

**The President and Fellows of Murray Edwards College, founded as
New Hall, in the University of Cambridge**

Annual Report and Financial Statements

Year Ended 30 June 2018

Charity Registration number 1137530



**Murray Edwards
College**
University of Cambridge

**MURRAY EDWARDS COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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Administrative Details

Address

Murray Edwards College, New Hall, Huntingdon Road, Cambridge, CB3 0DF

Charity registration number

1137530

Senior officers

President	Dame Barbara Stocking DBE
Vice-president	Dr Ruchi Sinnatamby
Bursar	Mr Robert Hopwood
Senior Tutor	Dr Kate Peters

Principal advisors

Auditors (external)	Critchleys Audit LLP	Beaver House, 23-28 Hythe Bridge Street, Oxford, OX1 2EP
Bankers	Barclays Bank PLC	Mortlock House Histon Cambridge CB24 9DE
Investment Managers	CCLA Investment Management Limited Cambridge University Endowment Fund	Senator House, 85 Queen Victoria Street, London, EC4V 4ET 30 Station Road, Cambridge CB1 2RE
Legal Advisers	Mills & Reeve Taylor Vinters	Botanic House 100 Hills Road Cambridge CB2 1PH Merlin Place Milton Road Cambridge CB4 0DP

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Trustees of the charity – Council members

President, Dame Barbara Stocking DBE (leave of absence from 6.3.18 to 17.4.18)

Acting President, Anne Lonsdale CBE (appointed 15.3.18, resigned 16.4.18)

Vice-President, Dr Ruchi Sinnatamby

Bursar, Mr Robert Gardiner (resigned 30.9.18); Mr Robert Hopwood (appointed 01.10.18)

Senior Tutor, Dr Juliet Foster (resigned 30.9.18); Dr Kate Peters (appointed 01.10.18)

Dr R Polonsky (retired 30.09.17; reappointed 01.10.18)

Dr P Filippucci

Dr S Turenne (retired 30.09.17)

Dr A Kumar (retired 30.9.17)

Dr K Peters (appointed 01.10.17, retired 30.9.18)

Dr S Horrell (retired 30.9.17)

Ms F Duffy (retired 30.9.18)

Professor M Roland (retired 30.09.18)

Dr L Delap

Dr R Lyne (retired 30.09.17)

Miss Miranda Nicholson (retired 29.04.18)

Dr C Lee (appointed 01.10.17)

Dr H Krieger (appointed 01.10.17)

Professor S Coakley (appointed 01.10.17, retired 30.09.18)

Dr E Pesaran (appointed 01.10.17)

Miss L Bhalerao (appointed 30.04.18)

Miss E Robertson Martinez (retired 01.10.17)

Miss T Byrne (appointed 11.5.18)

Dr J. Bavidge (appointed 1.10.18)

Dr A. Spencer (appointed 1.10.18)

Dr O.Murray (appointed 1.10.18)

Dr G Maguire (appointed 01.10.18)

Operating and Financial Review

Introduction

The College was founded on 11th March 1954 as an unincorporated association to promote a third foundation for women in the University of Cambridge. It was incorporated as New Hall, Cambridge, a company limited by guarantee, on 20th April 1954. On 3rd November 1965, the University granted recognition to New Hall as an approved foundation within the University. A royal charter of incorporation in the name of “The President and Fellows of New Hall in the University of Cambridge” was granted on 28th June 1972. College Statutes provide for the constitution and government of the College including the membership and responsibilities of the Governing Body and the College Council.

In June 2008 the College announced a donation of £30m from Ros Smith (New Hall 1981) and her husband Steve Edwards. The donation was made with the purpose of permanently endowing the College to enable it to pursue its objects of learning, education and research as an independent institution within the University of Cambridge. The income from this transformational endowment also enhanced specific areas including widening access and participation, supporting early career stage academics, improving conditions for college teaching officers, employing a full-time schools’ liaison officer and initiating the Gateway Programme of study skills and professional development for students.

On 14th June 2011 a Supplemental Charter was granted by HM the Queen, changing of the name to “The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge”. The name honours in perpetuity both the first President, Dame Rosemary Murray, and the Edwards family.

Scope of the financial statements

The consolidated financial statements cover the activities of the College and its two subsidiary companies. These undertake activities which, for legal or commercial reasons, are more appropriately carried out by limited companies.

Aims and objectives of the College

The principal objects of the College, as set out in its charter, are to advance education, learning and research in the University of Cambridge. It is committed to the highest standards of education for women of all backgrounds.

Murray Edwards College is a college within the University of Cambridge. It fulfils its objectives by selecting and admitting undergraduate students for University courses, and accepting graduates admitted by the University. It provides, with the University, an education of the highest quality, through small group teaching, academic supervision, and the provision of library, computing and cultural facilities, living accommodation, and support for students in personal or financial need. The College provides rooms for Fellows’ teaching and research and also funds facilities for research fellows to help them establish themselves in the academic world through post-doctoral research. Measures of success include the high ranking of Cambridge University in the world, and the very low drop-out rate compared with students in other Universities.

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In furtherance of its objectives, the College maintains and manages an endowment of assets, including a property. Governance arrangements for the College are set out on page 14.

As at 30th June 2018, the College comprised the President, 60 Governing Body Fellows, 33 Bye-Fellows, 347 undergraduate students and 34 clinical medical and veterinary students in respect of whom undergraduate fees were received, 199 registered graduate students and 104 full time equivalent permanent non-academic staff.

Public benefit

The Trustees have regard to the Charity Commission's guidance on public benefit when exercising powers and duties to which the guidance is relevant. The Trustees are assisted in this duty by receiving specific briefing on the guidance. They have taken this into account when making decisions to which the guidance is relevant.

The strategic direction of the College is to provide excellence in the education of outstanding young women from all backgrounds. It provides opportunities for these young women to develop the skills and confidence to lead the way in the world, to be independent minded, and to take on the challenges they will meet in life and achieve their ambitions. This is done through core teaching and also through the Gateway Programme for personal development, which is available to both graduate and under-graduate students. The College aims to provide both a vibrant intellectual environment for fellows, students and staff and a warm, open and friendly community, maintaining the traditions of a Cambridge college but also at the forefront of innovation. The focus is on meeting the needs of women from all backgrounds within the wider co-educational environment of Cambridge University.

In aiming to provide a world-class education to the students with the most potential in each subject, whatever their means or social background, the College tries to attract the best applicants from the widest range of schools and colleges. In doing this, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits as described in the "Widening Access" section below. That section also describes subject-specific events. The aim of these activities is to inform and encourage all academically able students including those who would not otherwise do so to apply to University. Our entry for October 2017 comprised 70% (2016: 71%) from the maintained schools sector.

Students of the College have access to several sources of financial assistance in particular the Cambridge Bursary and Cambridge European Bursary Schemes. In 2017-18 £236k (2016-17: £224k) was distributed to 86 (2016-17: 82) undergraduates through the Cambridge Bursary Schemes. The schemes are operated in common with the University and the other colleges to provide bursary support for students of limited financial means, to enable them to meet the cost of their Cambridge education. The net cost of the scheme to the College in 2017-18 was £95k (2016-17: £89k). Students may also apply for other grants including hardship grants if they are in financial difficulties. In total in 2017-18 £287k (2016-17: £254k) was spent in the year on scholarships and awards, which includes support for academic excellence, research and academic need, hardship, sporting excellence, music, travel and support for the student unions.

