>	<u>7,573</u>	<u>2,640</u>	<u>11,105</u>	<u>101,549</u>
DEPRECIATION						
At 1 July 2016	14,226	-	1,578	1,534	2,591	19,929
Provided for the year	1,331	-	126	213	185	1,855
Eliminated on Disposal	-	-	-	(71)	-	(71)
Depreciation at 30 June 2017	<u>15,557</u>	<u>-</u>	<u>1,704</u>	<u>1,676</u>	<u>2,776</u>	<u>21,713</u>
NET BOOK VALUE						
At 30 June 2017	<u>64,376</u>	<u>298</u>	<u>5,869</u>	<u>964</u>	<u>8,329</u>	<u>79,836</u>
At 30 June 2016	<u>53,725</u>	<u>10,298</u>	<u>5,992</u>	<u>885</u>	<u>8,514</u>	<u>79,414</u>

9b 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 August 2014 have been capitalised. However, as none have been acquired since this date the value of capitalised heritage assets is £Nil.

10 INVESTMENT ASSETS

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Balance at 1 July 2016	76,536	83,521	81,586	88,571
Additions	6,922	6,922	3,249	3,249
Disposals	(7,225)	(7,225)	(5,997)	(5,997)
Gain on Investment Valuation	12,343	12,343	294	294
(Decrease) in Cash Balances at Fund Managers	(318)	(318)	(2,596)	(2,596)
Balance as at 30 June 2017	<u>88,258</u>	<u>95,243</u>	<u>76,536</u>	<u>83,521</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

10 INVESTMENT ASSETS (CONT)

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Represented by:				
Property	9,400	9,400	8,145	8,145
Quoted Securities - Equities	75,452	75,452	67,785	67,785
Investment in Subsidiary Undertakings	15	7,000	15	7,000
Cash Held For Reinvestment	3,391	3,391	591	591
	88,258	95,243	76,536	83,521

11 STOCKS

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Fellows Wine Cellar	498	498	464	464
Other Stocks	58	32	53	31
	556	530	517	495

12 TRADE AND OTHER RECEIVABLES

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Trade Debtors	1,081	377	1,023	139
Members of the College	945	945	846	846
Amounts due from Subsidiary Undertakings	-	785	-	586
Prepayments and Accrued Income	127	54	155	49
Other	553	553	631	492
Debtors due in greater than one year	25	25	30	30
	2,731	2,739	2,685	2,142

13 CASH AND CASH EQUIVALENTS

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Bank Deposits	2,513	2,512	4,028	4,028
Current Accounts and in Hand	1,632	1,008	647	175
	4,145	3,520	4,675	4,203

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

**14 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Trade Creditors	918	670	1,146	725
Members of the College	1,036	1,036	947	947
Amounts due to Subsidiary Companies	-	1	-	1
University Fees	60	60	64	64
Contribution to Colleges Fund	35	35	34	34
Bank Loans	434	434	418	418
Social Security and other Taxation payable	404	300	393	272
Other	2,161	1,452	2,435	1,287
	5,048	3,988	5,437	3,748

**15 CREDITORS: AMOUNTS FALLING DUE
AFTER ONE YEAR**

	Consolidated 2017 £'000	College 2017 £'000	Consolidated 2016 £'000	College 2016 £'000
Bank Loans	2,580	2,580	2,331	2,331
Other Creditors	342	342	325	325
Amounts due within 1 to 5 years	2,922	2,922	2,656	2,656
Amounts payable wholly or partly after 5 years				
College Bond	11,000	11,000	11,000	11,000
Bank Loans	-	-	682	682
Total	13,922	13,922	14,338	14,338

The College has a loan with Lloyds Bank with a year end balance of £935k (2016: £1,084k). Interest was charged at 5.42%. The final repayment is due in August 2022.

The College also has a loan with Unity Trust with a year end balance of £2,079k (2016: £2,347k). The final repayment is due in June 2019. Interest is charged at 1.5% above base rate with a minimum rate of 2.5%.

During 2013/14 the College issued a long term bond of £11m. Tranche 1 is for £6,360k and interest is charged at 4.40%. Tranche 2 is for £4,640k and interest is charged at 4.45%. £3,533k is due for repayment in October 2043, £4,640k is due for repayment in January 2044 and the remaining £2,827k is to be repaid in October 2053.

