

NEWNHAM COLLEGE
CAMBRIDGE

Consolidated Financial Statements
for the Year Ended 30 June 2014

Royal Charter Company number RC000384

Registered Charity number 1137512

NEWNHAM COLLEGE
Consolidated Financial Statements
for the Year Ended 30 June 2014

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Corporate Governance and Public Benefit

The College is a corporate body consisting of the Principal and Fellows. It has been a registered charity (no. 1137512) since 17 August 2010. The College is also a Royal Charter Company number RC000384. The formal name of the College is The Principal and Fellows of Newnham College; and it is also known as a) Newnham College in the University of Cambridge; and b) Newnham College (Cambridge). Its principal address, which is that of its registered office, is: Newnham College, Sidgwick Avenue, Cambridge CB3 9DF, United Kingdom.

The Trustees

The following persons served as Trustees (as members of the College Council) in 2013/14:

Professor Dame Carol Black (Principal) (*ex officio*, elected by the Fellows)
Dr Catherine Seville (Vice-Principal) (*ex officio*, elected by the Governing Body)
Mr Ian Mark Le Mercier Du Quesnay (Bursar) (*ex officio*, appointed by the Governing Body)
Dr Terri Apter (Senior Tutor) (*ex officio*, appointed by the Council)

Elected by the Governing Body

Dr Kate Fleet
Dr Susan Haines
Professor Claire Hughes
Dr Judith Quinn
Dr Rachael Padman (to January 2014)
Dr Samantha Lucy
Dr Barbara Blacklaws
Dr Paola Ceccarelli (from February 2014)
Professor Christine Watson (from February 2014)
Professor Liba Taub (to January 2014)

Elected by the Junior Members of the College

Miss I Butler (to March 2014)
Miss H Davis (to December 2013)
Miss F Junaid (to November 2013)
Miss R Blackmur (from January 2014)
Miss N Crosby (from April 2014)
Miss B Kershaw (from November 2013)

Those elected by the Junior Members do not participate in the decision making for Reserved Business.

The Council delegates much of its business to its sub-committees. The membership and terms of reference of sub-committees are determined for the most part by the Council to whom the subcommittees report and make recommendations. Some additional subcommittees are set up by the Governing Body and report accordingly. Junior Members are represented on most subcommittees.

Induction and training of Trustees

All charity trustees of the College are given on appointment or election copies of the Statutes and Ordinances of the College together with a set of documents including the College's policy on the management of conflicts of interest and copies of the relevant guidance issued by the Charity Commission. Annually the trustees are reminded of their core responsibilities and required to check and update their declaration of interests.

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Financial Statements

Corporate Governance and Public Benefit (continued)

Governing documents

The College was founded in 1871. The provisions which regulate the purposes and administration of the College are set out in its Charter dated 12 April 1917 and modified by the Supplemental Charter (1958 when the College was received into the University of Cambridge) and in its original Statutes as variously amended between 1917 and 1996.

Organisational structure of the College and its subsidiary undertakings.

The College comprises the following:

- a) the **Governing Body**, the powers of which are defined in the Charter. The Governing Body is responsible for the long-term strategic vision of the College, and also provides the policy context in which the Council's management takes place.
- b) The powers and responsibilities of **Council**, are defined in the Charter and Statutes. The College Council has the 'the general control and management of the administration of the College' and its members serve as the Trustees of the College as a registered Charity. As the Trustees they have ultimate responsibility for directing the affairs of the charity, ensuring that it is solvent and well-run, and that it is delivering the charitable outcomes for the benefit of those which it was set up to serve as a College for women in the University of Cambridge.
- c. Those **College Officers** who are *ex officio* members of the Council are the Principal, the Vice-Principal, the Bursar, and the Senior Tutor and they meet regularly during Term to review the management of College business.
- d. **Junior Members** comprise the students of the College both undergraduate and graduate. They have elected representatives on both the Council (where they serve as Trustees for Unreserved Business) and on the Governing Body and are represented on most of the College's Committees. In part, they represent the largest group of potential beneficiaries.

Subsidiary Companies

Three subsidiary companies have been established to undertake work for the benefit of the College.

- Newnham College Ltd sells College related memorabilia
- Newnham College Management Ltd organises maintenance and construction projects
- Newnham College Library Co Ltd provides the College with library services

Objects and purposes

The objects of the College as defined by its Charter (where they are listed along with its powers) and as registered with the Charity Commission are:

- a) to establish or maintain at or near Cambridge a house or residence or residences in which female students may reside and study; and
- b) to provide a liberal education for women carrying on the work of the Old Association with such modifications and changes as may from time to time appear desirable either in its present situation or elsewhere in the town of Cambridge or County of Cambridge

Since its reception into the University of Cambridge in 1958, the College has discharged these objects through the advancement of education, learning and research, particularly but not exclusively through the provision of a college for women within the University of Cambridge.

Public benefit

The Trustees on appointment are provided with a copy of "Charities and Public Benefit: Summary Guidance for Charity Trustees", and are reminded at least annually of its recommendations and requirements. The College provided in 2013/14 an education for about 669 undergraduate and graduate women students, in conjunction with the University of Cambridge, which is recognised internationally as being of the highest standard. This

NEWNHAM COLLEGE

Corporate Governance and Public Benefit (continued)

education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision for undergraduates, as well as pastoral, administrative and academic support through its tutorial and graduate tutorial systems;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research mainly by:

- providing Research Fellowships (and Teaching Fellowships) to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of a permanent academic post;
- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;

The College maintains an extensive Library (including special collections), so providing a valuable resource for students and senior members of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers.

1. The Trustees are satisfied that the College remains compliant with their duty in regard to public benefit. The primary beneficiaries are the resident members of the College, both students and academic staff, all of whom are directly engaged in education, learning or research. Other beneficiaries include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and visiting schoolchildren and alumnae of the College who have an opportunity to attend educational events at the College or use its academic facilities. The general public are also able to attend various educational activities in the College (such as public lectures). As a College in the University of Cambridge the primary beneficiaries are academics and students of the University, all of whom need to meet high academic standards to be appointed or admitted and that requirement stands at the core of its nature. The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background.
2. In order to assist undergraduates the College participates in and contributes to the Cambridge Bursary Scheme, which is approved by the Office of Fair Access.
3. To support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages.
4. The College also provides to students additional grants for the alleviation of hardship and for other purposes such as travel.

Management of risk

The College maintains a strong system of financial and management controls. The detailed estimates for the year ahead and a rolling five year forecast are scrutinised by the Finance Committee prior to consideration and approval by the College Council in June each year. Monthly departmental management accounts are produced including comparison of budget with actual for each cost centre. Revised Forecasts

Corporate Governance and Public Benefit (continued)

of Outturn are produced mid-year to allow for an overall review of the progress of each year's finances. The College, through its senior management and committees reporting to the College Council, is active in identifying, reviewing and documenting its exposure to other major risks with a view to eliminating, reducing and/or controlling them. The College has also established an Audit Committee, chaired by the Vice-Principal, which includes within its remit management of risk and review of the College risk register.