A major benefit provided to the section of the public which the College addresses is subsidised education and living costs for its students. In the year the total cost of education exceeded total income from the College Fee by £1,977k (2016-17: £1,905k). This represented an education subsidy of at least £5,299 (2016-17: £5,358) per undergraduate student and was financed out of investment

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income, donations and the contributions of the conferencing business. In addition the College provides educational facilities in the form of the very substantial Rosemary Murray Library and IT resources. The College rents its rooms to students at a rate which is less than would be obtainable in the open market for equivalent accommodation and provides food at very reasonable rates.

The College advances research by providing research fellowships to outstanding academics at 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 a permanent academic post. During the year the college appointed fellowships in French, history and sociology. In addition it supports the research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for research costs, including attendance at national and international conferences and providing paid sabbatical leave from teaching duties.

The College continues to promote work on gender equality and workplace culture, particularly through our *Collaborating with Men* programme. Over the last year, the programme has evolved significantly. It started out researching in general the issues affecting women's career progression, and has evolved to surveying men and women in individual organisations to identify the specific workplace culture issues that are experienced there and providing tailored solutions to address them.

The College is also committed to providing a place for thought leadership on major public issues. Following our successful lecture series "Capitalism on the Edge" we have this year launched *Just on the Edge* which is exploring the ways in which the world is 'on the edge' in many ways. Speakers so far have included: sustainability advisor Tony Juniper discussing climate change; economist Kate Raworth discussing her theory of doughnut economics; and Perry Maddox of Restless Development discussing the implications of the large number of young people in developing countries, both as an opportunity and threat.

The College provides an environment and cultural facilities available for the benefit of the public. In particular the College is the home of the New Hall Art Collection, a collection of works by leading modern and contemporary women artists which is unrivalled in the UK or Europe and it is used to provide lectures and tours to create platforms, build audiences, and encourage public participation in the arts. The New Hall Art Collection was granted accredited museum status by the Arts Council in 2018.

Achievements and performance 2017-2018

Strategic direction

The Governing Body revised the College's medium term strategic direction in 2018 and the aims, which build on the objectives established in 2014, are:

- To attract the most academically outstanding young women from all backgrounds to study at Murray Edwards College;
- To be a centre of educational excellence where every student is able to achieve their full potential;
- To support and encourage undergraduate and graduate student to develop the confidence and tools to achieve their individual aspirations;

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- To continue to build a stimulating intellectual and research environment for Fellows, students and staff as well as a warm, open culture that allows everyone to achieve their best;
- To continue to develop our alumnae as a mutually supportive community of women with an active and lively connection to the College;
- To make Murray Edwards College better known and understood; and
- To secure the College's financial ability to deliver these objectives.

Operational management

The Senior Officers of the College remained unchanged during the financial year 2017-2018 but on 30th September 2018 the Senior Tutor, Dr Juliet Foster, left to become Deputy Dean of Education at the Institute of Psychiatry, Psychology and Neuroscience at King's College London and the Bursar, Robert Gardiner left to become the Senior Bursar of Gonville & Caius College, Cambridge. Dr Kate Peters, who has been Fellow in History at the College since 2009, has been appointed acting Senior Tutor; and Mr Robert Hopwood, previously Director of Finance and Corporate Services at the British Academy, has been appointed bursar.

Academic community

The overarching mission of the College, as a self-governing institution committed to the highest standards of education for women of all backgrounds, is to advance education, learning and research in the University of Cambridge.

The significant fellowship achievement during 2017-18 was the establishment of the Acton Fellowship in Engineering. Generously endowed by Dr John Morris, the fellowship honours Dr Liz Acton, fellow in engineering in this College from 1980 until her death in 2012. Dr Megan Davies Wykes was recruited to the post and took up her appointment on 1st September 2018.

The academic year 2017-18 saw further appointments to the Fellowship. We welcomed new Fellows in a range of subjects, including Maths, two fellows in Chemistry, Clinical Medicine and Economics. Three of these were under joint arrangements with University Departments. These are of huge benefit to the College and also allow those appointed to be fully integrated into the relevant Department or Faculty.

Three Early Career Research Fellows were also admitted: one in Modern Languages, one in History and one in Sociology.

The College achieved excellent exam results this year, with its Finalists in particular achieving the best exam results in recent history in respect of first class degrees. Overall 92% of Finalists (2016-17: 93.5%) graduated with either a 2:1 or a 1st Class degree. Members of College, as always, participated broadly in all aspects of University life, most notably in student journalism, University sport and various charitable initiatives.

Widening access and supporting academic and future careers

The College has worked hard to maintain and increase its work with schools and students, both within our link areas of Greater Manchester, Derbyshire and Haringey and beyond. Our Pathways to Success Conference ran in July and for the third year we welcomed students to our She Talks Science conference in April 2018, which is linked to the blog of the same name. We held another Teacher

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Conference in June 2018 and a Low Participation Neighbourhood Summer School in August 2018. A dozen of last year's attendees received offers from Cambridge.

We made visits to or hosted visits from 99 schools across the country to discuss Cambridge admissions, speaking with around 4,300 students and have introduced new events hosted in College this year, including a Taster Day for Modern Languages and for History of Art and a Summer School to prepare female Maths students for the STEP exam which is part of every Cambridge offer for Maths.

The Gateway Programme continues to provide support for students both via pre-matriculation awards and in their transition to Cambridge. The programme aims to strengthen key academic skills and encourage personal and professional development both at undergraduate and at graduate level.

Following a successful pilot last year, the "Flying Start" programme for new Engineering students was run again. It is designed to help orientate new students physically and academically and to enable them to apply themselves effectively from the start of term. A "Flying Start" programme for new Modern and Medieval languages students was piloted. This was very successful and will run again for the new Academic year.

A new 2 day Leadership programme developed for finalists entitled "Leaders for the Future" was piloted just before the start of the academic year and attended by 17 final year students. The participants looked at the different skills and working styles required in the workplace. The feedback was very positive and we hope to continue to run this programme.

A one day "Women in Politics" workshop was run in Lent term by the Running Start organisation. The workshop encouraged students to consider running for elected positions and helped them develop skills to enable them to achieve this.

An internship initiative continues to be an integral strand of the Gateway Programme offering carefully negotiated internships with a number of organisations in different sectors in addition to proposing students for internships offered by corporates. We also now offer a number of work shadowing opportunities for students in the Easter vacation.

The College has continued to offer a mentoring programme to younger alumnae, supported by more experienced alumnae. The intention is to continue this on an annual basis.

Financial Review

The income and expenditure account shows a surplus of £3,963k (2016-17: surplus £10,753k). Adoption of FRS 102 renders results more volatile as the surplus or deficit figure now contains capital donations and the effect of changes in the values of investments.

The major element of the surplus is gains in the values of the College's investments together with the receipt of donations, in particular in support of a refurbishment of a staircase.

The college manages its finances by reference to management accounts which record underlying recurring items of income and expenditure and ignore certain non-recurring items other required to

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be recognised by FRS 102. On this management accounting basis the college's income increased from £8,714k to £9,634k and its expenditure reduced from £9,003k to £8,939k. The principal contributors to the increase in income were academic fees and charges, increased investment income and donations income. The principal contributor to the decrease in expenditure was a slight reduction in property costs.

