



MAGDALENE COLLEGE
CAMBRIDGE

REPORTS AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2017

MAGDALENE COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2017

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MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP
YEAR ENDED 30 JUNE 2017

FELLOWSHIP

Governing Body (Trustees of the charity)

Lord R Williams, PC, DD (Hon), DCL, FBA
Professor M A Carpenter, ScD
Professor H A Chase, ScD, FEng
J R Patterson, MA, PhD
M E J Hughes, MA, PhD
Professor T Spencer, MA, PhD
B J Burchell, MA and PhD (Warwick)
S Martin, MA, PhD
K Patel, MA, MSc and PhD (Essex)
Professor T N Harper, MA, PhD
N G Jones, MA, LLM, PhD
Professor H Babinsky, MA and PhD (Cranfield)
Professor P Dupree, MA, PhD
S K F Stoddart, MA, PhD
M Hughes, MB, BChir, PhD (until 30 September 2016)
T A Coombs, MA, PhD
H Azérad, MA, PhD
A L Hadida, MA, PhD
C S Watkins, MA, MPhil, PhD
A L Du Bois-Pedain, MJur (Oxon)
S C Mentchen, MA
S J Morris, BA (Newcastle), FCA, IPFA
R M Burnstein, MB, BS, PhD
G P Pearce, MA, PhD
C Brassett, MB, BChir, MChir, FRCS
M J Waithe, MA (Leeds), PhD
C D Lloyd, MA (Kent)
R L Roebuck, BA, MEng, PhD
A K Bennison, BA, PhD (London)
L C Skinner, BSc, MPhil, PhD
E So, MEng, PhD, CEng
A J W Thom, MA, MSci, PhD
W T Khaled, MA, PhD
A Ercole, BA, MA, PhD, PG Dipl, MB BChir, FRCA
A Spectre, PhD (Hong Kong)
Professor K Munshi, (until 31 May 2017)
T Euser, PhD, MSc (Twente)
J M Munns, MA (Durham), MPhil (Bristol), PhD, FRSA
Rev N Widdows, MEng (Oxon), CA, MA (Bristol)
E J Howell, LLB, LLM, DPhil
S A Bacallado, PhD, (from 1 August 2016)
Professor S Dubow, BA (Hons) DPhil (Oxon) (from 1 January 2017)
S J Eglen, DPhil (from 1 April 2017)

Emeritus Fellows

Professor P J Grubb, ScD
R Hyam, LittD
J B Dwight, MA, MSc (deceased 18 November 2016)
P E Reynolds, ScD
J E Field, OBE, PhD, FRS
His Honour C F Kolbert, MA, PhD
Professor N Boyle, LittD, FBA

MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP (*continued*)
YEAR ENDED 30 JUNE 2017

Emeritus Fellows continued

R J S Spence, MA, PhD
R Luckett, MA, PhD
Professor E Duffy, DD, FBA
Professor N Rushton, MD
Professor H A Chase, ScD, FEng (from 17 November 2016)

Research Fellows

P M Steele, BA, MPhil, PhD
H Brink-Roby, MA, MPhil (until 30 September 2016)
J R D G Landel, MSc, MEng, PhD (until 30 September 2016)
H O Malone, M Phil, PhD (until 30 September 2017)
J J Sbierski, MAST, PhD
Y Wan BA, MMath (until 30 September 2017)
F J Beltrán Tapia, MA, DPhil (Oxon) (until 14 August 2017)
S Caddy, PhD
M Haeussler, BA (London), MPhil
C L Evans, MA (Harvard) (until 30 September 2017)
F Exeler, PhD (Princeton), MA (Princeton), MA (Humboldt) (from 1 October 2016)
J Hone, MA (Exon), MA, DPhil (Oxon) (from 1 October 2016)
R L Z Hoye, BE(Hons), PhD (Cantab) (from 1 October 2016)

Senior Research Fellows

J D Coull, MA, MEng, PhD
G W Atkins, MPhil, PhD (until 30 September 2017)
C N Spottiswood, BSc, PhD
Professor J R Raven, MA, PhD
A Bartok-Partay, MSc, PhD (until 30 September 2016)
C Vial, PhD (until 31 March 2017)
B Seymour, BSc, MB, PhD
M Ubiali, PhD (Edinburgh)
A P Coutts, BSc, MSc, PhD (from 18 February 2017)

Life Fellows

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

Bye-Fellows

A N Neumann, PhD
A Kellerer, PhD (Paris) (until 21 January 2017)
A V Corr, BA, MA, MPhil, PhD (Paris) (until 30 September 2016)
P Baillie-Johnson, BA (until 30 September 2016)
L Foxcroft, BA, MPhil, PhD (until 30 September 2017)

MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP (*continued*)
YEAR ENDED 30 JUNE 2017

Bye-Fellows continued

A P Coutts, BSc, MSc, PhD (until 17 February 2017)
N A Miller, MA, PhD (from 1 October 2016 until 30 September 2017)
B S P Hinson (from 1 October 2016 until 1 May 2017)
I Georgakopoulos-Soares (from 1 October 2016 until 30 September 2017)

Visiting Fellows

Professor R Foster (until 30 September 2016)
I Baudino, PhD (until 16 December 2016)
Professor F McGuinness (for 2016/17 academic year)
Professor G Shen (for two months within the 2016/17 academic year)
J Wiseman (for two months within the 2016/17 academic year)
P Hughes (for 2016/17 academic year)

Honorary Fellows

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

Fellow-Commoners

T G M Keall, MA
R L Skelton, MA
A I J Fitzsimons, Diplômée de l'ISIT (Paris)
J J Hellyer Jones, MA, FRCO
B Fried, MBA (Pennsylvania)
N Raymont, BSc (Econ), FCA
M R W Rands, BSc, DPhil

MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP (*continued*)
YEAR ENDED 30 JUNE 2017