External advisors

Auditors

Prentis & Co LLP
Chartered Accountants & Statutory Auditors
115c Milton Road
Cambridge CB4 1XE

Solicitors

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

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

Mills and Reeve
112 Hills Road
Cambridge CB2 1PH

Bankers

NatWest Bank
Cambridge Market Street Branch
23 Market Street
Cambridge CB2 3PA

Allied Irish Bank
St Helen's
1 Undershaft
London EC3A

Property Managers and Valuers

Carter Jonas LLP
6-8 Hills Road
Cambridge CB2 1NH

Investment Managers

Partners Capital Investment Group Ltd
5th Floor
5 Young Street
London W8 5EH

Cambridge Associates Limited
105 Wigmore Street
London W1U 1QY

Cambridge Associates LLC
100 Summer Street
Boston
Massachusetts 02110-2112
USA

Cambridge Investment Management Limited
The Old Schools
Trinity Lane
Cambridge
CB2 1TN

Actuaries

Cartwright Group Ltd
The Hub-IQ
Farnborough
Hants GU14 7JP

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Financial Statements
for the Year Ended 30 June 2014

Financial Review

During the year the College continued to pursue its charitable aims in delivering, in partnership with the University of Cambridge and as a constituent part of the collegiate university, a world-class education through individual or small-group teaching as well as pastoral, administrative and academic support. The College also provides social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their potential whilst studying at the College. The full cost of the College's educational provision last year was £4.86m of which £2.44m (50.2%) was received in fees and Cambridge Bursary Scheme funding and £2.42m (49.8%) derived from the College's endowment, which, in turn, depends for its significant long term growth on the generosity of benefactors.

Financial Results

Continued robust budget management has resulted in the College and subsidiary companies achieving a net surplus of £86k, as set out in the Income and Expenditure Account on page 14. This included £288k of donations of an unrestricted revenue nature. In addition, new legacies and donations amounting to £1,110k were received and added to the endowment. A further £5k in capital donations has been added to the Deferred Capital Reserve.

The financial results over the last five years were:

	2009/10	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000
Income	7,882	8,262	7,961	8,481	9,003
Expenditure	(7,356)	(7,626)	(7,788)	(8,306)	(8,756)
	526	636	173	175	247
Net Transfers to funds	(596)	(353)	(138)	(98)	(161)
Net (Deficit) / Surplus	(70)	283	35	77	86

Overall, income increased by 6.2% in 2013/14. The key driver of this was a 5% increase in academic fees and charges, due to a 5% increase in the average per capita student fee. Residence, catering and accommodation income rose 4% to £3.6m as a result of the scheduled annual increase in student rents and an improving market for conference business.

Overall expenditure rose by 5.4%. Staff costs make up 44% of expenditure and rose by 5.9% due to an increase in College headcount by 2 full-time equivalent employees, modest rates of increase in University pay scales, the introduction of pension auto-enrolment and the implementation of the living wage. Most other costs rose by inflation; professional fees increased by £156k due to the private placement and the purchase of new commercial properties; these are discussed in further detail below.

Benefactions and Donations

The College remains extremely grateful for the generous and loyal support of its alumnae. The traditional system of intensive teaching in small groups, backed by strong pastoral support, is inadequately supported by fee income (over which the College has almost no control) and requires a strong endowment to enable it to continue. With the University's planned growth in graduate students, which is not matched by funding from the Research Councils, there continues to be increasing need for funding for these students. Total income from donations in 2013/14 was £1.4 million including the recovery of Gift Aid. The donations and fund raising costs over the last five years were:

	2009/10	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000
Legacies and Donations	1,090	1,093	2,993	1,449	1,398
Development office costs	281	234	262	208	266
Costs as a percentage of funds received	25.8%	21.4%	8.8%	14.4%	19.0%

2011/12 included a significant one-off donation of £1.1 million.

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Financial Review (continued)

Main Endowment

The market value of the investment portfolio at 30 June 2014 was £70.7 million including commercial property, invested in equities and private equities (66%), fixed interest and bonds (4%), property (19%) and unquoted securities and cash (11%). At the end of June 2014 the College distributed 3.50% of the value of the portfolio average from June 2009 to June 2013 (2012/13: 3.00%), as set out below:

	2009/10	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m	£m
Investment Assets	53.2	57.8	60.1	66.9	70.7
Actual net income	0.4	0.3	0.3	0.6	0.7
Gains / (losses)	4.0	5.0	0.3	7.5	5.0
Total Return	4.4	5.3	0.6	8.1	5.7
Endowment distribution	2.4	2.5	1.9	1.9	2.2
As a percentage of investment assets valued at year-end	4.5%	4.3%	3.2%	2.8%	3.1%

The College's commercial property assets increased from £5.3m to £13.2m due to the purchase of two strategic properties near the College and a £493k (9%) increase in property valuations. These holdings yielded rental income of £243k in 2013/14.

Ethical Investment Policy and Investment Strategy

The College's Ethical Investment Policy states:

The College keeps under regular review the ethical investment of its funds. In line with the findings in the Harries case (Bishop of Oxford v. Church Commissioners, 1992) the overriding principle guiding the College's investments (though not the only one) is the financial return of the portfolio, and in principle we avoid investments in areas which are contrary to the College's Charitable purposes. Those companies or shares likely to be excluded would be those whose activities violate human rights, may harm the environment, or are otherwise contrary to the charitable objectives of the College. The College has appointed a firm of advisors which provides a range of pooled funds in which to invest. The Investment Committee is responsible for decisions on asset allocation but does not select individual stocks.

The College takes a long-term view of the investment portfolio and uses a total return basis for deciding on the appropriate amount to draw down each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations. Any new bequests received during the year are added to unrestricted funds unless the donor has specified the use of the funds in some other way.

The securities portfolio is unitised so that the College is able to see the change in value attributable to the management of the portfolio as distinct from the nominal total value of the investment assets which is impacted both negatively by disposals and by capital expenditures, and also positively by additional capital received in bequests and donations. The College applies a 'spending rule' as part of a Total Return policy and, under this, income representing a percentage of a trailing averaged value of the portfolio excluding commercial property is taken to the Income and Expenditure account. The average was based on the previous five years from 2008/09 to 2010/11; from 2011/12 it was agreed to push this out to seven years starting from 2009 (a low point) and that will be the basis for further distributions until 2015/16. The percentage of the trailing average value taken to the Income and Expenditure account was 4.25% from 2008/09 to 2010/11. In 2011/12 it was reduced to 3.25% and 3.00% in 2012/13, increasing to 3.50% in 2013/14.

The reduction in drawdown is a result of the need to rebuild unit value subsequent to the financial crisis. The smoothing rule enabled the College to maintain the cash flow from the portfolio through the recent recession. Higher priority will now be given to rebuilding the unit value in order to offset the impact of inflation during the past five years.

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Financial Review (continued)

The average unit value is calculated from June 2009 to June 2014. In June 2009, at its low point, the actual unit value was £10.20 but by June 2014 it had risen again to £12.66 (2013: £12.19). The trailing average increased from £11.06 at 30 June 2013 to £11.42 at 30 June 2014. At June 2014, after the transfer of the drawdown to the Income and Expenditure Account and a withdrawal to fund the purchase of two new investment properties, the actual value of investment securities was £57.5m (June 2013: £61.6m).

The College will continue to review its spending rule and its smoothing mechanisms during the course of 2014/15 to ensure that we remain in as good a position as possible with the continuing instability and variability expected in global financial markets.