16 PENSION PROVISIONS

CONSOLIDATED/COLLEGE	USS 2017 £'000	CCFPS 2017 £'000	Total 2017 £'000	Total 2016 £'000
Balance at 1 July 2016	(538)	(1,628)	(2,166)	(2,775)
Movement in the year:				
Contributions paid by the College	-	229	229	229
Finance cost	(44)	(62)	(106)	(76)
Actuarial Gain Recognised in Statement of Comprehensive Income and Expenditure	-	15	15	456
Balance as at 30 June 2017	(582)	(1,446)	(2,028)	(2,166)

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

17 ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

CONSOLIDATED/COLLEGE	Restricted Permanent £'000	Unrestricted Permanent £'000	Total 2017 £'000	Total 2016 £'000
Balance at 1 July 2016	14,451	14,166	28,617	28,816
New Endowments Received	10	-	10	110
Capital withdrawn	-	(929)	(929)	(767)
	<u>10</u>	<u>(929)</u>	<u>(919)</u>	<u>(657)</u>
Increase in Market Value of Investments	2,133	2,088	4,221	(309)
Plus: Capital withdrawn to Income	-	929	929	767
	<u>2,133</u>	<u>3,017</u>	<u>5,150</u>	<u>458</u>
Balance as at 30 June 2017	<u>16,594</u>	<u>16,254</u>	<u>32,848</u>	<u>28,617</u>

Analysis by Fund

	Restricted Permanent £'000	Unrestricted Permanent £'000	Total 2017 £'000	Total 2016 £'000
Archives	9,192	-	9,192	8,011
Bursary	364	-	364	309
Endowment	74	-	74	64
Fellowship	465	-	465	406
JRF	2,395	-	2,395	2,087
Library	265	-	265	231
Other	5	-	5	4
Prize	44	-	44	38
Studentship/Scholarship	3,691	-	3,691	3,215
Travel Funds	99	-	99	86
Corporate Capital	-	16,254	16,254	14,166
	<u>16,594</u>	<u>16,254</u>	<u>32,848</u>	<u>28,617</u>

Analysis by Asset

Investments	16,594	16,254	32,848	28,617
	<u>16,594</u>	<u>16,254</u>	<u>32,848</u>	<u>28,617</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

18 RESTRICTED RESERVES

Reserves with restrictions are as follows:

CONSOLIDATED/COLLEGE	Capital Grants Unspent £'000	Permanent Unspent & Other Restricted Income £'000	Restricted Expendable Endowment £'000	Total 2017 £'000	Total 2016 £'000
Balance at 1 July 2016					
Capital	6,091	-	6,666	12,757	10,127
Accumulated Income	-	3,894	-	3,894	3,493
	<u>6,091</u>	<u>3,894</u>	<u>6,666</u>	<u>16,651</u>	<u>13,620</u>
New Grants Received	-	-	208	208	438
New Endowments Received	282	361	417	1,060	3,169
Endowment Return Transferred	-	542	243	785	782
Expenditure	-	(546)	(606)	(1,152)	(1,320)
Capital Grants Utilised	(6,368)	-	(2,006)	(8,374)	-
Increase in Market Value of Investments	-	574	391	965	(38)
Balance as at 30 June 2017	<u>5</u>	<u>4,825</u>	<u>5,313</u>	<u>10,143</u>	<u>16,651</u>
Balance as at 30 June 2017					
Capital	5	-	5,313	5,318	12,757
Accumulated Income	-	4,825	-	4,825	3,894
CONSOLIDATED/COLLEGE	<u>5</u>	<u>4,825</u>	<u>5,313</u>	<u>10,143</u>	<u>16,651</u>

