

**NEWNHAM COLLEGE**  
**CAMBRIDGE**

**Consolidated Financial Statements**  
**for the Year Ended 30 June 2015**

Royal Charter Company number RC000384

Registered Charity number 1137512

# **NEWNHAM COLLEGE**

## **Consolidated Financial Statements**

**for the Year Ended 30 June 2015**

Contents:	1
Corporate Governance and Public Benefit	2 to 5
Financial Review	6 to 8
Responsibilities of the College Council	9
Auditor's Report	10
Statement of Accounting Policies	11 to 13
Consolidated Income and Expenditure Account	14
Consolidated Statement of Total Recognised Gains and Losses	15
Consolidated Balance Sheet	16
College Balance Sheet	17
Consolidated Cash Flow Statement	18
Notes to the Accounts	19 to 27

# NEWNHAM COLLEGE

## Financial Statements

for the Year Ended 30 June 2015

### 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 2014/15:

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, to September 2014)

Ms Jenny Raine (Bursar) (*ex officio*, appointed by the Governing Body, from November 2014)

Dr Terri Apter (Senior Tutor) (*ex officio*, appointed by the Council)

#### Elected by the Governing Body

Dr Kate Fleet

Dr Susan Haines (to October 2014)

Professor Claire Hughes

Dr Judith Quinn

Dr Samantha Lucy

Dr Barbara Blacklaws

Dr Paola Ceccarelli (to January 2015)

Professor Christine Watson

Dr Alex Da Costa (from October 2014 to January 2015)

Dr Emily Kneebone (from January 2015)

Dr Emma Mawdsley (from January 2015)

#### Elected by the Junior Members of the College

Ms R Blackmur (to July 2014)

Ms N Crosby (to December 2014)

Ms B Kershaw (to October 2014 )

Ms B Jones (from July 2014 to December 2014)

Ms E Birch (from December 2014)

Ms R Jenks (from December 2014)

Ms L Young (from November 2014)

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.

# NEWNHAM COLLEGE

## Financial Statements

for the Year Ended 30 June 2015

### 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.

**NEWNHAM COLLEGE**  
**Financial Statements**  
**for the Year Ended 30 June 2015**

**Corporate Governance and Public Benefit (continued)**

**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 2014/15 an education for about 612 undergraduate and graduate women students, in conjunction with the University of Cambridge, which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision 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.

**NEWNHAM COLLEGE**  
**Financial Statements**  
for the Year Ended 30 June 2015

**Corporate Governance and Public Benefit (continued)**

**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 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  
5<sup>th</sup> 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

**NEWNHAM COLLEGE**  
**Financial Statements**  
for the Year Ended 30 June 2015

## 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 £4.76m of which £2.67m (56.1%) was received in fees and Cambridge Bursary Scheme funding and £2.09m (43.9%) 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 £82k, as set out in the Income and Expenditure Account on page 14. This included £383k of donations of an unrestricted revenue nature. In addition, new legacies and donations amounting to £1,477k were received and added to the endowment. A further £1k in capital donations has been added to the Deferred Capital Reserve.

The financial results over the last five years were:

	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Income	8,262	7,961	8,481	9,003	9,322
Expenditure	(7,626)	(7,788)	(8,306)	(8,756)	(8,647)
	636	173	175	247	675
Net Transfers to funds	(353)	(138)	(98)	(161)	(593)
Net (Deficit) / Surplus	283	35	77	86	82

Overall, income increased by 3.5% in 2014/15. The key driver of this was a 4.7% increase in academic fees and charges, due to the increase in the average per capita student fee. Residence, catering and accommodation income rose 3.1% to £3.8m as a result of the scheduled annual increase in student rents and an improving market for conference business.

Expenditure (before loan interest and contribution to Colleges Fund) decreased by 1.2%. Staff costs make up 43% of expenditure and fell by 1.7% due to a decrease in College headcount by 4 full-time equivalent employees, partly offset by modest rates of increase in University pay scales. Most other costs rose in line with inflation.