Private Placement Bond

The College participated in two private placements during 2013/14. The first private placement of £11,580,000 is repayable in two tranches, of £6,433,333 on 30 October 2043 and £5,146,667 on 30 October 2053 and is subject to a fixed rate of interest of 4.40%. The second private placement of £7,000,000 is repayable on 31 January 2044 and is subject to a fixed rate of interest of 4.45%.

The proceeds of the issue are to fund the building of new graduate accommodation and a replacement for the Strachey building accommodation and facilities. As a result of these building plans, the current Strachey building is subject to accelerated depreciation of £1,078k per annum such that it will be fully written down by its planned demolition date of 2018.

Pending application to the buildings project, the funds are invested with Partners Capital in a portfolio designed to have lower volatility than the long-term investment portfolio.

Capital Expenditure and Buildings Renewals

After peaking last year, expenditure on building projects (including staff costs) fell from £1,347k in 2012/13 to £1,048k in 2013/14. The largest project in 2013/14 was the replacement of fire alarms throughout the College site (£86k). Further significant projects included improvements to the Porters' Lodge (£55k falling in 2013/14) and the conversion of five attic rooms into bedrooms in the Rosalind Franklin Building (£55k in-year spend), both of which have been capitalised.

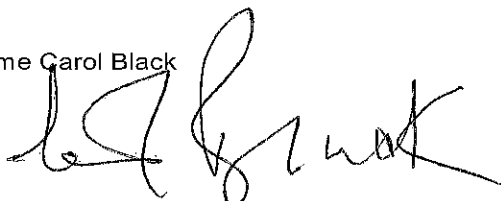
The guide-figure provided by the Royal Institute of Chartered Surveyors for prudent levels of spending to maintain historic buildings (1.8% of reinstatement costs) would indicate annual spending of £1.8m. Taking into account the College's recent high levels of capital spending on new buildings and refurbishment of property it is believed that the College is meeting that guide level over the medium to long term and will be embarking on major new building projects from 2014/15.

Reserves Policy

The College has total Capital and Reserves of £156.4m. Of this, £79.9m is the Revaluation Reserve which represents the value, in excess of cost, of the College's operational land and buildings. The operational buildings are used primarily for teaching and residential purposes and the long term loan of £5.0m (originally £6m) was used to help construct the kitchen and buttry. As mentioned above, the new private placement proceeds of £18.6m will be used to finance future additional accommodation and facilities in addition to a replacement for the Strachey building. Legacies and Gifts of almost £5m helped fund the Library project: these are held as Deferred Capital Donations (£4.4m) and released over the expected 100 year life of that building. Of the remaining reserves, £28.9m were restricted funds and £43.2m were unrestricted.

Almost all these funds were backed by long-term investments of £70.7m which the College regards as its true endowment since this supports the work of the College in providing income to pay to deliver high quality intensive higher education and supporting research.

Professor Dame Carol Black
Principal



14 November 2014

NEWNHAM COLLEGE
for the Year Ended 30 June 2014

Responsibilities of the College Council

The College Council is responsible for preparing the financial statements each year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions', as interpreted by Recommended Cambridge College Accounts. The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period.

In accordance with the College's Statutes, the College Council is responsible for the administration and management of the College's affairs. It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept which disclose with reasonable accuracy at any time the financial position of the College. The Governing Body, which appoints the auditors, receives the audited financial statements from the Council.

In causing the financial statements to be prepared, the College Council has ensured that:

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

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

The College Council has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud and other irregularities. Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

NEWNHAM COLLEGE

for the Year Ended 30 June 2014

Auditors' Report to the College Council and Governing Body of Newnham College

We have audited the financial statements of Newnham College for the year ended 30th June 2014 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 related notes. The financial reporting frame work that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council as the body of trustees, and the Governing Body in accordance with College Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College Council and Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College, the Governing Body and the College Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees College Council and auditors

As explained more fully in the College Council's Responsibility Statement set out on page 9 the College Council is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's and group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the College Council and the overall presentation of the financial statements. In addition, we read all the financial information in the Council's Report to identify material inconsistencies with the audited financial statements and to identify and information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

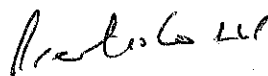
In our opinion

- The financial statements give a true and fair view of the state of the group's and the College's affairs as at 30th June 2014 and of the group's income and expenditure for the year then ended;
- The financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;
- The contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the College Council's Annual report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.



Prentis & Co LLP
Chartered Accountants and Statutory Auditors
115c Milton Road
Cambridge CB4 1XE

4th DECEMBER 2014

Prentis & Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

NEWNHAM COLLEGE

for the Year Ended 30 June 2014

Statement of Principal Accounting Policies

(i) Basis of preparation

The accounts have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards. In addition, the financial statements comply with the "Statement of Recommended Practice: Accounting for Further and Higher Education Institutions" (the SORP).

The Income and Expenditure Account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 7.

(ii) Basis of accounting

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

(iii) Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its three wholly owned subsidiary undertakings for the year ended 30 June 2014. Inter-group balances are eliminated on consolidation. The activities of student societies have not been consolidated.

(iv) Recognition of income

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

Donations and bequests are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. Donations with a condition that only the income may be spent are credited to the balance sheet as permanent capital funds. Bequests and restricted fundraising allocated directly to funds are excluded from the Income and Expenditure account and passed straight to funds via the Statement of Total Recognised Gains and Losses.

Unrestricted funds received are designated as capital or as income in the year of receipt by the College Council.

Donations received for the purpose of helping to fund the construction of tangible, depreciating assets such as buildings, are credited to the Deferred Capital Reserve. When the related capital expenditure has been incurred, funds are released from this Reserve over the estimated useful life of the assets in line with the depreciation policy for those assets.

From 1st July 2007 a total return policy has been applied in relation to the College's investment in securities. Under this policy 4.25% of the trailing 5 year quarterly average values of the investments was taken to the Income and Expenditure Account in the years 2008/09 to 2010/11. For 2011/12, 3.25% of the trailing quarterly average values from the 2009 low point has been taken to the Income and Expenditure Account; this figure reduced to 3.00% for 2012/13 and increased to 3.50% for 2013/14. The remainder of the change in value of the investments is shown in the Statement of Recognised Gains and Losses.

(v) Pension schemes

The College participates in the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). These are both defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The funds are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary.

The assets of the USS are held in a separate trustee-administered fund. Owing to the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other

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for the Year Ended 30 June 2014

Statement of Accounting Policies - continued

institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17: 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The assets and liabilities of the CCFPS are held separately. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

(vi) Tangible fixed assets

a. Land and buildings

The buildings on the College's main site have been treated as tangible fixed assets and valued on the basis of their depreciated replacement cost. The valuation on 30 June 2011 was carried out by Carter Jonas, Chartered Surveyors, with a subsequent 'desktop' valuation at 30 June 2014. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 100 years, except the Strachey building which is due for replacement in four years and so depreciation has been accelerated to reflect its specific useful life. Properties are re-lifed on revaluation. Freehold land is not depreciated and the value of the land comprising the College's main site is included in the balance sheet.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

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

b. Maintenance of premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also sets aside sums to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds.

c. Furniture, fittings and equipment

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

Books, furniture and fittings	5% and 10% per annum
Catering heating and ventilation equipment	5% per annum
Major computer software	10% per annum
Computer equipment	25% per annum

Where equipment is acquired with the aid of specific bequests or donations the income is credited to a deferred capital account and income released to the Income and Expenditure Account over the same period of depreciation as the furniture or equipment to which it relates.

d. Heritage Assets

The College holds and conserves a number of collections, artefacts and other assets of historical, artistic or scientific interest. In accordance with FRS15 and FRS30 heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since then have been capitalised to the extent to which they are material. They have not been depreciated since their long economic life and high residual value mean that any depreciation would not be material.