Analysis by Type of Purpose	Capital Grants Unspent £'000	Unspent & Other Restricted Income £'000	Restricted Expendable Endowment £'000	Total 2017 £'000	Total 2016 £'000
Archives	-	1,036	347	1,383	1,219
Building	5	38	134	177	8,292
Bursary	-	599	968	1,567	1,071
Development Office	-	125	191	316	293
Endowment	-	24	184	208	181
Fellowship	-	546	1,289	1,835	1,560
JRF	-	681	113	794	704
Library	-	42	6	48	44
Other	-	102	1,666	1,768	1,582
Prize	-	70	83	153	105
Research Funds	-	28	22	50	29
Studentship/Scholarship	-	1,509	289	1,798	1,517
Travel Funds	-	25	21	46	54
	<u>5</u>	<u>4,825</u>	<u>5,313</u>	<u>10,143</u>	<u>16,651</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

19 MEMORANDUM OF UNAPPLIED TOTAL RETURN

Included within reserves the following amounts represent the Unapplied Total Return of the College:

	2017	2016
	£'000	£'000
Unapplied Total Return at 1 July 2016	42,312	42,908
Unapplied Total Return for the Year (see note 3b)	11,272	(596)
Unapplied Total Return at 30 June 2017	53,584	42,312

20 RECONCILIATION OF CONSOLIDATED SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017	2016
	£'000	£'000
Surplus for the Year	12,268	2,616
Adjustment for Non-cash Items		
Depreciation	2,478	2,290
Investment Income	(1,936)	(1,981)
Gain on Endowments, Donations and Investment Property	(12,343)	(294)
Increase/(Decrease) in Stocks	(39)	6
Increase in Debtors	(46)	(515)
Decrease in Creditors	(388)	308
Pension Costs	(123)	(153)
Adjustment for Investing or financing activities		
Investment Income	1,936	1,981
Interest Payable	599	617
Net Cash Inflow from Operating Activities	2,406	4,875

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2017	2016
	£'000	£'000
Payments to Acquire Non-current Assets	(2,541)	(9,936)
Purchase of Investment Assets	(7,225)	(6,288)
Sale of Investment Assets	7,846	11,633
Net Cash Outflow from Capital Expenditure and Financial Investment	(1,920)	(4,591)

22 CASH FLOWS FROM FINANCING ACTIVITIES

	2017	2016
	£'000	£'000
Repayment of Amounts Borrowed	(417)	(988)
Interest Payable	(599)	(617)
Total cash flows from financing activities	(1,016)	(1,605)

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

At Beginning of Year £'000	Cash Flows £'000	At End of Year £'000
Cash at Bank and in Hand	(530)	4,145
Net Funds	<u>(530)</u>	<u>4,145</u>

24 CAPITAL COMMITMENTS

2017
£'000

2016
£'000

Capital Commitments at 30 June 2017 are as follows:

CONSOLIDATED

Authorised and Contracted

1,142 1,934

COLLEGE

Authorised and Contracted

742 1,534

25 PENSION SCHEMES

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS).

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the 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 institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution 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.

FRS 102 makes the distinction between a group plan and a multi-employer 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 Universities Superannuation Scheme. 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 in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by Universities Superannuation Scheme 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.

The total cost charged to the profit and loss account is £350,178 (2016: £292,432).

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.

25 PENSION SCHEMES (CONT)

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 inflation (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	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

Existing benefits

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

Cambridge Colleges Federated Pension Scheme

The College also operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme. This College section closed for all accrual on 31 March 2007 when all active members were made deferred.

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.

25 PENSION SCHEMES (CONT)

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

	30/06/17 % pa	30/06/16 % pa
Discount rate	2.60%	2.80%
Retail Price Index (RPI) assumption	3.35%	2.90%
Consumer Price Index (CPI)	2.35%	1.90%
Pension Increases (RPI max 5% pa)	3.25%	2.70%

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% pa. (2016: SS2PA with CMI 2015 future improvement factors and a long-term future improvement rate of 1% pa). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.1 years (2016: 21.9 years)
- Female age 65 now has a life expectancy of 23.9 years (2016: 23.9 years)
- Male age 45 now and retiring in 20 years has a life expectancy of 23.5 years (2016: 23.2 years)
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (2016: 25.4 years)

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2017 are as follows:

	2017 £'000	2016 £'000
Present value of scheme liabilities	(9,547)	(8,939)
Market value of scheme assets	8,101	7,311
Deficit in the Scheme	<u>(1,446)</u>	<u>(1,628)</u>