### 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 2014/15 was £1.86 million including the recovery of Gift Aid. The donations and fund raising costs over the last five years were:

	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Legacies and Donations	1,093	2,993	1,449	1,398	1,860
Development office costs	234	262	208	266	285
Costs as a percentage of funds received	21.4%	8.8%	14.4%	19.0%	15.3%

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

**NEWNHAM COLLEGE**  
**Financial Statements**  
for the Year Ended 30 June 2015

**Financial Review (continued)**

**Main Endowment**

The market value of the investment portfolio at 30 June 2015 was £78.5 million including commercial property, invested in equities and private equities (66%), fixed interest and bonds (4%), property (18%) and unquoted securities and cash (12%). At the end of June 2015 the College distributed 3.50% of the value of the portfolio average from June 2009 to June 2014 (2013/14: 3.50%), as set out below:

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Investment Assets	57.8	60.1	66.9	70.7	78.5
Actual net income	0.3	0.3	0.6	0.7	0.8
Gains / (losses)	5.0	0.3	7.5	5.0	10.8
Total Return	<u>5.3</u>	<u>0.6</u>	<u>8.1</u>	<u>5.7</u>	<u>11.6</u>
Endowment distribution	2.5	1.9	1.9	2.2	2.2
As a percentage of investment assets valued at year-end	4.3%	3.2%	2.8%	3.1%	2.8%

The College's commercial property assets increased from £13.2m to £14.1m due to the capitalisation of costs in improving properties (£178k) and a £693k (5%) increase in property valuations. These holdings yielded rental income of £388k in 2014/15.

**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.

**NEWNHAM COLLEGE**  
**Financial Statements**  
**for the Year Ended 30 June 2015**

## **Financial Review (continued)**

The average unit value is calculated from June 2009 to June 2015. In June 2009, at its low point, the actual unit value was £10.20 but by June 2015 it had risen again to £14.06 (2014: £12.66). The trailing average increased from £11.42 at 30 June 2014 to £11.83 at 30 June 2015. At June 2015, after the transfer of the drawdown to the Income and Expenditure Account the actual value of investment securities was £64.5m (June 2014: £57.5m).

The College will continue to review its spending rule and its smoothing mechanisms during the course of 2015/16 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 £1,703k in 2014/15 (£1,078k in 2013/14), such that it will be fully written down by its planned demolition date of 2016.

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 in 2012/13 (£1,347k), expenditure on building projects (including staff costs) fell from £1,048k in 2013/14 to £978k in 2014/15. The largest projects in 2014/15 included improvements to the Porters' Lodge (£92k), new boiler and pipework in Kennedy (£56k) (both of which have been capitalised) and redecoration and security lock improvements in Old Halls (£76k).

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. The College is planning to start construction on a major new building project in 2016/17.

### **Reserves Policy**

The College has total Capital and Reserves of £171.2m. Of this, £82.9m 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 buttery. 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, £33.3m were restricted funds and £50.7m were unrestricted.

Almost all these funds were backed by long-term investments of £78.5m 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.

Ms Jenny Raine  
Bursar



13 November 2015

# **NEWNHAM COLLEGE**

## **for the Year Ended 30 June 2015**

### **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 2015

### 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 30<sup>th</sup> June 2015 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 framework 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 30<sup>th</sup> June 2015 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*

*17<sup>th</sup> November 2015*

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

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 2015

## 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 2015. 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 1<sup>st</sup> 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 and 2014/15. 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.

# NEWNHAM COLLEGE

## for the Year Ended 30 June 2015

### Statement of Accounting Policies - continued

The assets of the USS are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis 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 2015. 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 demolition in 2016, to be replaced by a new building, so depreciation has been accelerated to reflect its specific useful life. Properties are re-lived 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.