NEWNHAM COLLEGE
for the Year Ended 30 June 2014

Statement of Accounting Policies - continued

(vii) Investments

Fixed asset, endowment asset and short-term investments are included in the balance sheet at market value. All College properties off the main site are treated as investment assets and shown as estate properties. They are valued at market value once every five years by a professional valuer (Carter Jonas) and revalued on the balance sheet accordingly. Desktop revaluations are performed in intervening years. Investments in subsidiaries are held at cost in the College's Balance Sheet. Their value is reviewed annually and provision made for any impairment identified.

(viii) Stocks

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks

(ix) Provisions

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

(x) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year. From 2012/13, at least 40% of the investment value was held in Sterling or hedged back to Sterling.

(xi) Taxation

The College is a registered charity and accordingly is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

(xii) 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 is now more often than not a net contributor to the fund.

NEWNHAM COLLEGE

Consolidated Income and Expenditure Account for the Year Ended 30 June 2014

		2013/14 £	2012/13 £
INCOME	Note		
Academic Fees and Charges	1	2,549,277	2,431,039
Residences, Catering, and Conferences	2	3,638,979	3,489,374
Endowment Income	3a	2,234,552	1,853,398
Donations and bequests	3c	337,501	335,071
Other Charges and Income	4	242,438	372,253
Total Income		<u>9,002,747</u>	<u>8,481,136</u>
EXPENDITURE			
Education	5	4,858,497	4,417,553
Residences, Catering and Conferences	6	3,416,649	3,456,738
Other		184,467	136,778
Total Expenditure		<u>8,459,613</u>	<u>8,011,069</u>
Operating Surplus before Loan Interest Payable		543,134	470,067
Loan Interest		(266,584)	(268,839)
Operating Surplus		276,550	201,228
Contribution to Colleges Fund Under Statute G,II		(30,000)	(26,681)
NET SURPLUS before transfers		<u>246,550</u>	<u>174,547</u>
Transfers to and from Reserves and Funds		(160,591)	(97,844)
NET SURPLUS to General Capital		<u>85,959</u>	<u>76,702</u>

All items dealt with in arriving at the surplus for 2013/14 and 2012/13 relate to continuing operations.

The difference between the results as disclosed in the income and expenditure account and the results on an unmodified historical cost basis is not material.

The notes on pages 19 to 27 form part of these accounts.

NEWNHAM COLLEGE

Consolidated Statement of Total Recognised Gains and Losses

for the Year Ended 30 June 2014

	Restricted Funds £	Unrestricted Funds £	Total 30 June 14 £	Total 30 June 13 £
Opening reserves and endowments	<u>28,376,088</u>	<u>109,924,337</u>	<u>138,300,425</u>	<u>130,945,016</u>
Transfers between funds	(1,171,810)	1,171,810	-	-
Appreciation of Investment Assets (Note 3b)	1,053,456	2,392,853	3,446,309	6,233,685
Revaluation of College Property (Note 21)		9,166,043	9,166,043	-
Actuarial gain / (loss) on CCFPS pension deficit provision	-	(236,076)	(236,076)	(228,750)
Benefactions and Donations	645,178	464,765	1,109,943	1,175,928
Transfers	12,197	148,394	160,591	97,844
Retained Income and Expenditure Account surplus for the year	-	85,959	85,959	76,702
Total Recognised Gains / (Losses) for the year	<u>1,710,831</u>	<u>12,021,938</u>	<u>13,732,769</u>	<u>7,355,409</u>
Closing reserves and endowments	<u>28,915,108</u>	<u>123,118,085</u>	<u>152,033,187</u>	<u>138,300,425</u>

The above figures exclude deferred capital grants of £4,418,606 (2012/13: £4,463,395) shown in note 19.

NEWNHAM COLLEGE
Consolidated Balance Sheets
At 30 June 2014

	Note	2014		2013	
		£	£	£	£
FIXED & ENDOWMENT ASSETS					
Tangible Assets	9		90,900,610		81,569,716
Fixed Asset Investments	10	21,117,609		20,227,487	
Endowment Asset Investments	10	49,543,320		46,637,740	
			70,660,929		66,865,227
			<u>161,561,539</u>		<u>148,434,943</u>
CURRENT ASSETS					
Short-term Investments	11	19,627,913			
Stock	12	184,094		185,055	
Debtors	13	318,760		415,770	
Cash at bank		896,900		1,126,394	
		<u>21,027,667</u>		<u>1,727,219</u>	
CURRENT LIABILITIES					
Creditors: Amounts Falling Due Within One Year	14	(1,282,523)		(1,117,392)	
Net Current Assets / (Liabilities)			<u>19,745,144</u>		<u>609,827</u>
Total Assets less Current Liabilities			<u>181,306,683</u>		<u>149,044,770</u>
Creditors: Amounts Falling Due In More Than One Year	15		(23,414,452)		(5,074,075)
Pension Liability	22b		(1,440,438)		(1,206,875)
NET ASSETS			<u><u>156,451,793</u></u>		<u><u>142,763,820</u></u>
CAPITAL AND RESERVES					
		Restricted Funds	Unrestricted Funds	Total 2013/14	Total 2012/13
		£	£	£	£
Deferred Capital Donations	19	<u>4,418,606</u>		<u>4,418,606</u>	<u>4,463,395</u>
Endowments	20				
Expendable endowments		5,988,487		5,988,487	5,731,479
Permanent endowments		22,926,621	20,628,212	43,554,833	40,906,261
		<u>28,915,108</u>	<u>20,628,212</u>	<u>49,543,320</u>	<u>46,637,740</u>
Reserves	21				
General Reserves			24,048,812	24,048,812	22,154,110
Revaluation Reserve			79,881,493	79,881,493	70,715,450
Pensions Reserve			(1,440,438)	(1,440,438)	(1,206,875)
			<u>102,489,867</u>	<u>102,489,867</u>	<u>91,662,685</u>
TOTAL		<u><u>33,333,714</u></u>	<u><u>123,118,079</u></u>	<u><u>156,451,793</u></u>	<u><u>142,763,820</u></u>

These financial statements were approved by Newnham College Council on 14 November 2014.

and signed on its behalf by:

Professor Dame Carol Black (Principal)

Mrs Josie Gowler FCA (Acting Bursar)