Fellow-Commoners continued

P J Marsh, MPhil, Honorary PhD (University of Central England)
R V Chartener, AB (Princeton), MPhil, MBA (Harvard)
C H Foord, MAAT, Assoc CIPD
A Ritchie QC, MA
C V S Pike, MA, MSci, PhD
G H Walker, MA, LRAM, PGDip(RAM) (from 1 October 2016)
H Critchlow, PhD (from 1 April 2017)
C Skott, PhD (from 1 April 2017)

MAGDALENE COLLEGE, CAMBRIDGE
PRINCIPAL OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 JUNE 2017

Officers

Master:	Lord Rowan Williams, PC, DD (Hon), DCL, FBA
President:	Dr M E Jane Hughes, MA, PhD
Senior Tutor:	Dr Stuart Martin, MA, PhD
Senior Bursar:	Mr Steven Morris, BA (Newcastle), FCA, IPFA
Development Director:	Mrs Corinne Lloyd, MA (Kent)

Professional Advisers

Auditors:	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA
Bankers:	Barclays Bank plc 9-11 St Andrew's Street Cambridge CB2 3AA
Property Managers: (Commercial)	Cheffins Commercial Clifton House 1-2 Clifton Road Cambridge CB1 7EA
Property Managers: (Agricultural)	Savills Olympic House Doddington Road Lincoln LN6 3SE
Securities Managers:	Stanhope Capital LLP (until 30 June 2017) 35 Portman Square London W1H 6LP Baillie Gifford & Co (from 1 July 2017) Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Solicitors:	Ashtons Legal Chequers House 77-81 Newmarket Road Cambridge CB5 8EU

MAGDALENE COLLEGE, CAMBRIDGE

REPORT OF THE GOVERNING BODY

YEAR ENDED 30 JUNE 2017

The Governing Body of Magdalene College presents its Reports and Accounts for the year ended 30 June 2017.

STATUS

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

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

AIMS AND OBJECTIVES

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

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

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

GOVERNANCE

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

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

The principal committees of the Governing Body include the:

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

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2017

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

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

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

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

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

PROGRESS MADE DURING THE YEAR

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

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

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

The College continues to make sustained progress with its plan for a new library, and together with its design team obtained planning consent from the local authority. Following this the fundraising phase of the project was launched during Easter 2017.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2017

FINANCIAL REVIEW

Scope of Financial Statements

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

Sources of Funding

The principal sources of income of the College are:

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

Results for the Year

The financial results for the year are given as follows:

	2017 £000	2016 £000	% Change
Total Income	12,340	11,242	+9.8%
Total Expenditure	(10,562)	(10,351)	+2.0%
Surplus before investment gains or changes to pension schemes	1,778	891	+99.6%
Gains on investments	8,003	216	
Actuarial gains on pensions	(178)	252	
Total Comprehensive Income	9,603	1,359	606.6%

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

Income

Overall income (before investment gains and actuarial pension changes) increased by 9.8% when compared to 2015-16. This was due to higher conference revenues, an increase in academic fee income, and an increase in donations following the successful launch of 'Future Foundations, The Campaign for Magdalene' which was formally launched during the year.

Income from academic fees (including research income and Cambridge Bursary income) increased to £2,919k (+3% when compared to 2015-16). Higher tuition fees were derived from more undergraduate and graduate students and within this more unregulated fee students, although this was partially offset by a reduction in research activity and lower Cambridge Bursary income.

Income from College-provided accommodation and catering was £4,063k (£3,894k for 2015-16), or 4.3% higher than last year, with conference revenues increasing by 10.8% year on year. There was a modest increase in member income of 1.5% again with slightly more room rental and catering activity.

Investment income increased by 3.3% to £2,622k (£2,539k previous year), mainly from the increased drawdown relating to total return in the Statement of Comprehensive Income and Expenditure. Rental income from the commercial estate was stable following the completion of the major refurbishment of Quayside during the year.

Total donation related income was £2,514k against £1,737k in 2015-16.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2017

Expenditure

Expenditure on Education has increased by 3.5% to £4,335k (£4,189k previous year), which compares to £2,919k received (£2,834k previous year) directly from academic fees and research income, providing a deficit on educational activity of £1,416k. Education accounts for 41.09% (previous year 40.5%) of total expenditure.

Expenditure on College-provided accommodation and catering increased to £4,987k (£4,956k previous year) or by a modest +0.6%, there being more conference and catering activity in 2016-17 but less building maintenance.

Staffing costs increased in the year by 5.2%, amounting to £4,312k (£4,099k previous year) or 40.8% of total costs (39.6% previous year). Costs increased following a general pay award as well as increased activity in catering and conferencing, and a further investment in staffing for fundraising. Some additional costs were incurred due to a higher than usual discretionary bonus payment in the year.

The Governing Body remains concerned about the long term costs of providing defined benefit pensions, and whilst it has taken steps to try to limit future liabilities by ceasing to offer a defined benefit scheme to new non-academic staff, many current employees participate in a defined benefit salary scheme. The College has experienced an increase to its FRS 102 pension deficit for the Cambridge Colleges Federated Scheme and the Church of England Funded Pensions Scheme of £187k and £23k respectively although its share of the USS deficit slightly decreased to £490k from £534k during the year. The overall deficit of £2,592k is symbolic of the long-term costs of providing final salary pensions.

Other operating costs actually marginally decreased to £4,922k (£4,940k previous year), as increased expenditure on Education was offset against tight control of costs on conference and college catering operations, despite increased activity. The reduction was due to lower commercial office refurbishment costs at Quayside, which were incurred in 2015-16 and less expenditure on maintenance of the College estate. Additional costs were incurred in support of the increased fundraising effort associated with the launch of the major campaign.

Depreciation costs for operational buildings remained similar to 2015-16 at £1,213k (£1,205k previous year).