**NEWNHAM COLLEGE**  
**for the Year Ended 30 June 2015**

**Statement of Accounting Policies - continued**

**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.

**(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 2015

		2014/15 £	2013/14 £
<b>INCOME</b>	Note		
Academic Fees and Charges	1	2,670,620	2,549,277
Residences, Catering, and Conferences	2	3,752,932	3,638,979
Endowment Income	3a	2,211,331	2,234,552
Donations and bequests	3c	434,421	337,501
Other Charges and Income	4	252,514	242,438
Total Income		<u>9,321,819</u>	<u>9,002,747</u>
<b>EXPENDITURE</b>			
Education	5	4,762,028	4,858,497
Residences, Catering and Conferences	6	3,366,760	3,416,649
Other		226,498	184,467
Total Expenditure		<u>8,355,286</u>	<u>8,459,613</u>
Operating Surplus before Loan Interest Payable		966,533	543,134
Loan Interest		(261,769)	(266,584)
Operating Surplus		<u>704,764</u>	<u>276,550</u>
Contribution to Colleges Fund Under Statute G,II		(30,000)	(30,000)
<b>NET SURPLUS before transfers</b>		<u><b>674,764</b></u>	<u><b>246,550</b></u>
Transfers to and from Reserves and Funds		(593,117)	(160,591)
<b>NET SURPLUS to General Capital</b>		<u><b>81,646</b></u>	<u><b>85,959</b></u>

All items dealt with in arriving at the surplus for 2014/15 and 2013/14 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 2015

	Restricted Funds £	Unrestricted Funds £	Total 30 June 15 £	Total 30 June 14 £
Opening reserves and endowments	28,915,109	123,118,078	152,033,187	138,300,425
Transfers between funds	-	-	-	-
Appreciation of Investment Assets (Note 3b)	3,204,100	6,157,807	9,361,907	3,446,309
Revaluation of College Property (Note 21)		2,970,270	2,970,270	9,166,043
Actuarial gain / (loss) on CCFPS pension deficit provision		293,779	293,779	(236,076)
Benefactions and Donations	1,298,276	178,395	1,476,671	1,109,936
Transfers	(152,908)	746,025	593,117	160,591
Retained Income and Expenditure				
Account surplus for the year	-	81,646	81,646	85,959
<b>Total Recognised Gains / (Losses)</b>				
<b>for the year</b>	<b>4,349,468</b>	<b>10,427,922</b>	<b>14,777,390</b>	<b>13,732,762</b>
Closing reserves and endowments	<u>33,264,577</u>	<u>133,546,000</u>	<u>166,810,577</u>	<u>152,033,187</u>

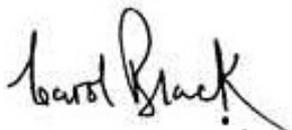
**NEWNHAM COLLEGE**  
**Consolidated Balance Sheet**  
**At 30 June 2015**

	Note	2015 £	£	2014 £	£
<b>FIXED &amp; ENDOWMENT ASSETS</b>					
Tangible Assets	9		94,703,539		90,900,610
Fixed Asset Investments	10	23,161,217		21,117,609	
Endowment Asset Investments	10	<u>55,368,382</u>		<u>49,543,320</u>	
			<u>78,529,599</u>		<u>70,660,929</u>
			<u>173,233,138</u>		<u>161,561,539</u>
<b>CURRENT ASSETS</b>					
Short-term Investments	11	21,050,620		19,627,913	
Stock	12	175,816		184,094	
Debtors	13	474,564		318,760	
Cash at bank		<u>1,786,397</u>		<u>896,900</u>	
		<u>23,487,397</u>		<u>21,027,667</u>	
<b>CURRENT LIABILITIES</b>					
Creditors: Amounts Falling Due Within One Year					
One Year	14		(1,191,457)		(1,282,523)
<b>Net Current Assets / (Liabilities)</b>			<u>22,295,940</u>		<u>19,745,144</u>
<b>Total Assets less Current Liabilities</b>			<u>195,529,078</u>		<u>181,306,683</u>
Creditors: Amounts Falling Due In More Than One Year	15		(23,231,511)		(23,414,452)
Pension Liability	22b		(1,118,467)		(1,440,438)
<b>NET ASSETS</b>			<u><b>171,179,100</b></u>		<u><b>156,451,793</b></u>
<b>CAPITAL AND RESERVES</b>					
		Restricted Funds £	Unrestricted Funds £	Total 2014/15 £	Total 2013/14 £
Deferred Capital Donations	19	<u>4,368,523</u>		<u>4,368,523</u>	<u>4,418,606</u>
Endowments	20				
Expendable endowments		6,734,653		6,734,653	5,988,487
Permanent endowments		26,529,924	22,103,805	48,633,729	43,554,833
		<u>33,264,577</u>	<u>22,103,805</u>	<u>55,368,382</u>	<u>49,543,320</u>
Reserves	21				
General Reserves			29,708,899	29,708,899	24,048,812
Revaluation Reserve			82,851,763	82,851,763	79,881,493
Pensions Reserve			(1,118,467)	(1,118,467)	(1,440,438)
			<u>111,442,195</u>	<u>111,442,195</u>	<u>102,489,867</u>
<b>TOTAL</b>		<u><b>37,633,100</b></u>	<u><b>133,546,000</b></u>	<u><b>171,179,100</b></u>	<u><b>156,451,793</b></u>