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NEWNHAM COLLEGE

College Balance Sheet

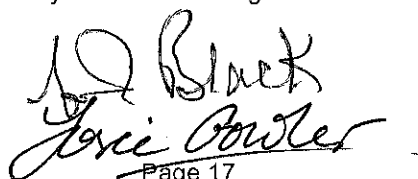
At 30 June 2014

	Note	2014		2013	
		£	£	£	£
FIXED & ENDOWMENT ASSETS					
Tangible Assets	9		90,654,857		81,318,350
Fixed Asset Investments	10	21,497,609		20,607,493	
Endowment Asset Investments	10	<u>49,543,320</u>		<u>46,637,740</u>	
			<u>71,040,929</u>		<u>67,245,233</u>
			161,695,786		148,563,583
CURRENT ASSETS					
Short-term Investments	11	19,627,913		0	
Stock	12	165,486		165,214	
Debtors	13	325,431		422,066	
Cash at Bank		<u>887,373</u>		<u>1,119,566</u>	
		21,006,203		1,706,846	
CURRENT LIABILITIES					
Creditors: Amounts Falling Due Within One Year	14	<u>(1,466,771)</u>		<u>(1,293,265)</u>	
Net Current Assets / (Liabilities)			19,539,432		413,581
Total Assets less Current Liabilities			<u>181,235,218</u>		<u>148,977,164</u>
Creditors: Amounts Falling Due In More Than One Year	15		(23,414,452)		(5,074,075)
Pension Liability	22b		(1,440,438)		(1,206,875)
NET ASSETS			<u><u>156,380,328</u></u>		<u><u>142,696,214</u></u>
CAPITAL AND RESERVES					
		Restricted Funds	Unrestricted Funds	Total 2013/14	Total 2012/13
		£	£	£	£
Deferred Capital Donations	19	<u>4,418,606</u>		<u>4,418,606</u>	<u>4,463,395</u>
Endowments	20				
Expendable endowments		5,988,487		5,988,487	5,731,479
Permanent endowments		<u>22,926,621</u>	<u>20,628,212</u>	<u>43,554,833</u>	<u>40,906,261</u>
		<u>28,915,108</u>	<u>20,628,212</u>	<u>49,543,320</u>	<u>46,637,740</u>
Reserves	21				
General Reserves			23,977,344	23,977,344	22,086,505
Revaluation Reserve			79,881,493	79,881,493	70,715,450
Pensions Reserve			(1,440,438)	(1,440,438)	(1,206,875)
			<u>102,418,399</u>	<u>102,418,399</u>	<u>91,595,080</u>
TOTAL		<u><u>33,333,714</u></u>	<u><u>123,046,611</u></u>	<u><u>156,380,328</u></u>	<u><u>142,696,214</u></u>

These financial statements were approved by Newnham College Council on 14 November 2014.
and signed on its behalf by:

Professor Dame Carol Black (Principal)

Mrs Josie Gowler FCA (Acting Bursar)



NEWNHAM COLLEGE

Consolidated Cash Flow Statement

for the Year Ended 30 June 2014

	2013/14 £	2012/13 £
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating Surplus	85,959	76,702
Add: Depreciation	586,471	585,770
Surplus on sale of investment properties	(6,500)	(12,068)
Capital Grants released in year	(49,851)	(49,869)
Transfers	160,591	97,844
FRS 17 adjustments	(2,513)	(6,928)
Investment income and interest received	(1,937,852)	(1,567,283)
(Increase) / Decrease in Stocks	961	(1,956)
(Increase) / Decrease in Debtors	97,010	(62,731)
(Decrease) / Increase in Creditors	196,331	(726,656)
Net Cash Inflow / (Outflow) from Operating Activities	<u>(869,393)</u>	<u>(1,667,175)</u>

CASH FLOW STATEMENT

Net Cash Inflow / (Outflow) from Operating Activities	(869,393)	(1,667,175)
Returns on Investments and Servicing of Finance		
Investment Income	683,424	597,677
Interest Received	27,600	9,074
Interest Paid	(338,203)	(277,169)
Net cash inflow from returns on investment	<u>372,821</u>	<u>329,582</u>
Capital Expenditure and Financial Investment		
Receipts from sale of investment properties	96,750	80,250
Receipts from sale of investments	8,056,705	700,000
Receipts from capital donations to Library project	5,062	6,471
Capital benefactions and donations received	1,109,943	1,175,841
	<u>9,268,460</u>	<u>1,962,562</u>
Expenditure on tangible fixed assets	(759,013)	(329,642)
Expenditure on investment assets	(26,619,536)	(75,000)
Capital paid off loan	(202,833)	(156,683)
	<u>(27,581,382)</u>	<u>(561,325)</u>
Net Cash Inflow / (Outflow) from Investing Activities	(18,312,922)	1,401,237
Financing		
Long term loans received	18,580,000	
Increase / (Decrease) in Cash in the year	<u>(229,494)</u>	<u>63,644</u>

Reconciliation of net cash flow to movement in net liquid assets

Increase in Cash in the year	(229,494)	63,644
Net liquid funds brought forward at 1 July	1,126,394	1,062,750
Net liquid funds carried forward at 30 June	<u>896,900</u>	<u>1,126,394</u>

NEWNHAM COLLEGE

Notes to the Accounts

for the Year Ended 30 June 2014

1. ACADEMIC FEES AND CHARGES

	2013/14 £	2012/13 £
COLLEGE FEES		
Fee Income paid on behalf of Undergraduates eligible for Student Support (per Capita Fee £4,088 (old regime), £4,500 (new regime); 2012/13 £3,951 (old regime), £4,500 (new regime))	1,259,496	1,285,637
Other Undergraduate Fee Income (per Capita Fee £ 6,471; 2012/13 £5,883)	374,277	302,457
Graduate Fee Income (per Capita Fee £2,424; 2012/13 £2,349)	606,714	581,733
	<u>2,240,487</u>	<u>2,169,827</u>
Teaching Grants	29,563	29,375
Recoveries from other Colleges	71,790	61,977
Other Fees and Charges including Cambridge Bursary Scheme	207,438	169,860
Total	<u>2,549,277</u>	<u>2,431,039</u>

2. RESIDENCES, CATERING, AND CONFERENCES INCOME

	2013/14 £	2012/13 £
Accommodation		
College Members	2,222,287	2,145,999
Conferences	281,228	247,964
Catering		
College Members	880,999	854,533
Conferences	254,465	240,880
Total	<u>3,638,979</u>	<u>3,489,374</u>

3. ENDOWMENT INCOME

3a Analysis of Endowment Income

	Restricted Funds £	Unrestricted Funds £	2013/14 Total £	2012/13 Total £
Total return recognised in Income & Expenditure Account (note 3b)	866,828	1,367,724	2,234,552	1,853,398

3b Summary of Total Return

	£	£	£	£
<u>Income from:</u>				
Freehold Land and Buildings	0	242,588	242,588	225,618
Quoted Securities and cash	171,009	269,827	440,836	372,059
	<u>171,009</u>	<u>512,415</u>	<u>683,424</u>	<u>597,677</u>
<u>(Losses)/Gains on Investment Assets</u>				
Freehold Land and Buildings	0	499,425	499,425	190,568
Quoted and Other Securities and Cash	1,749,275	2,748,737	4,498,012	7,298,839
	<u>1,749,275</u>	<u>3,248,162</u>	<u>4,997,437</u>	<u>7,489,407</u>
Total Return for the year	1,920,284	3,760,577	5,680,861	8,087,083
Transfer to Income and Expenditure Account (Note 3a)	(866,828)	(1,367,724)	(2,234,552)	(1,853,398)
(Deficit)/surplus on Total Return retained in Statement of Total Total Recognised Gains and Losses	<u>1,053,456</u>	<u>2,392,853</u>	<u>3,446,309</u>	<u>6,233,685</u>