Funding

The College's income derives principally from academic fees and charges, charges to students for accommodation and catering, charges for conferences and events and donations, all supported by income from its endowments (including gains in the case of endowments managed on the basis of total return), as follows:

	2017-18	2016-17	Year on year
	£000s	£000s	change
College fee	2,215	2,111	+4.9%
Charges to members for accommodation and catering	2,402	2,399	+0.1%
Charges for events and conferences	1,072	889	+20.5%
Investment income and endowment return transferred	1,966	2,101	-6.4%
Donations and endowments	1,219	6,312	-

Of the University regulated undergraduate tuition fee half is retained by colleges. The regulated fee increased from £9,000 to £9,250 for undergraduate students matriculating in 2017. Overall undergraduate numbers increased by six. Graduate numbers reduced by three but the fee received from the University for the sharing of graduate fees increased.

Accommodation charges increased by approximately 1.2% (2016-17: 3%) to reflect inflation in the College's costs. The College sets rents that are sufficient to reflect the accommodation provided while representing good value within the wider market.

The College uses its facilities for commercial events and conferences when not required for its academic objects, precedence being given to College events. This income contributes materially towards general overhead costs. Following a review of the appropriate level of activity, the business grew strongly from 2013 to 2015. It recovered in 2017-18 after a dip in 2016-17.

The endowment performance is separately commented on in the section "Endowment and investment performance" below. The income, before management expenses, taken into the income and expenditure account in 2017-18 represented 3.4% (2016-17: 3.6%) of the weighted average value of investments at the beginning of the year and endowments received during the year.

The College Development Office aims to raise donations from benefactors, including alumnae, trusts and foundations. The principal donations received were substantial gifts for the refurbishment of F staircase of Orchard Court. Additionally major gifts were received to support "STEM" subjects and graduate studentships, while Alumnae remain, as ever, very responsive to the College's telephone campaign.

The original College buildings date from the 1960s and have required substantial refurbishment and renovation, particularly the Dome, Library and Orchard Court. In addition Buckingham House was rebuilt to provide a conference and residential facility and Canning & Eliza Fok House was built to provide 40 rooms for graduate accommodation. The works were funded partly from £13.5m bank

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loans drawn from 1999 to 2008. The College sets aside operating cash flow for debt repayment and repaid £300k in the year. Interest on outstanding debt still amounts to more than £530k p.a.

Fundraising and development

The approach taken by the College to fundraising activities is to support key projects, identified by the Council, as trustees, as priorities in accordance with the College's Strategic Direction.

Fundraising techniques include telephone fundraising using live calls only, the promotion of legacy giving and face-to-face fundraising by private meeting with potential major donors. In 2016, the College used crowd funding for the first time, promoted by email and printed publications, as well as via a network of volunteers. The College does not use professional fundraisers or commercial participators.

The College is registered with the Fundraising Regulator and the Director of Development is a members of the Institute of Fundraising and therefore bound by its code of conduct. There has been no failure to comply with either code as they apply to the College.

To protect vulnerable people and other members of the public the College acts in the following way:

- Before telephone fund-raising, all people the College intends to call who are all College alumnae are sent a pre-call letter making clear that they can request not to receive the call. During the fund-raising the list of those not wishing to receive a call is up-dated daily.
- During telephone fundraising calls, a request for a gift is only made twice (the second time at a lower level). Training is given on how to ask in this way without applying pressure to the recipient of the call.
- Training is also given on how to handle a call when contact is made with an obviously vulnerable person where we have previously been unaware of this vulnerability.
- We do not persist in asking for personal meetings if there is an indication that a meeting is not welcomed or wanted.

All other fundraising communications are by post and are issued no more than three times a year.

Staff costs and pensions

Payroll costs (academic and non-academic) increased by 6% against the previous year. They represent the biggest operating cost of the college. The increase arose as a result of the cost of living award, increased tuition costs and some additional posts to support admissions and communications posts, both important in the college's drive to increase direct applicants.

The College makes pension fund contributions on behalf of its employees to two defined benefit schemes and one defined contribution scheme:

- The Universities Superannuation Scheme (USS) on behalf of academic and some non-academic staff;
- The Aviva defined contribution scheme on behalf of non-academic staff;
- The Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff and which is now closed to new members.

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The CCFPS was actuarially valued at March 2017 and the Murray Edwards College section was found to have a deficit of £717k (2014: 1.1m). The College will be required to make recovery payments of £62k p.a. for 10 years (2014 recovery period: 19 years) and increase current service contributions.

The USS is being actuarially valued at 31st March 2017 indicating a deficit of £7.5bn (2014: 5.3bn) and a funding level of 89% (2014: 89%). The USS has proposed further reform to benefits which triggered industrial action during the year, though not at the College. The College's contribution rate is currently 18% but is expected to rise.

Maintenance of buildings

The college buildings include Victorian and Edwardian buildings in addition to the main buildings on the New Hall site from 1965, the substantial additions of Pearl House (1994), Buckingham House (2001) and Canning & Eliza Fok House (2008).

The College maintains a five year maintenance plan to ensure timely refurbishment of key elements of plant to control operational risk, maintenance of buildings to a standard which should prevent more costly remedial works and refurbishment to the extent that the budget can support it. Significant items of maintenance in 2017-18 included further refurbishment to student houses on Huntingdon Road including fire door upgrades, upgrades of fire detection and emergency lighting in Fountain Court and Pearl House, replacement of water heaters for Orchard Court and recovering the main Walkway roof. Additionally professional service work was carried out in preparation for refurbishment of F staircase Orchard Court and replacement of windows in F, G and H staircases of Orchard Court, which was carried out in the opening months of the year ending 30th June 2019.

Other operating expenditure

The College purchases substantial volumes of goods and services for its catering and accommodation operations. It aims to ensure value for money. Key to this is participation in a number of inter-collegiate initiatives to ensure best price purchase for inputs as diverse as energy, food and insurance together with participation in University procurement programmes, for example IT.

Endowment and investment performance

The College's Finance Committee formulates a general investment policy on the advice of its Investment Sub-committee, which oversees the management of the College's investments. The College instructs fund managers to manage financial investments. Its principal fund managers during the year were CCLA Investment Management Limited and the Cambridge University Endowment Fund (CUEF). Cambridge Associates manages venture capital and private equity investments. During the year a direct property investment was sold and the proceeds reinvested by CCLA. The College manages directly a number of small, maturing private equity investments and a literary estate.

The objectives under the investment policy are: for long term funds, to generate returns in excess of inflation and generate a return sufficient to support the on-going activities of the College and to preserve the long term value of the endowment; for short term funds, to preserve capital value with minimum risk. Assets are invested widely, generally by discretionary investment managers operating to achieve these objectives. Investment managers' ethical and responsible investment policies are reviewed and the College excludes direct investments which conflict with its purposes and it does not invest in shares in tobacco companies. The College's principal investment manager, CCLA, achieved an assessment of A or A+ in nearly all categories under UNEP's Principles for Responsible Investment in 2018.

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The investments are set out in note 9. They represent the College's endowment assets, part of its corporate capital and general reserves.

The College's investments comprise three principal categories: the Segregated Fund and Amalgamated Funds invested principally in units in a common investment fund, limited partnership interests in two venture capital and private equity funds of funds; and the literary estate of Roma Gill, a former fellow, bequeathed to the College.