College net assets increased by £9.5m to £159.3m from £149.8m in 2015-16. Both significant investment in refurbishing the Quayside offices and an improvement in market conditions for commercial projects resulted in an increase in investment property values of £5.6m to £40.1m. The securities portfolio was liquidated over the year end, in preparation for the change of fund manager, and the buoyant finance market resulted in gains of £4m over the year. At the year end cash held for reinvestment was high and amounted to £25.1m (£1.3m 2015-16), and this was invested with the new fund manager shortly after the year end.

Capital Expenditure and Maintenance

The College's operational assets, the largest asset class of the College, remain a financial pressure for the College. Capital expenditure for the year amounted to £0.3m. The College commissions a rolling five-year condition survey of its operational estate which informs its forward looking five-year maintenance plan. The maintenance programme is designed to maintain and improve the estate and additional resources have been allocated to it in recent years, recognising the need to increase investment in the long-term maintenance of its operational estate.

Investment Policy and Performance

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

The College holds a securities portfolio (£30m in 2016-17, £26.7m previous year) managed until 30 June 2017, by Stanhope Capital, under a discretionary mandate with the objective to maximise total return. The College also has direct

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2017

property and agricultural land holdings (£40.1m in 2016-17). The direct property, which is managed by Cheffins, is held as a long-term strategic asset, with the policy of maximising yield, whilst the agricultural land is managed by Savills.

The Investments Committee agreed to continue with a total return policy with a 3.75% spending rule which resulted in a larger drawdown from capital of £948k (£882k in 2015-16). The Investment Committee was advised by Cambridge Associates in its services of Stanhope Capital, and it subsequently conducted a search for alternative managers, and the Governing Body approved a move to Baillie Gifford, with effect from 1 July 2017.

College investment assets grew to £73.3m (£62.2m previous). The securities portfolio returned +15.45% to June 2017, which outperformed the blended benchmark (which is based upon portfolio weightings in different asset classes) which returned +13.48%. The direct property portfolio returned +15.7%, which outperformed the industry IPD, which returned +4.6%, for the year and also over the past five years (12.0% for the College against an IPD of 9.5%). The improved performance over the past twelve months reflects a more positive sentiment after the short-lived shock caused by the EU Referendum and the College's decision to invest heavily in its commercial office space. Local property markets remain strong, with supply limited for good quality assets.

Donations and Fundraising

Magdalene's primary fundraising efforts are directed at raising monies through major donations as well as by regular giving, to add to the College's endowment. Key objectives for the College include teaching, research and student support. In the short-term, a new College Library is also planned, which will provide exceptional learning resources for the students. During the year an ambitious fundraising campaign was launched to raise £25m over a five year period. The central themes being student bursaries; the new College Library; the restoration of the Pepys Library; and an improvement of the fabric of the College Estate.

The ongoing support of our Members, friends and the Fellowship is particularly welcome and appreciated during these trying economic times. Over the course of 2016-17, donations to the College totalled £2.5m, an increase from last year's figure of £1.7m, and for which the College is immensely grateful. The costs of fundraising efforts were £252k compared with £187k for 2015-16.

The Colleges are collectively engaged in a positive dialogue with the new Fundraising Regulator to develop a shared understanding and agreement for activities concerning alumni, be it communications, attendance of events and use of data. The College has a Data Protection Statement which governs the use of any personal data held and how it is used and the College insists alumni grant their consent in holding personal data. The College did not engage professional fundraisers during the year and does not seek to raise funds from members of the public. No complaints were received during the year.

Reserves and Endowment Funds

Total College reserves and funds amounted to £159.3m. Within the College's endowment funds there are almost 100 trust funds supporting the College in achieving its aims.

These reserves are represented by the College's operational estate and to a large extent, the permanent endowment assets and therefore are not available as income funds to be spent. Collectively the College's free revenue reserves and earmarked building reserves amount to £3m after taking account of the pension deficit. The Governing Body considers it prudent to hold sufficient unrestricted reserves and appropriate earmarked reserves in the event of major variations to the College's income and expenditure and has concluded that its general reserves should be 20% of annual income and that its building reserve should represent 1% of the insurable value of the operational estate. Together this amounts to £3.5m. Some years ago a project to refurbish the college kitchens depleted these reserves and since then the College has been continuing the process of steadily increasing these reserves over the medium term. Looking ahead its likely some reserve funds will be deliberately planned to support the New Library building project.

Cash Flow and Treasury Management

The College's treasury management policy requires cash deposits to be spread across a range of counterparties, all of which must be at least Fitch A credit-rated. Net cash funds significantly decreased by £1,593k, from £4,151k to £2,558k over the year, following an increase in endowment investments in 2016-17.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2017

PRINCIPAL RISKS

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

FINANCIAL OUTLOOK AND PLANS FOR THE FUTURE

Since the leave vote last year the UK stock market has performed well and the UK economy has grown steadily. Volatility in financial markets has increased but nonetheless is relatively subdued given the macro-political issues (e.g. North Korea). The Bank of England is worried about the increasing level of unsecured consumer credit and the impact higher inflation will have on consumer spending power. More central banks in developed economies are now signalling monetary tightening, with the Federal Reserve already moving down this path. Concerns exist over a disorderly exit by the UK from Europe and its impact on the economy but signals from the government are emerging that the value of Higher Education research and an agreement with Europe on this will be developed.

Following the acquisition by the College of the remainder of Quayside in 2015 the first phase of a programme of offices refurbishment, including central plant upgrade has been completed, and new tenants are in place, with the overall aim of securing a long-term return.

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

The government's tuition fee policy for the higher education sector became effective in October 2012 and the Collegiate University has been investing further in its outreach and aspiration raising programmes. The government's withdrawal of maintenance grants is likely to influence policy for the Collegiate University. The government is moving towards establishing a new regulator in developing new teaching standards for universities and in setting up a new body to replace the UK research councils.