3c Donations and Legacies

	2013/14 Total £	2012/13 Total £
Unrestricted donations	287,650	285,202
Restricted donations	0	0
Release from deferred capital grants	49,851	49,869
	<u>337,501</u>	<u>335,071</u>

4. OTHER INCOME

	2013/14 £	2012/13 £
College Events	49,685	186,744
Non-Collegiate income	57,514	61,782
Sundry charges and other income	135,240	123,727
Total	<u>242,438</u>	<u>372,253</u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

5. EDUCATION EXPENDITURE		2013/14	2012/13
		£	£
Teaching		2,446,891	2,283,278
Tutorial		745,699	632,285
Admissions		340,589	311,967
Research		433,966	391,755
Scholarships and Awards		700,562	617,953
Other Educational Facilities		190,790	180,316
Total		4,858,497	4,417,553

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE			2013/14	2012/13
			£	£
Accommodation	College Members		2,123,115	2,193,880
	Conferences		61,440	66,140
Catering	College Members		993,485	975,368
	Conferences		238,609	221,350
Total			3,416,649	3,456,738

7. ANALYSIS OF EXPENDITURE BY ACTIVITY					
	Staff Costs (Note 8)	Other Operating Expenses	Depreciation	2013/14 Total	2012/13 Total
	£	£	£	£	£
Education (Note 5)	2,122,879	2,477,649	257,969	4,858,497	4,417,553
Residences, Catering & Conferences (Note 6)	1,550,986	1,537,161	328,502	3,416,649	3,456,738
Other	23,812	160,655	-	184,467	136,778
	3,697,677	4,175,465	586,470	8,459,613	8,011,069

Including: Auditors' Fees - as auditors	13,353	12,589
- for other work		
Cost of Fundraising	266,205	208,243

8. STAFF AND FELLOWS					
Staff Costs	College Fellows	Academics	Non - Academics	Total	Total
	2013/14	2013/14	2013/14	2013/14	2012/13
	£	£	£	£	£
Emoluments	665,002	109,836	2,364,379	3,139,217	2,861,125
Social Security Costs	43,550	4,469	150,255	198,274	186,357
Other Pension Costs	79,490	9,235	271,461	360,186	376,957
	788,042	123,540	2,786,095	3,697,677	3,424,439

No officers or employees of the College, including the Head of House, received emoluments exceeding £100,000 in either 2013/14 or 2012/13.

Average Staff Numbers					
	College Fellows	Academics	Non - Academics	Total	Total
	2013/14	2013/14	2013/14	2013/14	2012/13
Academic	45	5	-	50	48
Non-Academics	-	-	94	94	94
	45	5	94	144	142

Staff and Fellows - continued

Fellows - full time stipendary	12	full time
Fellows - part time stipendary	33	equivalents
Fellows - non-stipendary	11	

NEWNHAM COLLEGE

Notes to the Accounts - continued

9. TANGIBLE FIXED ASSETS

	College Land £	College Buildings £	Furniture & Equipment £	Assets under Construction £	Library Books and Equipment £	2013/14 Total £	2012/13 Total £
COST/VALUATION							
At 30 June 2013	32,608,000	48,973,003	1,232,059	-	555,801	83,368,863	83,049,444
Additions	-	141,338	5,102	592,926	19,647	759,013	329,642
Disposals	-	-	(5,176)	-	(2,516)	(7,692)	(10,223)
Revaluation during the year	3,592,000	5,185,659	-	-	-	8,777,659	-
At 30 June 2014	<u>36,200,000</u>	<u>54,300,000</u>	<u>1,231,985</u>	<u>592,926</u>	<u>572,932</u>	<u>92,897,843</u>	<u>83,368,863</u>
DEPRECIATION							
At 30 June 2013	-	974,840	519,872	0	304,435	1,799,147	1,213,376
Provided for the year	-	1,568,741	75,690	0	25,260	1,669,691	592,135
Disposals	-	-	(3,106)	-	(2,516)	(5,622)	(6,365)
Written back on revaluation	-	(1,465,983)	-	-	-	(1,465,983)	-
At 30 June 2014	<u>-</u>	<u>1,077,598</u>	<u>592,456</u>	<u>-</u>	<u>327,179</u>	<u>1,997,233</u>	<u>1,799,146</u>
Net Book value							
At 30 June 2014	<u>36,200,000</u>	<u>53,222,402</u>	<u>639,529</u>	<u>592,926</u>	<u>245,753</u>	<u>90,900,610</u>	<u>81,569,716</u>
At 30 June 2013	<u>32,608,000</u>	<u>47,998,163</u>	<u>712,187</u>	<u>-</u>	<u>251,366</u>	<u>81,569,716</u>	<u>81,836,068</u>

The library books and equipment do not form part of the College assets.

An interim desktop valuation of College buildings was carried out by Carter Jonas, Chartered Surveyors at 30th June 2014 on the basis of market value for existing use, plus current gross replacement costs of improvements, less allowance for physical deterioration and obsolescence.

The amount of finance cost capitalised during 2013/14 was £538k (2012/13 nil). The freehold College buildings at 30 June 2014 were insured at reinstatement costs of £98.1m.

10. FIXED and ENDOWMENT ASSETS - Investments	Securities and Cash	Property	2013/14 £	2012/13 £
At 30 June 2013	61,601,852	5,263,375	66,865,227	60,084,213
Additions	10,000	7,527,000	7,537,000	639,713
Disposals	(6,533,177)	(90,250)	(6,623,427)	(80,000)
Appreciation / (Loss) on Disposals or Revaluation	2,389,204	492,925	2,882,129	6,221,301
At 30 June 2014	<u>57,467,879</u>	<u>13,193,050</u>	<u>70,660,929</u>	<u>66,865,227</u>
Represented by:				
Estate Properties			13,193,050	5,263,375
Quoted Securities - Equities			46,788,110	50,960,404
Quoted Securities - Fixed Interest			2,550,994	2,627,611
Unquoted			7,143,406	8,010,061
Cash Held For Reinvestment			985,369	3,776
			<u>70,660,929</u>	<u>66,865,227</u>
Fixed Asset Investments			21,117,609	20,227,487
Endowment Asset Investments			49,543,320	46,637,740
Total Investments			<u>70,660,929</u>	<u>66,865,227</u>

The valuation of the investment properties was carried out by Carter Jonas, Chartered Surveyors at 30 June 2014 at market value. The stock exchange investments were valued at mid-market price at the Balance Sheet dates.