The Segregated Fund is managed on a total return basis and subject to an annual spending rule of 3.5% (prior to 2014-15: 4%). The quoted investments section, managed by CCLA, returned 9.2% (2016-17, Ruffer, then CCLA: 14.8%), net of fees. An endowment within the Segregated Fund managed by CUEF returned 8.7% (9 months to 30.6.17: 10.6%) net of fees.

The Segregated Fund committed to an interest in a venture capital and private equity fund of funds in 2006. The fund is returning cash and the latest valuation shows an internal dollar rate of return of 9.2% p.a. (to June 2017: 9.1%). In June 2016 the College committed \$2m to a similar follow-on fund.

The Segregated Fund held a residential property professionally valued at £1.75m. The property had the benefit of surplus land on the College's boundary. The rental income return to the College during the year was low and the majority of the property was sold during the year at valuation as not being of strategic importance to the College. The property's surplus land has been retained for the long term with a view to development when opportunities and requirements present themselves and is currently let.

The Amalgamated Fund, managed principally by CCLA, is managed on an income and capital basis and returned a total of 9.5% (2016-17, SandAire, then CCLA: 16.3%), net of fees.

The literary estate of Roma Gill yielded royalty receipts in the year of £95k (2014-15: £104k) principally from her editions of the plays of Shakespeare, published by OUP.

Apart from the literary estate of Roma Gill, which is a unique asset, the other assets in the endowment returned a weighted average of approximately 9.3% during the year (2016-17: 14.1%). By comparison, a broad-based portfolio of quoted UK (30%) and global (40%) equities, property (15%), bonds (10%) and cash (5%) might have returned 7.9% before fees (2016-17: 15.12%).

Capital expenditure

Total capital expenditure, excluding heritage assets, during the year was £495k (2016-17: £479k). This included items referred to in the maintenance section above qualifying for capitalisation under the College's accounting policies.

Cash flow

The operations generated unrestricted cash flow of £305k (2016-17: £430k) after taking account of general capital expenditure. The College normally sets aside £300k for repayment of bank debt. Internal borrowings in 2011-12 from corporate capital, to finance works to the Library and Grove Lodge, are being repaid by way of internal transfers of £40k per annum.

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Reserves policy

The College intends to continue to pursue its objects in perpetuity. Its activities require income support from its investments which include corporate capital, endowments, restricted and unrestricted reserves and funds. The college's unrestricted reserves are £56.5m but the free reserves are only £5.4m, after considering the college's tangible and heritage assets of £50.6m and £0.3 m designated for debt repayment, and are integral to its operations to deliver its charitable objectives. Such a level of free reserves is necessary to help to provide investment income to support the activities, as mentioned. In addition, although the college's other income streams are reasonably stable in the short term, the free reserves provide support in the event of an unforeseen downturn in the college's investment income arising from wider economic uncertainty. The college views the reserves as a minimum level which should be increased over time both to yield further investment income to support the charitable objects of the college and to permit the repayment of debt which stands at £12.45m, £1.95m of which falls due for repayment by 2025.

Principal risks and uncertainties

The college reviews risks at a corporate level and an operational level. The corporate risks comprise principally:

- Academic risks including the calibre of students seeking admission to the College and ensuring that the Fellowship is attractive to academics
- Providing buildings and accommodation which is of a suitable quality for, and meet the needs of, students and Fellows
- Reputational risk as the College builds a higher profile especially on the subject of women's education and employment
- Maintaining the reputation of the College and ensuring that it provides an excellent academic and student experience
- The impact of Britain's decision to leave the EU on the attractiveness of Cambridge as a place to study and research for young people and academics from the EU.

Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control them. The college maintains a critical incident plan and tests it with simulated incidents.

The principal financial risks and uncertainties remain securing resources to refurbish the older parts of the College, particularly Orchard Court. The cost of comprehensive works to update the remaining services, replace windows, maintain concrete and refurbish the internal appearance of student rooms in the building is estimated to be in the region £9 million.

Plans for the future

The strategic intent summarised at the start of this section of the report sets out the principal aims for the medium term. Restated briefly these are:

- to attract the most academically outstanding young women from all backgrounds;
- to be a centre of educational excellence
- to support and encourage students to develop confidence to achieve their aspirations

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- to build a stimulating intellectual and research environment for Fellows students and staff and a warm, open culture;
- to develop our alumnae as a mutually supportive community with an active connection to the College;
- to make the College better understood;
- to secure the college's financial ability to deliver these objectives.

The College continues to be under-capitalised in an uncertain economic environment, while facing the challenges of the higher education sector. It will endeavour to continue to improve its financial position through scrutiny of costs and the pursuit of new sources of income, consistent with its charitable objects and having regard to public benefit. In addition it will continue careful stewardship of its endowment. The College will continue to raise benefactions to increase its endowments generally to ensure that the College can exist in perpetuity and, in particular, the income from endowments can support the cost of educating students which is not currently fully covered by the College's other sources of academic income.

The operational priorities are: the implementation of the outreach and student recruitment strategy, the internal sharing of good practice in learning and gender equality and influencing the wider University in these issues, the refurbishment of F staircase and funding the refurbishment of the remaining staircases and ensuring GDPR compliance.

Corporate Governance

Statement of Corporate Governance

The following statement is provided by the Council as the College Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

The College is a registered charity (registered number 1137530) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

The Governing Body has the ultimate authority in the governance of the College, which it exercises in accordance with and subject to the College statutes. The Governing Body comprises the President and all Fellows other than Emeritus or Honorary Fellows, and meets at least once in each Term. Statutes specify that one meeting of the Governing Body in each academic year shall be the Audit Meeting.

Subject to ultimate authority being vested by statute in the Governing Body, the College Council is the chief executive body of the College, responsible for administering the affairs of the College and managing its property and income. Under the statutes, the College Council consists of the President, Vice-president, Senior Tutor, and Bursar (all ex officio), plus nine members of the Governing Body, elected by the Governing Body, and two junior members elected by undergraduate and graduate students. One additional student representative attends Council meetings as an observer. Two staff observers are also in attendance at Council meetings. Council members are the College Trustees for the purpose of charity law.

The President chairs Governing Body and Council; the Senior Tutor has overall responsibility for admissions, education, and welfare of graduate and undergraduate students; the Bursar has overall responsibility for the finances, buildings, and administration of the College. The President and Vice-President are elected by the Governing Body. Officers, other than the President and Vice-President, are appointed, and may be removed, by Council. Council fulfils its responsibilities through a number of committees to which some powers are delegated and through which advice is sought. They are:

- Academic Policy (Sub-Committee: Admissions);
- Art;
- Domestic and Estates & Events (Sub-Committees: Gardens, Health and Safety);
- Fellowship Review Group;
- Finance (Sub-Committee: Investment);
- Fundraising and External Relations (supported by the Communications Scheduling Group)
- IT Strategy;
- Personnel (Sub-Committee: Staff Council);
- Student Funding;
- Prevent Committee;
- Remuneration.

The principal officers of the College are listed on page 1.

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An Audit Committee, appointed by Council, reports to the Governing Body. It is in the terms of the Audit Committee, *inter alia*, to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body, in conjunction with the Finance Committee, on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; and to report to the Governing Body. Membership of the Audit Committee consists of three Fellows other than the Bursar, one to be appointed by Council annually each for a term of three years, together with one external adviser. Serving members of the Finance Committee shall not be eligible for appointment.