The College is making substantial progress towards the development of a modern undergraduate library over the next few years and has obtained planning consent for the new building. Since then the fundraising phase has been started. As such, the Development Office remains a significant focus in seeking to attract donations to assist the College in achieving its strategic objectives. In the medium-term efforts will focus on new funds for student bursaries and the campaign for the new library building.

Approved by the Governing Body on 12 October 2017



R D Williams
Master



S J Morris
Senior Bursar

MAGDALENE COLLEGE, CAMBRIDGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2017

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

Objects

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

Education

The College provides an education for some 384 (2016: 365) undergraduate and 134 (2016: 145) graduate fee-paying students which is recognised internationally as being of the highest standard. The education develops students intellectually and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities, bursaries, and individual or small-group supervision, as well as pastoral, administrative and academic support through its directors of studies and tutorial and graduate mentoring systems, thereby enabling students both to develop personally and intellectually and to proceed to degrees of the University of Cambridge (and in some cases other qualifications);
- specialist choral musical education for its choral students, including provision of choral and organ scholarships;
- a residential community with social, cultural, musical, recreational and sporting facilities that enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College; and
- accommodation and catering at reasonable rates.

Research

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

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

Libraries

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

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

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PUBLIC BENEFIT (*continued*)
YEAR ENDED 30 JUNE 2017

Beneficiaries

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

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

Admissions

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

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

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

The College charges the following fees:

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

Student Support

In order to assist undergraduates entitled to student support the College provides, through a scheme operated in common with the University and other Colleges (the Cambridge Bursary Scheme), bursary support for those of limited financial means. (For the academic year 2016-17, the number of awards made was 68, out of a Home/EU undergraduate population of 322; 49 of the awards were at the maximum value of £3,400 or £3,500 (depending on year of matriculation); and the average value of the awards was £2,969.) The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement. Supplementing the Cambridge Bursary Scheme, the College is committed to raising funds to award an enhanced bursary to every undergraduate eligible for the scheme's maximum £3,500 award. During 2016-17 the College was able to support 46 undergraduate students through this enhanced bursary scheme.

To support graduate students, the College provides substantial financial support. This includes several scholarships to fund fees and living costs and 'top-up' to fill shortfalls in students' funding packages. The College has also established a Graduate Research Fund to assist graduates with expenses associated with research conferences and activities, usually in conjunction with the University. Awards are based upon academic criteria as well as the financial position of students. During the year the College provided financial assistance amounting to £143,500 from these schemes.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PUBLIC BENEFIT (*continued*)
YEAR ENDED 30 JUNE 2017

The College also offers support to all students through a grant scheme to assist with academic materials, supporting the costs of related short courses (e.g. language studies), and attendance at conferences. These awards are given following an evaluation of the academic relevance and the financial means of the student. The College also provides a range of annual travel awards to provide opportunities to travel to complement academic study. During the year 19 students received such an award from these funds. The College also offers vacation study grants and 28 students benefitted from one of those.

The Governing Body also approves annual prizes and scholarships for undergraduates obtaining outstanding examination success. In total £39,000 of scholarships and awards were granted to 121 students during the year.

Finally the College operates a hardship scheme, which also partially contributes to the cost of the Cambridge Bursary Scheme, for all students in financial hardship and is actively campaigning to raise additional funds from its members. Awards are assessed by the student's Tutor and are based upon the specific financial situation of the student. The combined costs for these financial awards were £50,500 for the year.

Access

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

In the year College Fellows, staff and existing students supported the access programme of events which led to contact with a number of prospective students. The College holds a series of outreach events each year. In total the College spent £77,300 during the year directly on outreach programmes.

Religion

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

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services on weekdays and at weekends during term, which are open to the general public and visitors;
- Maintains its choral tradition, which is integral to the provision of divine service in its Chapel, through the College's Choir;
- Supports, through the College Chaplain and through others, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none;
- Strives to maintain a College community which is socially cohesive and is supportive of its members from all faith backgrounds or none; and
- Maintains its historic connection with the work of the Church of England, particularly through its involvement as Patron or joint Patron of 11 parishes.

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

MAGDALENE COLLEGE, CAMBRIDGE

STATEMENT OF INTERNAL CONTROL

YEAR ENDED 30 JUNE 2017

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes, the requirements of the Charity Commission and the Education Memorandum with the University of Cambridge.

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

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The process was in place for the year ended 30 June 2017 and up to the date of approval of the financial statements.

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

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

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

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

MAGDALENE COLLEGE, CAMBRIDGE
RESPONSIBILITIES OF THE GOVERNING BODY
YEAR ENDED 30 JUNE 2017

The Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MAGDALENE COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
YEAR ENDED 30 JUNE 2017

Opinion

We have audited the financial statements of Magdalene College, Cambridge (the 'College') for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income and expenditure, the statement of changes in reserves, the consolidated balance sheet, the consolidated 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 30th 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 Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body 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 Report of the Governing Body 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.

MAGDALENE COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY *(continued)*
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 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 Report of the Governing Body; 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 Governing Body's responsibilities statement set out on page 17, 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 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 section 151 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 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 Governing 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
20 October 2017

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

MAGDALENE COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 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).

The consolidated Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 6.

Basis of accounting

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

Basis of consolidation

The Consolidated Financial Statements include the College and its subsidiary undertaking, Cloverleaf Limited. Intra-group transactions are eliminated upon consolidation. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only are not included because Cloverleaf Limited is a design and build company and therefore the balance sheet of the College would not be materially different to the one included in these accounts. Some details of the subsidiary undertaking are given in note 23.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Restricted research grant income

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

Donations and endowments

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

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

There are four main types of donations and endowments:

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

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

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2017

Total return

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

Investment income and change in value of investment assets

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

Other income

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

In 2016-17, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC), the College reimbursed the SLC for the full amount and received a contribution from the University. In 2015-16 Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University. In order for presentation to remain consistent, for 2015-16 the College has shown the gross payment made to eligible students and the contribution from the University as income under "Academic Fees and Charges" (note 1).