NEWNHAM COLLEGE

Notes to the Accounts - continued

11. SHORT-TERM INVESTMENTS

	2013/14 £	2012/13 £
Short-term Investments	<u>19,627,913</u>	<u>-</u>
The College has invested the proceeds of the private placement in a lower-risk investment portfolio pending drawdown of the funds to finance the building of new accommodation and facilities at the College.		
Represented by:		
Quoted Securities - Equities	17,301,880	-
Quoted Securities - Fixed Interest	2,312,454	-
Cash Held For Reinvestment	13,579	-
	<u>19,627,913</u>	<u>-</u>

12. STOCK

	2013/14		2012/13	
	College £	Consolidated £	College £	Consolidated £
Food and Drink	21,153	21,153	17,886	17,886
Wine	131,382	131,382	127,912	127,912
Memorabilia	-	18,608	-	19,841
Linen, Cleaning Materials and Other	12,951	12,951	19,416	19,416
	<u>165,486</u>	<u>184,094</u>	<u>165,214</u>	<u>185,055</u>

13. DEBTORS

	2013/14		2012/13	
	College £	Consolidated £	College £	Consolidated £
Taxes due from Government Departments	38,348	50,798	36,664	51,392
Grants receivable	16,563	16,563	29,375	29,375
Due from Subsidiary Companies	20,655	-	21,744	-
Trade Debtors	135,228	135,228	138,639	138,639
Sundry Debtors and Prepayments	114,637	116,171	195,644	196,364
	<u>325,431</u>	<u>318,760</u>	<u>422,066</u>	<u>415,770</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013/14		2012/13	
	College £	Consolidated £	College £	Consolidated £
Trade Creditors	202,416	202,416	226,988	226,988
Loan Repayments of Capital	172,714	172,714	203,929	203,929
Contribution due to Colleges Fund	30,000	30,000	26,681	26,681
Due to Subsidiary Companies	220,026	-	178,184	-
Taxes and social security costs	85,187	85,187	78,913	78,913
Student deposits and accounts	221,468	221,468	240,758	240,758
Accruals and Sundry Creditors	534,960	570,738	337,812	340,123
	<u>1,466,771</u>	<u>1,282,523</u>	<u>1,293,265</u>	<u>1,117,392</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013/14 £	2012/13 £
Bank Loan	4,834,452	5,074,075
Private Placement Liabilities - Tranche One	11,580,000	-
Private Placement Liabilities - Tranche Two	7,000,000	-
	<u>23,414,452</u>	<u>5,074,075</u>

The bank loan is secured on certain College freehold properties and is subject to interest fixed under a swap agreement at 5.24% for 25 years from 2007. Repayments commenced in 2007 and will be made over the 25 years to June 2032.

The first private placement of £11,580,000 is repayable in two tranches, of £6,433,333 on 30 October 2043 and £5,146,667 on 30 October 2053 and is subject to a fixed rate of interest of 4.40%.

The second private placement of £7,000,000 is repayable on 31 January 2044 and is subject to a fixed rate of interest of 4.45%.

16. RELATED PARTY TRANSACTIONS

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

17. CAPITAL COMMITMENTS

	2013/14	2012/13
At 30 June 2014 the College had the following capital commitments not provided for in these accounts:		
- contracted for	285,000	£294,419
- not yet contracted for	<u>85,000</u>	<u>£13,000</u>

18. FINANCIAL COMMITMENTS

At 30 June 2014 and 30 June 2013 the College had no annual commitments under non-cancellable operating leases. The College has committed to investing in various private equity funds over approximately the next three years to June 2015. A total of £2.17m (2013: £3.31m) may be called up for investment at any point in that period.

NEWHAM COLLEGE

Notes to the Accounts - continued

	Total 2013/14 £	Total 2012/13 £
19. DEFERRED CAPITAL DONATIONS		
Balance brought forward 1 July	4,463,395	4,506,793
Capital donations received in year	5,062	6,471
Released to Income and Expenditure Account	(49,851)	(49,869)
Balance carried forward 30 June	4,418,606	4,463,395

	Permanent Endowment			Expendible Restricted £	Total 2013/14 £	Total 2012/13 £
	Restricted £	Unrestricted £	Total £			
Balance brought forward 1 July 2013						
Capital	20,418,364	19,408,678	39,827,042	5,560,678	45,387,720	40,110,516
Unspent income	1,225,236	27,628	1,252,864		1,252,864	672,928
	<u>21,643,599</u>	<u>19,436,306</u>	<u>41,079,906</u>	<u>5,560,678</u>	<u>46,640,584</u>	<u>40,783,444</u>
New endowments	448,447	12,500	460,947	196,731	657,678	527,639
Endowment Asset Investments income	688,781	383,745	1,072,526	178,047	1,250,573	1,032,457
Expenditure	(598,070)	(424)	(598,494)	(395,846)	(994,340)	(349,289)
Transfer to/from I&E	(94,264)	(170,293)	(264,557)	233,549	(31,008)	641,184
Net	<u>444,894</u>	<u>225,528</u>	<u>670,422</u>	<u>212,481</u>	<u>882,903</u>	<u>1,851,991</u>
Increase in market value of investments	838,128	966,378	1,804,506	215,328	2,019,834	4,002,305
	<u>22,926,621</u>	<u>20,628,212</u>	<u>43,554,834</u>	<u>5,988,487</u>	<u>49,543,321</u>	<u>46,637,740</u>
Capital	22,306,804	20,552,359	42,859,163	5,988,486	48,847,649	45,513,777
Unspent income	619,817	75,853	695,670		695,670	1,123,963
Balance carried forward 30 June 2014	22,926,621	20,628,212	43,554,833	5,988,486	49,543,320	46,637,740

	General Reserves	Fixed Asset Revaluation Reserve	Pensions Reserve (Note 21b)	2013/14 £	2012/13 £
At 30 June 2013	22,154,110	70,715,450	(1,206,875)	91,662,685	90,161,572
Surplus for the year	83,446		2,513	85,959	76,704
Net Transfers	387,631			387,631	(578,220)
Reduction / (Increase) in liability recognised in the year			(236,076)	(236,076)	(228,750)
Increase / (decrease) in value	1,423,624			1,423,624	2,231,380
Surplus on Revaluation at 30 June 2014		8,777,658		8,777,658	0
Depreciation written back on revaluation		388,385		388,385	0
At 30 June 2014	24,048,812	79,881,493	(1,440,438)	102,489,867	91,662,685

The Fixed Asset Revaluation Reserve represents the value of College land and buildings in excess of book cost

Total Endowments	49,543,320	46,637,740
Total General Reserves	24,048,812	22,154,110
	<u>73,592,132</u>	<u>68,791,851</u>
Representing:		
Fellowship Funds	10,157,821	9,866,478
Scholarship Funds	5,629,126	4,894,204
Prize Funds	853,282	860,892
Hardship Funds	6,289,594	5,639,288
Research Funds	9,051,220	8,757,154
Book Funds	1,706,611	1,603,561
Other Funds	1,355,160	1,205,616
General Endowments	38,549,318	35,964,658
	<u>73,592,132</u>	<u>68,791,851</u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

22. PENSION SCHEMES

(a) Universities Superannuation Scheme

The College participates in the University Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 162,000 members and at 30 June 2014 Newnham College had 117 active members participating in the scheme.