The Audit Committee may examine the accounts, consult with the auditor, and is required to report to Council and to Governing Body at the Audit Meeting on matters of general policy in relation to the accounts as they see fit.

There are registers of interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.

The College's Trustees during the year ended 30 June 2018 are set out on page 2.

Statement of Internal Controls

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

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

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. This process was in place for the year ended 30 June 2018 and up to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the system of internal control. The Trustees' review of the effectiveness of the system of internal control is informed by the work of the Finance and Audit Committees, Bursar and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Transactions between College and members of the Governing Body

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by Council. The role of the Remuneration Committee is to act as a body to review the level of remuneration and other direct and indirect benefits for the members of the Governing Body who are members of the Council of the College.

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Financial management and control

The College operates a devolved budgeting system under which individual budget holders are responsible for managing income and expenditure within their own areas of operation, and for bringing forward budget proposals through an annual budgeting process. Fellows, members of staff and students are encouraged to participate in the process through their membership of the College's Committees. The Finance Committee is responsible for turning the proposals into a coherent and transparent budget proposal which is part of a sustainable financial plan. The budget is considered in detail to ensure that it is consistent with the College's strategic aim and objectives and then recommended to Council for approval.

Statement of Trustees' Responsibilities

College Council, as Charitable Trustees are responsible for preparing the Trustees' annual report and the 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 Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent college and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting statements 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 Trustees are responsible for keeping accounting records that are sufficient to show and explain the college's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent college and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge, the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent college and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved by College Council on 5th November 2018



Dame Barbara Stocking

President

Independent Auditor's Report to the Members of the Council of Murray Edwards College

We have audited the financial statements of Murray Edwards College (the "Charity") for the year ended 30 June 2018 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and college balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council, as a body, in accordance with section 144 of the Charities Act 2011, and the regulations made under section 154 of that Act 2011. Our audit work has been undertaken so that we might state to the Members of the Council 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's Council as a body, for our audit work, for this report, or for the opinions we have formed. In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 30 June 2018 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Charity 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 Members of the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members of the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt

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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 Members of the Council are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

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 Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Members of the Council

As explained more fully in the Statement of Accounting and Reporting Responsibilities set out on page 18, the Members of the Council 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 they 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 Members of the Council are responsible for assessing the Charity'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 Members of the Council either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the College's Council, as a body, in accordance with section 144 of the Charities Act 2011, and the regulations made under section 154 of that Act 2011. Our audit work has been undertaken so that we might state to the Members of the Council 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's Council as a body, for our audit work, for this report, or for the opinions we have formed. In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 30 June 2018 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Critchleys Audit LLP
Statutory Auditor
Oxford

CA Audit
26/11/2018

Critchleys LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

Statement of Principal Accounting Policies

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 Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary companies are included in note 25. Intra-group balances are eliminated on consolidation.

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.

Grant income

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

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

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 with additional disclosure provided within the notes to the accounts.

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

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

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

Endowment and investment income

Investment income and changes in value of investment assets are 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.

Total return

The College also holds certain restricted and unrestricted permanent capital, derived from specific donations, in a Segregated Fund, the terms of which require that 3.5% per annum of the capital value at the end of January each year is recognised as income in the Consolidated Statement of Comprehensive Income and Expenditure

Foreign currency translation

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

Fixed Assets

Land and buildings

Operational land and buildings are stated at valuation. Buildings on the main College site, being specialised properties, were valued on the basis of their depreciated replacement cost at 30 June 2015 by AECOM, property consultants. Certain off-campus land and buildings are valued on the basis of their existing use. The most recent valuation was carried out by Carter Jonas LLP, property consultants, as at 30 June 2015.

Land purchased prior to 1 July 2002 is not capitalised unless it is held for investment purposes. Land purchased since 1 July 2002 is capitalised in the balance sheet. Freehold land is not depreciated.

Operational buildings are depreciated on a straight-line basis over their expected useful economic lives at the rate of 1.5% per annum.

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.

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Buildings under construction are valued at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date and are depreciated at the rate of 1.5% per annum when they are brought into use.

Maintenance of premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The cost of major refurbishment and maintenance that restores value is capitalised and depreciated at the rate of 1.5% per annum.

Furniture, fittings and equipment

Furniture, fittings and equipment with a cost of more than £10,000 are capitalised and depreciated at the rate of 10% per annum. Project specific IT equipment costs over £10,000 are capitalised and depreciated at a rate of 20% per annum.

Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of comprehensive income and expenditure in the year in which they fall due.

Heritage assets

Works of art, books and other valuable artefacts are capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The College has a large art collection most of which has been donated to the College. The valuation of the collection is reviewed by the College's art curator who, with the assistance of the Art Advisory Committee, informs the bursar of any valuation changes on an annual basis. The College includes all assets over £10,000 as valued and includes additions acquired between valuations at a fair value.

All heritage assets are maintained and conserved by College staff with access available by permission of the College. The assets held are properly insured if appropriate, with records kept by those responsible for care of the assets.

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation.

Stocks

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

Provisions

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

Taxation

The College is a registered charity (number 1137530) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in

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respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G, II

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

Pension Schemes

The College participates in the following pension schemes:

- Universities Superannuation Scheme (USS) –The scheme is 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 scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS 102 "Employee benefits", the College 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 the changes in the present value, calculated by reference to the yield on high quality corporate bonds, of contributions not expected to be settled wholly within 12 months of the reporting period in which the employee renders the related service. The scheme is closed to new non-academic members of the College. Further information on the scheme is provided in note 24.
- Cambridge Colleges Federated Pension Scheme (CCFPS) - a similar defined benefit scheme which is externally funded and contracted out of the (S2P). The scheme is closed to new members of the College. As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by FRS 102. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the amount calculated under FRS 102.
- Aviva - a defined contributions pension scheme set up for non-academic staff in 2010-11. The College contributes at 5% in addition to employee contributions of 2%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

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

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accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Transition to the 2015 RCCA

The College prepares its financial statements in accordance with 2015 RCCA, amended for the adoption of FRS 102. The College makes use of the transitional exemption from the full requirements of 2015 RCCA in that fair value at 30th June 2015 has been used for deemed cost for properties measured at fair value.

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.

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Consolidated Statement of Comprehensive Income and Expenditure

Income	Note	2018				2017			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Academic fees and charges	1	2,394			2,394	2,294			2,294
Residences, catering and conferences	2	3,474			3,474	3,288			3,288
Investment income	3	684	50	1,405	2,139	878	34	1,022	1,934
Endowment return transferred	3	1,232		(1,232)	-	1,189		(1,189)	-
Other income		76			76	62			62
Total income before donations and endowments		7,860	50	173	8,083	7,711	34	(167)	7,578
Donations		849	273	93	1,215	86	518	117	721
New endowments				4	4			5,591	5,591
Other receipts		-	-	-	-	50	1	2	53
Heritage assets				-	-			20	20
Total income		8,709	323	270	9,302	7,847	553	5,563	13,963
Expenditure									
Education	4	3,606	269	317	4,192	3,524	172	320	4,016
Residences, catering and conferences	5	4,249			4,249	4,230			4,230
Investment management costs	3	50	-	112	162	93	4	155	252
Other expenditure		139			139	119			119
Total expenditure	6	8,044	269	429	8,742	7,966	176	475	8,617
Surplus/(deficit) before other gains and losses		665	54	(159)	560	(119)	377	5,088	5,346
Gain/(loss) on investments	9	1,114	57	2,232	3,403	1,972	86	3,349	5,407
Surplus/(deficit) for the year		1,779	111	2,073	3,963	1,853	463	8,437	10,753
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes	15	271			271	(113)			(113)
Total comprehensive income for the year		2,050	111	2,073	4,234	1,740	463	8,437	10,640