Pension schemes

The College participates in the 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 FRS102 "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 profit and loss account 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 also contributes to the Cambridge Colleges Federated Pension Scheme, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

Because of the mutual nature of the Church of England Funded Pension Scheme, the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period and expenses accrued in that year, plus any impact of deficit contributions. Since the College has entered into a recovery plan that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income and Expenditure in accordance with Section 28 of FRS 102.

The College offers a defined contribution pension scheme for non-academic staff. For staff employed before 1 April 2014 this was the Cambridge Colleges Group Pension Scheme. For staff employed after that date it is the NOW:

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2017

Pensions Scheme. The assets of both those defined contribution schemes are held separately from those of the College. The annual contributions payable are charged to the Statement of Comprehensive Income and Expenditure.

Tangible fixed assets

Land and buildings

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

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

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

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

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

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

Maintenance of premises

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

Equipment

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

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

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

Heritage assets

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

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *(continued)*
YEAR ENDED 30 JUNE 2017

Investments

Securities

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

Direct property

Investment properties are included at fair valuation and the aggregate surplus or deficit is transferred to Unrestricted Reserves. A formal valuation is performed at least every 5 years. For commercial property holdings, a formal valuation is currently undertaken every year and this year was carried out by Cheffins, Chartered Surveyors, as at 30 June 2017. The last formal valuation for agricultural land was carried out by FPD Savills as at 30 June 2013.

Stocks

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

Employment benefits

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

Provisions

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

Contingent liabilities and assets

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

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

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

Foreign currencies

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

Taxation

The College is a registered charity (number 1137542) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES *(continued)*
YEAR ENDED 30 JUNE 2017

Contribution under Statute G, II

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

Reserves

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

Critical accounting judgements

FRS102 makes the distinction between a group 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 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 in profit or loss in accordance with section 28 of FRS 102. The Governing Body is satisfied that the scheme provided by USS and the Church of England Funded Pension Scheme meet the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

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

MAGDALENE COLLEGE, CAMBRIDGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 30 JUNE 2017

	Note	2017			2016			Total £000	
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000		Endowment £000
Income									
Academic fees and charges	1	2,815	104	-	2,919	2,720	114	-	2,834
Residences, catering and conferences	2	4,063	-	-	4,063	3,894	-	-	3,894
Investment income	3	2,207	3	412	2,622	2,197	4	338	2,539
Endowment return transferred	3	274	674	(948)	-	258	624	(882)	-
Other income		187	35	-	222	201	37	-	238
Total income before donations and endowments		9,546	816	(536)	9,826	9,270	779	(544)	9,505
Donations									
New endowments		796	320	-	1,116	489	973	-	1,462
Other donations for assets		-	872	526	526	-	-	188	188
		-	-	-	872	-	87	-	87
Total income		10,342	2,008	(10)	12,340	9,759	1,839	(356)	11,242
Expenditure									
Education	4	3,691	644	-	4,335	3,453	736	-	4,189
Residences, catering and conferences	5	4,973	14	-	4,987	4,942	14	-	4,956
Investment management costs	3	50	-	210	260	53	-	200	253
Other expenditure		909	60	-	969	892	48	-	940
Contribution under Statute G, II		11	-	-	11	13	-	-	13
Total expenditure	6	9,634	718	210	10,562	9,353	798	200	10,351
Surplus/(deficit) before other gains / losses		708	1,290	(220)	1,778	406	1,041	(556)	891
Gain/(loss) on investments		140	127	7,736	8,003	(3)	(3)	222	216
Surplus/(deficit) for the year		848	1,417	7,516	9,781	403	1,038	(334)	1,107
Other comprehensive income									
Actuarial gain/loss in respect of pension schemes	15	(178)	-	-	(178)	252	-	-	252
Total comprehensive income for the year		670	1,417	7,516	9,603	655	1,038	(334)	1,359

The notes on pages 29 to 44 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 30 JUNE 2017

	Unrestricted £000	Income and expenditure reserve Restricted £000	Endowment £000	Total £000
Balance at 1 July 2016	97,422	3,548	48,767	149,737
Surplus/(Deficit) from income and expenditure statement	848	1,417	7,516	9,781
Other comprehensive income	(178)	-	-	(178)
Transfers	(48)	48	-	-
Balance at 30 June 2017	98,044	5,013	56,283	159,340

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

The notes on pages 29 to 44 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
CONSOLIDATED BALANCE SHEET
YEAR ENDED 30 JUNE 2017

	Note	2017 £000	2016 £000
Non-current assets			
Fixed assets	8	94,590	95,608
Investments	9	<u>73,275</u>	<u>62,224</u>
		167,865	157,832
Current assets			
Stocks	10	158	148
Trade and other receivables	11	3,145	2,247
Cash and cash equivalents	12	<u>2,558</u>	<u>4,151</u>
		5,861	6,546
Creditors: amounts falling due within one year	13	<u>(3,273)</u>	<u>(3,304)</u>
Net current assets		2,588	3,242
Creditors: amounts falling due after more than one year	14	(8,521)	(8,911)
Provisions			
Pension provisions	15	(2,592)	(2,426)
Total net assets		<u>159,340</u>	<u>149,737</u>
Restricted reserves			
Income and expenditure reserve - endowment reserve	16	56,283	48,767
Income and expenditure reserve - restricted reserve	17	<u>5,013</u>	<u>3,548</u>
		61,296	52,315
Unrestricted reserves			
Income and expenditure reserve - unrestricted		<u>98,044</u>	<u>97,422</u>
Total reserves		<u>159,340</u>	<u>149,737</u>

These financial statements were approved by the Governing Body on 12 October 2017 and are signed on their behalf by:



R D Williams
Master



S J Morris
Senior Bursar

The notes on pages 29 to 44 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2017