The following amounts have been recognised within the income and expenditure account:

	2017 £'000	2016 £'000
Administrative expenses	16	23
Interest on net defined benefit liability	46	82
	<u>62</u>	<u>105</u>

Changes in the present value of the scheme liabilities are as follows:

	2017 £'000	2016 £'000
Present value of scheme liabilities at beginning of period	8,938	8,571
Interest cost	245	311
Actuarial (losses)/gains	759	409
Benefits paid	(396)	(353)
Present value of scheme liabilities at end of period	<u>9,546</u>	<u>8,938</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

25 PENSION SCHEMES (CONT)

Changes in the fair value scheme assets are as follows:

	2017 £'000	2016 £'000
Market value of scheme assets at beginning of period	7,312	6,364
Return on assets, less interest included in income and expenditure	782	866
Administrative expenses	(24)	(23)
Contributions by employer	229	229
Interest on plan assets	199	229
Benefits and expenses paid	(396)	(353)
Market value of scheme assets at end of period	<u>8,102</u>	<u>7,312</u>
Actual return on plan assets	<u>981</u>	<u>1,095</u>

The major categories of scheme assets as a percentage of total scheme assets are as follow:

	2017	2016
Equities and Hedge Funds	67%	59%
Bonds and Cash	27%	35%
Property	6%	6%
	<u>100%</u>	<u>100%</u>

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ended 30 June 2017 is as follows:

	2017 £'000	2016 £'000
Actual return less expected return on plan assets	782	866
Expected less actual plan expenses	(8)	-
Experience gains and losses arising on plan liabilities	81	191
Changes in assumptions underlying the present value of plan liabilities	(840)	(600)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>15</u>	<u>457</u>

Movement in surplus/(deficit) during the years are as follows:

	2017 £'000	2016 £'000
Deficit in scheme at beginning of year	(1,628)	(2,208)
Contributions paid by the College	229	229
Recognised in income and expenditure	(62)	(105)
Actuarial gain/(loss)	15	456
Surplus/(deficit) in plan at the end of the year	<u>(1,446)</u>	<u>(1,628)</u>

26 INVESTMENT PROPERTY LEASES

The College owns a number of commercial properties, the income from which is included in investment income (note 3).

	2017 £'000	2016 £'000
Rental income due to the College within one year	<u>580</u>	<u>481</u>

CHURCHILL COLLEGE IN THE UNIVERSITY OF CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2017

27 RELATED PARTY TRANSACTIONS

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

28 GROUP STRUCTURE

The College has 3 fully owned subsidiaries which are incorporated in the UK:

The Møller Centre for Continuing Education Ltd	- Residential and Day Conferences
Churchill Conferences Ltd	- Residential and Day Conferences
Churchill Residences II Ltd	- Residential Construction

The activities of the Møller Centre for Continuing Education Ltd and Churchill Conferences Ltd have been consolidated with those of the College. The activities of Churchill Residences II Ltd are too dissimilar from those of the College to allow them to be consolidated with those of the College.

The Møller Centre for Continuing Education Ltd owns 26% of the shares of Møller PSFG Cambridge Ltd. Møller PSFG Cambridge Ltd is therefore an associate of Churchill College in the University of Cambridge. The College's share of the net profit and balance sheet are included within the consolidated accounts. The College's share of the income and expenditure and assets of Møller PSFG Cambridge Ltd are as follows:

	2017 £'000	2016 £'000
Turnover		
The Møller Centre for Continuing Education Ltd	6,459	6,211
Churchill Conferences Ltd	984	843
Churchill Residences II Ltd	717	7,882
Net Assets		
The Møller Centre for Continuing Education Ltd	6,981	6,998
Churchill Conferences Ltd	7	5
Churchill Residences II Ltd	1	-
College share of Møller PSFG Cambridge Ltd	2017 £'000	2016 £'000
Turnover	791	962
Profit before tax	(4)	5
Taxation	-	(1)
Profit after tax	(4)	4
Fixed assets	1	1
Current Assets	170	275
Liabilities due within one year	(115)	(216)
	56	60

The Møller Centre owed Møller PSFG Cambridge £19k at the year end (2016: £9k).