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Statement of Changes in Reserves

	Income and expenditure reserve			Revaluation	Total £000
	Unrestricted £000	Restricted £000	Endowment £000	reserve £000	
Balance at 1 July 2017	40,572	1,806	41,134	13,868	97,380
Surplus/(Deficit) from income and expenditure statement	1,779	111	2,073		3,963
Actuarial gain/(loss) in respect of pension schemes	271	-	-		271
Adjustment for surplus on restricted funds in the year	-	-	(45)		(45)
Transfers	(19)	103	(84)		-
Balance at 30 June 2018	42,603	2,020	43,078	13,868	101,569

	Income and expenditure reserve			Revaluation	Total £000
	Unrestricted £000	Restricted £000	Endowment £000	reserve £000	
Balance at 1 July 2016	38,825	1,198	32,330	13,868	86,221
Surplus/(Deficit) from income and expenditure statement	1,853	463	8,437		10,753
Actuarial gain/(loss) in respect of pension schemes	(113)				(113)
Adjustment for surplus on restricted funds in the year			363		363
Transfers between funds	7	145	4		156
Balance at 30 June 2017	40,572	1,806	41,134	13,868	97,380

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

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Consolidated Balance Sheet

	Note	2018 £000	2017 £000
Non-current assets			
Fixed assets	8	49,723	50,097
Heritage assets	8	848	848
Investments	9	63,167	58,421
Current assets			
Stocks	10	32	32
Trade and other receivables	11	528	807
Cash and cash equivalents	12	2,754	3,111
		<u>3,314</u>	<u>3,950</u>
Creditors: amounts falling due within one year	13	(1,035)	(889)
Net current assets		<u>2,279</u>	<u>3,061</u>
Total assets less current liabilities		116,017	112,427
Creditors: amounts falling due after more than one year	14	(12,450)	(12,750)
Provisions			
Pension provisions	15	(1,998)	(2,297)
Total net assets		<u>101,569</u>	<u>97,380</u>
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	43,078	41,134
Income and expenditure reserve – restricted reserve	17	2,020	1,806
		<u>45,098</u>	<u>42,940</u>
Unrestricted reserves			
Income and expenditure reserve – unrestricted		42,603	40,572
Revaluation reserve		13,868	13,868
		<u>56,471</u>	<u>54,440</u>
Total reserves		<u>101,569</u>	<u>97,380</u>

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

Unrestricted reserves includes an amount of £24,894,967 (2017 £23,925,564) previously described as corporate capital.

These accounts were approved by the College Council on 5th November 2018 and are signed on their behalf by:



Dame Barbara Stocking
President

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Consolidated Cash Flow Statement		2018	2017
	Note	£000	£000
Net cash inflow from operating activities	19	(623)	4,836
Cash flows from investing activities	20	1,706	(8,156)
Cash flows from financing activities	21	(885)	(1,349)
Increase/(decrease) in cash and cash equivalents in the year		<u>198</u>	<u>(4,669)</u>
Cash and cash equivalents at beginning of the year		3,269	7,938
Cash and cash equivalents at end of the year	12	3,467	3,269
Cash flows		<u>198</u>	<u>(4,669)</u>

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

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Notes to the accounts

1 Academic fees and charges	2018	2017
	£000	£000
College fees		
Fee income paid on behalf of undergraduates at the publicly-funded rate:		
- Undergraduate old regime (per capita £4,473; 2017 - £4,333)	4	55
- Undergraduate new regime (per capita £4,625 2017 £4,500)	1422	1,353
Privately-funded undergraduate fee income (per capita £7,422; 2017 - £6,819)	324	279
Erasmus students	37	27
Graduate fee income	428	397
Sub-total college fees	<u>2,215</u>	<u>2,111</u>
Other income	179	183
Total	<u><u>2,394</u></u>	<u><u>2,294</u></u>

Income in respect of the Cambridge Bursary Scheme is included in other income.

2 Income from Residences, catering and conferences	2018	2017
	£000	£000
Accommodation		
College members	1,940	1,960
Conferences	487	366
Catering		
College members	462	439
Conferences	585	523
Total	<u><u>3,474</u></u>	<u><u>3,288</u></u>

3 Endowment return and investment income

3a Analysis	2018	2017
	£000	£000
Total return contribution (see note 3b)		
Income from:		
Quoted securities	156	138
Fixed interest securities	-	93
Common investment fund	582	716
Royalties	95	104
Return on Segregated Fund	1,255	1,233
Move restricted from investment income	45	(363)
Other interest receivable	6	13
Total	<u><u>2,139</u></u>	<u><u>1,934</u></u>

3b Summary of total return	2018	2017
	£000	£000
Income from:		
Quoted and other securities and cash	2,044	1,830
Royalties	95	104
Gains/(losses) on endowment assets:		
Quoted and other securities and cash	3,403	5,407
Investment management costs (see note 3c)	(162)	(252)
Total return for year	<u><u>5,380</u></u>	<u><u>7,089</u></u>
Total return transferred to income and expenditure reserve (see note 3a)	<u>(2,139)</u>	<u>(1,934)</u>
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 18)	<u><u>3,241</u></u>	<u><u>5,155</u></u>

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3c Investment management costs	2018 £000	2017 £000
Securities	162	252
Total	<u>162</u>	<u>252</u>

4 Education expenditure	2018 £000	2017 £000
Teaching	2,325	2,282
Tutorial	605	609
Admissions	664	555
Research	130	127
Scholarships and awards	287	254
Other educational facilities	181	189
Total	<u>4,192</u>	<u>4,016</u>

5 Residences, catering and conferences expenditure	2018 £000	2017 £000	
Accommodation			
	College members	2,622	2,653
	Conferences	655	661
Catering			
	College members	555	499
	Conferences	417	417
Total	<u>4,249</u>	<u>4,230</u>	

6a Analysis of 2017/18 expenditure by activity	Staff costs (note 7)	Other operating expenses	Depreciation	Total
Education	2,459	1,582	151	4,192
Residences, catering and conferences	1,880	1,653	716	4,249
Investment management costs	-	162	-	162
Other	128	11	-	139
Totals	<u>4,467</u>	<u>3,408</u>	<u>867</u>	<u>8,742</u>

Expenditure includes fundraising costs of £121,295. This expenditure includes the costs of alumnae relations.

6b Analysis of 2016/17 expenditure by activity	Staff costs (note 7)	Other operating expenses	Depreciation	Total
Education	2,302	1,558	156	4,016
Residences, catering and conferences	1,791	1,703	736	4,230
Investment management costs	-	252	-	252
Other	109	10	-	119
Totals	<u>4,202</u>	<u>3,523</u>	<u>892</u>	<u>8,617</u>

Expenditure includes fundraising costs of £133,182. This expenditure includes the costs of alumnae relations.