	Note	2017 £000	2016 £000
Net cash outflow from operating activities	18	106	(489)
Cash flows from investing activities	19	(956)	(7,424)
Cash flows from financing activities	20	(743)	9,009
Increase in cash and cash equivalents in the year		<u>(1,593)</u>	<u>1,096</u>
Cash and cash equivalents at beginning of the year		<u>4,151</u>	<u>3,055</u>
Cash and cash equivalents at end of the year	12	<u>2,558</u>	<u>4,151</u>

The notes on pages 29 to 44 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2017

1. Academic fees and charges

	2017 £000	2016 £000
College fees:		
Fee income received at the Regulated Undergraduate rate	1,385	1,319
Fee income received at the Unregulated Undergraduate rate	598	517
Fee income received at the Graduate rate	420	400
Research income	412	484
Cambridge Bursary scheme	104	114
Total	2,919	2,834

2. Income from residences, catering and conferences

	2017 £000	2016 £000
Accommodation	1,941	1,928
College members	713	598
Conferences	814	786
Catering	595	582
College members		
Conferences		
Total	4,063	3,894

3. Endowment return and investment income

	2017 £000	2016 £000
3a. Analysis		
Total return contribution (see note 3b)	948	882
Income from:		
Freehold land and buildings	2,152	2,163
Unit Trust Scheme	38	18
Cash Deposits	20	20
Total	3,158	3,083

3b. Summary of total return

	2017 £000	2016 £000
Income from:		
Quoted and other securities and cash	412	338
Gains on endowment assets:		
Quoted and other securities and cash	4,007	672
Investment management costs (see note 3c)	(210)	(200)
Total return for year	4,209	810
Total return transferred to income and expenditure reserve (see note 3a)	(948)	(882)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure	3,261	(72)
Unapplied total return at beginning of year	7,398	7,470
Unapplied total return at end of year	10,659	7,398

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

3c. Investment management costs

	2017 £000	2016 £000
Quoted security – equities	136	135
Other investments	74	38
Fixed interest securities	-	27
Investment management costs included within note 3b	210	200
Freehold Land and Buildings	50	53
Total	260	253

4. Education expenditure

	2017 £000	2016 £000
Teaching	1,724	1,680
Tutorial	644	534
Admissions	460	442
Research	777	787
Scholarships and awards	494	526
Other educational facilities	236	220
Total (note 6)	4,335	4,189

5. Residences, catering and conferences expenditure

		2017 £000	2016 £000
Accommodation	College members	2,328	2,397
	Conferences	767	744
Catering	College members	1,131	1,081
	Conferences	761	734
Total (note 6)		4,987	4,956

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

6a. Analysis of 2016/17 expenditure by activity

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education (note 4)	2,084	1,998	253	4,335
Residences, catering and conferences (note 5)	1,996	1,922	1,069	4,987
Investment management costs (note 3c)	-	260	-	260
Other expenditure	232	731	6	969
Contribution under State G, II	-	11	-	11
	<u>4,312</u>	<u>4,922</u>	<u>1,328</u>	<u>10,562</u>

Expenditure includes fundraising costs of £252k. This expenditure does not include the costs of alumni relations.

6b. Analysis of 2015/16 expenditure by activity

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

Expenditure includes fundraising costs of £187k. This expenditure does not include the costs of alumni relations.

6c. Auditors remuneration

	2017 £000	2016 £000
Other operating expenses include:		
Audit fees payable to College's external auditors	<u>23</u>	<u>20</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

7. Staff

	College Fellows 2017 £000	Non- academics 2017 £000	Total 2017 £000	Total 2016 £000
Staff Costs				
Emoluments (including non-staff)	1,000	2,682	3,682	3,546
Social security costs	80	204	284	235
Pension costs (note 22)	148	198	346	318
	<u>1,228</u>	<u>3,084</u>	<u>4,312</u>	<u>4,099</u>
Average staff numbers (full-time equivalents)				
Academic	51	-	51	54
Non-academics	4	99	103	94
	<u>55</u>	<u>99</u>	<u>154</u>	<u>148</u>

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

Key management personnel

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

Total 2017 £000	Total 2016 £000
<u>697</u>	<u>679</u>

This amount is the aggregated emoluments paid to key management personnel.

The trustees receive no emolument in their capacity as trustees of the charity, these payments relate to their capacity as key management personnel.

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

8. Fixed assets

	Freehold land and buildings £000	Furniture and equipment £000	Energy Regeneration £000	Library books £000	Information technology £000	Catering equipment £000	Motor vehicles £000	Total £000
Original cost/valuation								
At beginning of year	97,104	639	75	171	328	636	7	98,960
Additions at cost	265	20	-	15	-	-	10	310
Disposals	-	-	-	(15)	(40)	-	-	(55)
At end of year	97,369	659	75	171	288	636	17	99,215
Depreciation								
At beginning of year	2,408	478	2	98	235	124	7	3,352
Charge for the year	1,213	26	4	12	31	41	1	1,328
Eliminated on disposals	-	-	-	(15)	(40)	-	-	(55)
At end of year	3,621	504	6	95	226	165	8	4,625
Net book value								
At end of year	93,748	155	69	76	62	471	9	94,590
At beginning of year	94,696	161	73	73	93	512	-	95,608

The insured value of freehold land and buildings at 30 June 2017 was £107,710k (2016: £106,607k).

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

8. Fixed assets (continued)

Heritage assets

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

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

9. Investments

	2017	2016
	Total	Total
	£000	£000
Balance at beginning of year	62,224	52,744
Additions	16,551	14,600
Disposals	(33,639)	(6,324)
Appreciation on revaluation	4,429	1,036
Increase in cash balances held at fund managers	23,710	168
Balance at end of year	<u>73,275</u>	<u>62,224</u>
Represented by:		
Property	40,118	34,495
Unit Trust Scheme	3,087	1,034
Quoted securities - equities	3,216	17,054
Fixed interest securities	-	3,430
Other investments	1,751	4,818
Cash held for reinvestment	25,103	1,393
	<u>73,275</u>	<u>62,224</u>

Investments held by the College also include an additional £1 (2016: £1) investment in the subsidiary company at cost (see note 23).