Because of the mutual nature of the scheme its assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with the employees of other institutions and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by FRS 17: 'Retirement Benefits' accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31st March 2011. This was the second 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions, and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for Consumer Price Inflation which corresponds broadly to 2.75% for Retail Price Inflation per year).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% each year, salary increases would be 4.4% per year (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic USS experience, with a further cautionary reserve on top for past service liabilities), and pensions would increase by 3.4% per annum for three years following the valuation and then 2.6% thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded. On a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company. Using the FRS17 formula as if USS was a single employer scheme, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

NEWNHAM COLLEGE

Notes to the Accounts - continued

22. PENSION SCHEMES

(a) Universities Superannuation Scheme (continued)

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the scheme liabilities. This increase has been partially offset by a higher than expected investment return.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases have been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New entrants: Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age: The normal pension age was increased for future service and new entrants, to age 65.

Flexible retirement: Flexible retirement options were introduced.

Member contributions increased: Contributions were uplifted to 7.5% pa and 6.5% pa for FS Section members and CRB Section members respectively.

Cost sharing: If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap: For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to the maximum increase of 10%.

On the FRS17 basis, using a category AA bond discount rate of 4.5% per year based on spot yields, the actuary estimated that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a 'last person standing' scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining employers and reflected in the next actuarial valuation of the scheme.

The total pension cost for the College and subsidiaries in 2013/14 was £291,591 (2012/13: £263,553). There were no outstanding contributions at the balance sheet dates. The contribution rate payable by the College was 16% of pensionable salaries.

NEWNHAM COLLEGE

Notes to the Accounts - continued

22 (b) Cambridge Colleges Federated Pension Scheme

The College participates in a multi-employer defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme. At 30 June 2014 Newnham College had 14 active members participating in the Scheme. A full valuation is being carried out as at 31 March 2014 and updated to 30 June 2014 by a qualified Independent actuary.

At the balance sheet date the principal actuarial assumptions (expressed as weighted averages) were:

	2014	2013
	% p.a.	% p.a.
Discount rate	4.2	4.6
Expected long-term rate of return on Scheme assets	6.2	6.2
Salary inflation assumption	2.8	2.8
Inflation assumption - RPI	3.3	3.3
Inflation assumption - CPI	2.3	2.3
Pension increases (inflation linked)	3.3	3.3
Pension increases (capped at RPI)	3.1	3.1

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI 2013 projection and a target long-term improvement rate of 1.0% pa. (2013: S1 tables and an allowance for improvements using the 2012 projection table with a long term improvement rate of 0.75% pa). This results in the following life expectancies:

- Male aged 65 now has life expectancy of 22.3 years (previously 22.0)
- Female aged 65 now has life expectancy of 24.3 years (previously 24.2)
- Male aged 45 now and retiring in 20 years would have a life expectancy at 65 of 23.6 years (previously 22.9)
- Female aged 45 now and retiring in 20 years would have a life expectancy at 65 of 25.8 years (previously 25.3)

Employee Benefit Obligations

2014	2013
£	£

The amounts recognised in the Balance Sheet as at 30 June were:

Present value of Scheme liabilities	(4,849,159)	(4,415,617)
Market value of Scheme assets	3,408,721	3,208,742
Deficit in the Scheme	(1,440,438)	(1,206,875)

The amounts to be recognised in the Income and Expenditure for the period to 30 June were:

Current service cost	135,594	127,024
Interest on Scheme liabilities	202,752	179,858
Expected return on Scheme assets	(197,594)	(159,863)
Past service cost	-	-
Curtailment gain	-	-
Total	140,752	147,019
Actual return on Scheme assets	201,529	334,931

Changes in the present value of the Scheme liabilities for the period to 30 June were:

Present value of Scheme liabilities at the beginning of the year	4,415,617	3,820,319
Service cost including employee contributions	137,274	127,930
Interest cost	202,752	179,858
Actuarial losses/(gains)	240,011	403,818
Benefits paid	(146,495)	(116,308)
Present value of Scheme liabilities at the end of the year	4,849,159	4,415,617

Changes in the fair value of the Scheme assets for the period to 30 June were:

Market value of Scheme assets at the beginning of the year	3,208,742	2,835,266
Expected return	197,594	159,863
Actuarial gains/(losses)	3,935	175,068
Contributions paid by the College (including employee salary exchange)	143,265	153,947
Employee contributions (excluding paid by salary exchange)	1,680	906
Benefits paid	(146,495)	(116,308)
Market value of Scheme assets at the end of the year	3,408,721	3,208,742

NEWNHAM COLLEGE

Notes to the Accounts - continued

22 (b) Cambridge Colleges Federated Pension Scheme (continued)

The agreed contributions (excluding Permanent Health Insurance premiums) to be paid by the College for the forthcoming year are 24.26% of Contribution Pay, assuming salary sacrifice (16.26% for staff members not under the salary sacrifice scheme), subject to a review of future actuarial valuations, plus £9,609 per annum to cover expenses, subject to review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the period to 30 June were:

	2014	2013
Equities and hedge funds	70%	68%
Property	7%	8%
Bonds and cash	23%	24%
	<u>100%</u>	<u>100%</u>

The expected long-term rate of return on the Scheme assets has been calculated based on the major asset categories shown in the table above, and an expected rate of return on equities and hedge funds of 7.0% (2012: 6.4%); property 6.0% (2012: 5.4%); bonds and cash 4.0% (2012: 3.7%).

The analysis of the actuarial gain/(loss) recognisable in the Statement of Recognised Gains and Losses (STRGL) for the period to 30 June is:

	2014	2013
	£	£
Actual return less expected return on Scheme assets	3,935	175,068
Experienced gains and losses arising on Scheme liabilities	25,731	28,375
Changes in assumptions underlying the present value of Scheme liabilities	<u>(265,742)</u>	<u>(432,193)</u>
Actuarial (loss)/gain recognised in the STRGL	<u>(236,076)</u>	<u>(228,750)</u>

The cumulative amount of actuarial gains and losses recognised in the STRGL for the period to 30 June were:

Cumulative actuarial loss at the beginning of the year	(1,249,661)	(1,020,911)
Recognised during the year	<u>(236,076)</u>	<u>(228,750)</u>
Cumulative actuarial loss at the end of the year	<u>(1,485,737)</u>	<u>(1,249,661)</u>

The movement in the deficit during the period to 30 June was:

Deficit in Scheme at beginning of year	(1,206,875)	(985,053)
Service cost (employer only)	(135,594)	(127,024)
Contributions paid by the College	143,265	153,947
Finance cost	(5,158)	(19,995)
Actuarial (loss)/gain	<u>(236,076)</u>	<u>(228,750)</u>
Deficit in Scheme at end of year	<u>(1,440,438)</u>	<u>(1,206,875)</u>

	2014	2013	2012	2011	2010
	£	£	£	£	£
Present value of Scheme liabilities	(4,849,159)	(4,415,617)	(3,820,319)	(3,706,538)	(3,587,289)
Market value of Scheme assets	3,408,721	3,208,742	2,835,266	3,237,268	2,794,083
Deficit in the Scheme	<u>(1,440,438)</u>	<u>(1,206,875)</u>	<u>(985,053)</u>	<u>(469,270)</u>	<u>(793,206)</u>
Actual return less expected return on Scheme assets	3,935	175,068	(562,452)	95,721	305,808
Experienced (losses)/gains arising on Scheme liabilities	25,731	28,375	55,937	42,249	(15,436)
Changes in assumptions underlying present value of Scheme liabilities	(265,742)	(432,193)	(52,999)	167,001	(701,824)