6c Auditor's remuneration	2018 £000	2017 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	16	15
Other fees payable to the College's external auditors	1	-
Internal auditor's fees	-	-
	<u>-</u>	<u>-</u>

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7 Staff costs	College Fellows £000	Staff £000	2018 £000	2017 £000
Emoluments	1,230	2,253	3,483	3,284
Social security costs	132	177	309	291
Other pension costs	160	179	339	340
Other staff costs	53	283	336	287
	<u>1,575</u>	<u>2,892</u>	<u>4,467</u>	<u>4,202</u>

Average staff numbers (full-time equivalents):

Academic	62	60
Staff	106	98
Total	<u>168</u>	<u>158</u>

At 30th June 2018 the Governing Body comprised the President and 61 Fellows, all of whom are declared stipendiary.

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

£60,001-£70,000	1	1
£70,001-£80,000		2
£80,001-£90,000	2	1
Trustees aggregate emoluments	<u>458</u>	<u>460</u>

The Trustees received no emoluments in their capacity as Trustees of the charity.

Cost of key management personnel

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

	2018	2017
	£000	£000
Aggregate cost of key management personnel	<u>362</u>	<u>369</u>

Key management personnel consists of President, Vice president, Bursar, Senior Tutor and Director of Development.

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8 Fixed assets	Land and buildings £000	Furniture, fittings and equipment £000	Heritage Assets £000	2018 £000	2017 £000
Cost or valuation					
At beginning of year	51,283	1,489	848	53,620	53,123
Additions	474	21	-	495	479
Heritage assets capitalised	-	-	-	-	20
Disposals	(2)	-	-	(2)	(2)
At end of year	<u>51,755</u>	<u>1,510</u>	<u>848</u>	<u>54,113</u>	<u>53,620</u>
Depreciation					
At beginning of year	1,527	1,148	-	2,675	1,783
Charge for the year	774	93	-	867	892
At end of year	<u>2,301</u>	<u>1,241</u>	<u>-</u>	<u>3,542</u>	<u>2,675</u>
Net book value					
At beginning of year	49,756	341	848	50,945	51,340
At end of year	49,454	269	848	50,571	50,945

The insured value of freehold land and buildings as at 30 June 2018 was £95,767,637 (2017: £92,856,379).

The College's land and buildings were revalued at 30 June 2015.

Heritage assets

The College holds and conserves the New Hall Art Collection which has been built up over a number of years and which consists of mainly donated works. The Art Collection is preserved, conserved and managed in accordance with recognised national standards and the collection on display is open to the public for viewing. Those items not on general display can be accessed by the wider public by prior arrangement. The works are normally donated on a permanent basis so will be included as endowment assets. The Collection was last professionally valued in 2012 by Bonhams. As stated in the Statement of Accounting Policies all works of art valued over £10,000 are included in the accounts. Heritage Assets capitalised in the year were £Nil (2017 £20,000).

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

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Value of acquisitions by donation	-	20	100	33	385
Total acquisitions capitalised	<u>-</u>	<u>20</u>	<u>100</u>	<u>33</u>	<u>385</u>

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9 Investments	2018	2017
	£000	£000
Balance at beginning of year	58,421	48,794
Additions	1,859	53,569
Disposals	(1,769)	(43,806)
Gain/(loss) on investments	3,403	5,407
Increase/(decrease) in cash balances held at fund managers	1,253	(5,543)
Balance at end of year	<u>63,167</u>	<u>58,421</u>
Represented by:		
Property	100	1,750
Quoted securities – equities	-	-
Fixed interest securities	-	-
Common investment funds	59,872	54,161
Alternative investments	1,712	1,639
Cash in hand and at investment managers	713	158
Literary copyright	770	713
Other investments	-	-
	<u>63,167</u>	<u>58,421</u>
10 Stock	2018	2017
	£000	£000
Goods for resale	32	32
Balance at end of year	<u>32</u>	<u>32</u>
11 Trade and other receivables	2018	2017
	£000	£000
Members of the College	-	2
Trade debtors	201	95
Taxation	3	71
Other debtors	225	513
Prepayments and accrued income	99	126
	<u>528</u>	<u>807</u>
12 Cash and equivalents	2018	2017
	£000	£000
Bank deposits	-	3,065
Current accounts	2,753	44
Cash in hand	1	2
	<u>2,754</u>	<u>3,111</u>
Cash held as part of Investments	713	158
	<u>3,467</u>	<u>3,269</u>

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13 Creditors: amounts falling due within one year	2018	2017
	£000	£000
Trade creditors	325	244
Members of the College	202	140
Taxation and social security	171	158
Accruals and deferred income	337	347
	<u>1,035</u>	<u>889</u>
14 Creditors: amounts falling due after more than one year	2018	2017
	£000	£000
Bank loans	12,450	12,750
	<u>12,450</u>	<u>12,750</u>

The bank loans of £12.45m are repayable as follows: £1.95 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048.

The loans are subject to the following fixed interest rate contracts:

Loan amount	Rate	Maturity
£1.5m	4.56%	2026
£9m	5.00%	2048

15 Pension provisions	2018	2017
	£000	£000
Balance at beginning of year	2,297	2,193
Movement in year:		
Current service cost including life assurance	259	254
Contributions	(343)	(325)
Other finance (income)/cost	56	62
USS provision for deficit recovery	-	-
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	(271)	113
Balance at end of year	<u>1,998</u>	<u>2,297</u>
Cambridge Colleges' Federated Pension Scheme	1,610	1,876
Universities Superannuation Scheme	388	421
	<u>1,998</u>	<u>2,297</u>

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16 Endowment funds	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2018 £000	2017 £000
Restricted net assets relating to endowments are as follows:				
Balance at beginning of year:	6,819	34,315	41,134	32,330
New donations and endowments	4	-	4	5,591
Other receipts	-	-	-	2
Heritage assets capitalised	-	-	-	20
Return on Segregated Fund	65	1,189	1,254	1,233
Drawdown	(63)	(1,169)	(1,232)	(1,189)
Income	218	-	218	268
Expenditure	(317)	-	(317)	(320)
Investment management costs	(15)	(94)	(109)	(135)
Increase/(decrease) in market value of investments	327	1,905	2,232	3,330
Transfers	(257)	151	(106)	4
Balance at end of year	<u>6,781</u>	<u>36,297</u>	<u>43,078</u>	<u>41,134</u>
-				
Analysis by type of purpose:				
Fellowship funds	3,675	1,001	4,676	4,463
Award funds	250	-	250	488
Hardship funds	549	-	549	597
Other student support	-	-	-	-
Graduate studentship funds	-	262	262	3
Research funds	1,459	-	1,459	1,370
Other funds	848	-	848	960
General endowments	-	35,034	35,034	33,253
	<u>6,781</u>	<u>36,297</u>	<u>43,078</u>	<u>41,134</u>
Analysis by asset:				
Property	16	84	100	1,750
Investments	6,711	35,925	42,636	38,949
Cash	54	288	342	435
	<u>6,781</u>	<u>36,297</u>	<u>43,078</u>	<u>41,134</u>
-				

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17 Restricted Reserves	Other restricted funds £000	2018 £000	2017 £000
Reserves with restrictions are as follows:			
Balance at beginning of year:	1,806	1,806	1,198
Endowment return transferred	-	-	-
Other receipts	-	-	1
Income	326	326	553
Expenditure	(269)	(269)	(172)
Investment Management costs	(3)	(3)	(4)
Increase/(decrease) in market value of investments	57	57	86
Transfers	103	103	144
Balance at end of year	<u>2,020</u>	<u>2,020</u>	<u>1,806</u>