10. Stocks

	2017	2016
	£000	£000
Goods for resale:		
Catering	28	27
Fellows Wine	117	112
Merchandise	13	9
	<u>158</u>	<u>148</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

11. Trade and other receivables

	2017	2016
	£000	£000
Members of the College	138	101
Rents	653	742
Conferences	37	58
Other receivables	2,317	1,346
	<u>3,145</u>	<u>2,247</u>

12. Cash and cash equivalents

	2017	2016
	£000	£000
Short-term deposits	701	-
Bank deposits	1,696	4,085
Current accounts	160	65
Cash in hand	1	1
	<u>2,558</u>	<u>4,151</u>

13. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Bank loans	470	470
Due to tradesmen and others	840	775
University fees	38	10
Advance deposits - students	207	192
Caution money	275	223
Contribution to Colleges Fund	11	13
Other creditors	71	89
Accruals and deferred income	1,151	1,108
Deferred research income	210	424
	<u>3,273</u>	<u>3,304</u>

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

	2017	2016
	£000	£000
Bank loans	8,225	8,695
Fee deposits	296	216
	<u>8,521</u>	<u>8,911</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

15. Pension provisions

	CEPFS	CCFPS	USS	2017	2016
	£000	£000	£000	£000	£000
Balance at beginning of year	-	1,892	534	2,426	2,657
Movement in the year					
Current service cost including life assurance	-	31	225	256	270
Contributions	(4)	(75)	(284)	(363)	(342)
Other finance (income)/cost	-	53	15	68	93
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	-	178	-	178	(252)
Remaining change in balance sheet liability recognised in SoCIE	27	-	-	27	-
Balance at end of year	23	2,079	490	2,592	2,426

16. Endowment funds

Restricted net assets relating to endowments are as follows:

Consolidated	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2017 Total £000	2016 Total £000
Balance at beginning of year				
Capital	17,625	31,142	48,767	49,101
New donations and endowments	524	2	526	188
Increase/(decrease) in market value of investments	2,239	4,751	6,990	(522)
Balance at end of year	20,388	35,895	56,283	48,767

Analysis by type of purpose

Fellowships	8,645	-	8,645	7,538
Student Hardship and Bursaries	3,607	-	3,607	3,060
Graduate Scholarships	3,236	-	3,236	2,763
Undergraduate Scholarships and Prizes	1,140	-	1,140	1,012
Travel Awards	256	-	256	223
Music, Chapel and Choir	314	-	314	278
Student Sports and Culture	727	-	727	639
Library Funds	1,716	-	1,716	1,447
Other Funds	747	-	747	665
Corporate Capital	-	35,895	35,895	31,142
	20,388	35,895	56,283	48,767

Analysis by asset

Property	-	40,118	40,118	34,495
Less Bank loan	-	(8,695)	(8,695)	(9,165)
Securities	19,332	4,445	23,777	22,214
Cash	1,056	27	1,083	1,223
	20,388	35,895	56,283	48,767

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

17. Restricted Reserves

Reserves with restrictions are as follows:

Consolidated	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	2017 Total £000	2016 Total £000
Balance at beginning of year					
Capital	684	-	536	1,220	597
Accumulated income	-	1,069	1,259	2,328	1,905
	<u>684</u>	<u>1,069</u>	<u>1,795</u>	<u>3,548</u>	<u>2,502</u>
 New donations	 872	 -	 320	 1,192	 1,060
Endowment return transferred	-	638	36	674	624
Other income	-	141	1	142	155
Increase/(decrease) in market value of investments	-	-	127	127	(3)
 Transfers	 -	 (132)	 180	 48	 8
 Expenditure	 -	 (425)	 (293)	 (718)	 (798)
 Balance at end of year	 <u>1,556</u>	 <u>1,291</u>	 <u>2,166</u>	 <u>5,013</u>	 <u>3,548</u>
 Capital	 1,556	 -	 1,166	 2,722	 1,220
Accumulated income	-	1,291	1,000	2,291	2,328
	<u>1,556</u>	<u>1,291</u>	<u>2,166</u>	<u>5,013</u>	<u>3,548</u>
 Analysis of other restricted funds/donations by type of purpose					
Fellowships	-	573	11	584	489
Student Hardship and Bursaries	-	412	660	1,072	840
Graduate Scholarships	-	118	814	932	884
Undergraduate Scholarships and Prizes	-	68	548	616	450
Travel Awards	-	27	26	53	52
Music, Chapel and Choir	-	27	-	27	22
Student Sports and Culture	-	11	-	11	17
Library Funds	-	54	-	54	57
New Library Funds	1,511	-	-	1,511	684
Other Funds	45	1	107	153	53
	<u>1,556</u>	<u>1,291</u>	<u>2,166</u>	<u>5,013</u>	<u>3,548</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

18. Reconciliation of consolidated surplus for the year to net cash inflow from operating activities

	2017 £000	2016 £000
Surplus for the year	9,781	1,107
Adjustment for non-cash items		
Depreciation	1,328	1,312
Investment income	(193)	(140)
(Increase) in stocks	(10)	(26)
(Increase) in trade and other receivables	(898)	(1,008)
Increase in creditors	49	507
Movement in pension deficit	(11)	20
Gain/(loss) on investment	(8,003)	(216)
Adjustment for investing or financing activities		
Investment income	(2,210)	(2,201)
Interest paid	273	156
Net cash inflow from operating activities	106	(489)

19. Cash flows from investing activities

	2017 £000	2016 £000
Investment income	2,210	2,201
Non-current investment disposal	948	1,485
Endowment funds invested	(3,804)	(10,609)
Payments made to acquire non-current assets	(310)	(501)
Total cash flows from investing activities	(956)	(7,424)

20. Cash flows from financing activities

	2017 £000	2016 £000
Interest paid	(273)	(156)
New secured loans	-	9,400
Repayments of amounts borrowed	(470)	(235)
Total cash flows from financing activities	(743)	9,009

21. Capital commitments

	2017 £000	2016 £000
Capital commitments at 30 June are as follows:		
Authorised and contracted	660	676

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

22. Pension Schemes

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

Universities Superannuation Scheme

The latest available full actuarial valuation of the scheme was at the 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at the 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	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	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) SINA tables as follows:

Male members' mortality	98% of SINA ["light"] YoB tables – no age rating
Female members' mortality	99% of SINA ["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

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

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

22. Pension Schemes continued

Cambridge Colleges' Federated Pension Scheme

The College is a member of the Cambridge Colleges' Federated Pension Scheme which is a defined benefits plan.

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:

	2017 % p.a.	2016 % p.a.
Discount rate	2.6	2.8
Increase in salaries	2.85	2.4
Retail Prices Index (RPI) assumption	3.35	2.9
Consumer Prices Index (CPI) assumption	2.35	1.9
Pension Increases in payment (CPI Max 2.5% p.a.)	1.85	1.7

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: S2PA with CMI_2015 future improvement factors and a long-term future improvement of 1.0% p.a.). This results in the following life expectancies:

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

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 £	2016 £
Present value of plan liabilities	(8,110,691)	(7,394,020)
Market value of plan assets	6,031,937	5,502,040
Net defined benefit asset/(liability)	(2,078,754)	(1,891,980)

The amounts to be recognised in profit and loss for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017 £	2016 £
Current service cost	18,790	28,943
Administrative expenses	11,849	11,849
Interest on net defined benefit (asset)/liability	53,262	78,206
Total	83,901	118,998

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

22. Pension Schemes continued

Cambridge Colleges' Federated Pension Scheme continued

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

	2017 £	2016 £
Present value of plan liabilities at beginning of period	7,394,020	6,919,736
Current service costs (including employee contributions)	21,316	31,908
Benefits paid	(263,303)	(212,402)
Interest on plan liabilities	203,666	252,690
Actuarial (gains)/losses	754,992	402,088
Present value of plan liabilities at end of period	8,110,691	7,394,020

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 £	2016 £
Market value of plan assets at beginning of period	5,502,040	4,815,879
Contribution paid by the College	74,629	78,820
Employee Contributions	2,526	2,965
Benefits paid	(263,303)	(212,402)
Administrative expenses paid	(19,216)	(17,983)
Interest on plan assets	150,404	174,484
Return on assets, less interest included in Profit & Loss	584,857	660,277
Market value of plan assets at end of period	6,031,937	5,502,040
 Actual return on plan assets	 735,261	 834,761

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

	2017	2016
Equities	67%	59%
Bonds & 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) is as follows:

	2017 £	2016 £
Return on assets, less interest included in Profit & Loss	584,857	660,277
Expected less actual plan expenses	(7,367)	(6,134)
Experience gains and losses arising on plan liabilities	29,359	158,711
Changes in assumptions underlying the present value of plan liabilities	(784,351)	(560,799)
Remeasurement of net defined benefit liability recognised in OCI	(177,502)	252,055

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

22. Pension Schemes continued

Cambridge Colleges Federated Pension Scheme continued

Movement in net defined benefit asset/(liability) during the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) is as follows:

	2017	2016
	£	£
Net defined asset/(liability) at beginning of year	(1,891,980)	(2,103,857)
Recognised in Profit and Loss	(83,901)	(118,998)
Contributions paid by the College	74,629	78,820
Remeasurement of net defined benefit liability recognised in OCI	(177,502)	252,055
Net defined benefit asset/(liability) at end of year	<u>(2,078,754)</u>	<u>(1,891,980)</u>

Funding Policy

Actuarial 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 actuarial valuation are different to those adopted under FRS102.

The last such actuarial 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 £48,974 p.a. payable for the period from 1 July 2015 to 31 March 2034.

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

Other Pension Schemes

The College participates in three other pension schemes:

NOW: Pensions

The College appointed NOW: Pensions to provide its workplace pension scheme for its non-academic staff from 1 April 2014. NOW: Pensions provides a defined contribution scheme which invests employer and employee contributions to provide a member specific fund that will be converted into pension on the member's retirement. There were contributions of £7k (2016: £15k) outstanding as at the year end due to NOW: Pensions.

Cambridge Colleges Group Personal Pension Scheme

The College offered a defined contribution pension scheme to its non-academic staff until April 2014. The pension cost for this scheme represents contributions payable by the College, plus the set-up costs. There were contributions of £5k (2016: £5k) outstanding as at the year end due to the Cambridge Colleges Group Personal Pension Scheme.

Church of England Funded Pensions Scheme

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

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

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

22. Pension Schemes continued

Other Pension Schemes continued

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

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below. Contributions since 2015 are shown for reference:

% of pensionable stipends	Jan-15 to Dec-17	Jan-18 to Dec-25
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

	2016 £000	2015 £000
Balance sheet liability at 1 January	-	31
Deficit contribution paid	(4)	(2)
Interest cost (recognised in SOCIE)	-	1
Remaining change to the balance sheet liability* (recognised in SOCIE)	27	(30)
Balance sheet liability at 31 December	23	-

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

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2017

22. Pension Schemes continued

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

	Dec-16	Dec-15	Dec-14
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6% pa	0.9% pa	1.2% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

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

	2017	2016
	£000	£000
USS: Contributions	228	228
CCFPS: Charged to SOCIE	8	15
Other Schemes	110	75
	346	318

23. Principal subsidiary and associated undertakings and other significant investments

	Cost	Class of shares	Holding
	£		
Cloverleaf Limited	1	Ordinary	100%

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

24. Related Party Transactions

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