Analysis of other restricted funds/donations by type of purpose:

Fellowship funds	775	775	728
Award funds	460	460	515
Other student support	169	169	163
Travel grant funds	38	38	44
Graduate studentship funds	111	111	28
Other funds	467	467	328
	<u>2,020</u>	<u>2,020</u>	<u>1,806</u>

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18 Memorandum of Unapplied Total Return	2018	2017
	£000	£000
Included within reserves the following amounts represent the unapplied total return of the College:		
Unapplied total return at beginning of year	12,559	7,360
Unapplied total return for year (see note 3b)	3,241	5,155
Segregated income in excess of drawdown	22	44
Unapplied total return at end of year	<u>15,822</u>	<u>12,559</u>

19

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

Surplus/(deficit) for the year	3,963	10,753
Adjustment for non-cash items:		
Depreciation	867	892
Profit on the sale of non-current assets	(52)	2
Loss/(gain) on endowments, donations and investment property	(3,403)	(5,407)
Investment management fees reinvested	162	
Decrease/(increase) in stocks	-	-
Decrease/(increase) in trade and other receivables	279	(386)
Increase/(decrease) in creditors	147	(21)
Heritage assets capitalised	-	(20)
Revaluation reserve	-	-
Adjustment for surplus on restricted funds in the year	(45)	363
USS pension deficit	(33)	(8)
CCFPS additional actuarial gain	-	(1)
Copyright valuation	57	-
Pension costs less contributions payable	(7)	2
Segregated dividend income debtor	280	-
Endowment drawdown retained in investments	(1,232)	-
Investment income	(2,139)	(1,934)
Interest payable	533	601
Net cash (outflow)/inflow from operating activities	<u>(623)</u>	<u>4,836</u>

20 Cash flows from investing or financing activities

Non-current investment (acquisition)/disposal	(90)	(9,763)
Investment income	2,139	1,934
Held for capital calls	152	152
Payments made to acquire non-current assets	(495)	(479)
Total cash flows from investing activities	<u>1,706</u>	<u>(8,156)</u>

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21 Cash flows from financing activities	2018	2017
	£000	£000
Interest paid	(533)	(601)
(Loss)/Profit on the sale of non-current assets	(52)	2
Repayments of amounts borrowed	(300)	(750)
Total cash flows from financing activities	(885)	(1,349)

22 Capital commitments

Capital commitments at 30 June 2018 are as follows:

Authorised and contracted	1,500	416
Authorised but not yet contracted for	-	-

23 Lease obligations

At 30 June 2018 the College had commitments under non-cancellable operating leases with payment due as follows:

Land and buildings:		
Due within one year	36	32
Due between two and five years	23	49
Other		
Due within one year	6	4
Due between two and five years	7	8

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24 Pensions

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

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2018 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:

	2018	2017
	% p.a.	% p.a.
Discount rate	2.70	2.60
Increase in salaries	2.75	2.85
RPI assumption	3.25	3.35
CPI assumption	2.25	2.35
Pension increases in payment (RPI Max 5% p.a.)	3.15	3.25
Pension Increases in payment (CPI Max 2.5% p.a.)	1.80	1.85

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2017: same base table with CMI_2016 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 22.1 years).
- Female age 65 now has a life expectancy of 23.8 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.3 years (previously 23.5 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

	Male	Female
Active members – option 1 benefits	65	63
Deferred members – option 1 benefits	62	60

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2018 (with comparative figures as at 30 June 2017) are as follows:

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	2018 £000s	2017 £000s
Present value of plan liabilities	(5,951)	(6,233)
Market value of plan assets	4,341	4,357
Net defined benefit asset/(liability)	<u>(1,610)</u>	<u>(1,876)</u>

The amounts to be recognised in income and expenditure for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows.

	2018 £000s	2017 £000s
Current service cost	24	17
Administrative expenses	11	11
Interest on net defined benefit (asset)/liability	49	50
(Gain)/loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Total	<u>84</u>	<u>78</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £000s	2017 £000s
Present value of plan liabilities at beginning of period	6,233	5,820
Current service cost	24	17
Employee contributions	7	7
Benefits paid	(235)	(315)
Interest on plan liabilities	159	159
Actuarial (gains)/losses	(237)	545
(Gain)/loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Present value of plan liabilities at end of period	<u>5,951</u>	<u>6,233</u>

Changes in the fair value of the plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £000s	2017 £000s
Market value of plan assets at beginning of period	4,357	4,056
Contributions paid by the College	79	79
Employee contributions	7	7
Benefits paid	(235)	(315)
Administrative expenses	(16)	(16)
Interest on plan assets	110	109
Return on assets, less interest included in Income and Expenditure	40	437
Market value of plan assets at end of period	<u>4,342</u>	<u>4,357</u>
Actual return on plan assets	<u>151</u>	<u>546</u>

The major categories of plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

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	2018	2017
Equities	64%	67%
Bonds & cash	30%	27%
Property	6%	6%
Total	<u>100%</u>	<u>100%</u>

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 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
	£000s	£000s
Return on assets, less interest included in income and expenditure account	40	437
Expected less actual plan expenses	(6)	(6)
Experience gains and losses arising on plan liabilities	5	54
Changes in assumptions underlying the present value of plan liabilities	232	(598)
Remeasurement of net defined benefit liability recognised in OCI	<u>271</u>	<u>(113)</u>

Movement in the net defined benefit asset/(liability) during the year ending 30 June 2018⁷ (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
	£000s	£000s
Net defined benefit asset/(liability) at beginning of year	(1,876)	(1,764)
Recognised in income and expenditure	(84)	(78)
Contributions paid by the College	79	79
Remeasurement of net defined benefit liability recognised in OCI	271	(113)
Net defined benefit asset/(liability) at the end of the year	<u>(1,610)</u>	<u>(1,876)</u>

Funding Policy

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

The last such valuation was as at 31 March 2017. 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 28th June 2018 and are annual contributions of not less than £62,097 p.a. payable for the period from 1 July 2018 to 31 March 2028.

These payments are subject to review following finalisation of the 31 March 2020 funding valuation.

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University Superannuation Scheme

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the statement of comprehensive income and expenditure in accordance with section 28 of FRS 102. The trustees are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Pension costs

The total cost charged to the statement of comprehensive income and expenditure is £264k (2017: £246k), included as part of contributions in note 15.

The latest available full actuarial valuation of the Retirement Income Builder section of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Since the institution cannot identify its share of scheme assets and liabilities within the Retirement Income Builder section of the scheme, the following disclosures reflect those relevant for that section of 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 £41.6bn and the value of the scheme's technical provisions was £46.9bn indicating a shortfall of £5.3bn. These figures will be revised once the 2017 Scheme Valuation is complete.

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

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. Mortality assumptions used in these figures are as follows:

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	2018	2017
Mortality base table	<u>Pre-retirement</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	98% of SAPS S1NA "light" YoB tables unadjusted for males
	<u>Post retirement</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	99% of SAPS S1NA "light" YOB with a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% for females.	CMI_2014 with a long term rate of 1.5% pa

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

25 Principal subsidiary undertakings

The College owns 100% of the share capital of the following companies:

Company	Principal Activities
Murray Edwards Conferences Limited	Conferencing and Catering
Murray Edwards Developments Limited	Dormant

26 Related party transactions

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body has an interest. All transactions involving organisations in which a member of the Governing

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Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.