These financial statements were approved by Newnham College Council on 13 November 2015.

and signed on its behalf by:

Professor Dame Carol Black (Principal)



Ms Jenny Raine (Bursar)



# NEWNHAM COLLEGE

## College Balance Sheet

At 30 June 2015

	Note	2015		2014	
		£	£	£	£
<b>FIXED &amp; ENDOWMENT ASSETS</b>					
Tangible Assets	9		94,460,599		90,654,857
Fixed Asset Investments	10	23,541,223		21,497,609	
Endowment Asset Investments	10	<u>55,368,382</u>		<u>49,543,320</u>	
			<u>78,909,605</u>		<u>71,040,929</u>
			<u>173,370,204</u>		<u>161,695,786</u>
<b>CURRENT ASSETS</b>					
Short-term Investments	11	21,050,620		19,627,913	
Stock	12	156,828		165,486	
Debtors	13	487,779		325,431	
Cash at Bank		<u>1,769,008</u>		<u>887,373</u>	
		<u>23,464,235</u>		<u>21,006,203</u>	
<b>CURRENT LIABILITIES</b>					
Creditors: Amounts Falling Due Within One Year	14		<u>(1,411,294)</u>		<u>(1,466,771)</u>
<b>Net Current Assets / (Liabilities)</b>			<u>22,052,941</u>		<u>19,539,432</u>
<b>Total Assets less Current Liabilities</b>			<u>195,423,145</u>		<u>181,235,218</u>
Creditors: Amounts Falling Due In More Than One Year	15		(23,231,511)		(23,414,452)
<b>Pension Liability</b>	22b		<u>(1,118,467)</u>		<u>(1,440,438)</u>
<b>NET ASSETS</b>			<u><b>171,073,167</b></u>		<u><b>156,380,328</b></u>
<b>CAPITAL AND RESERVES</b>					
		<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total 2014/15</b>	<b>Total 2013/14</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Deferred Capital Donations</b>	19	<u>4,368,523</u>		<u>4,368,523</u>	<u>4,418,606</u>
<b>Endowments</b>	20				
Expendable endowments		6,734,653		6,734,653	5,988,487
Permanent endowments		26,529,924	22,103,805	48,633,729	43,554,833
		<u>33,264,577</u>	<u>22,103,805</u>	<u>55,368,382</u>	<u>49,543,320</u>
<b>Reserves</b>	21				
General Reserves			29,602,966	29,602,966	23,977,348
Revaluation Reserve			82,851,763	82,851,763	79,881,493
Pensions Reserve			(1,118,467)	(1,118,467)	(1,440,438)
			<u>111,336,262</u>	<u>111,336,262</u>	<u>102,418,403</u>
<b>TOTAL</b>		<u><b>37,633,100</b></u>	<u><b>133,440,067</b></u>	<u><b>171,073,167</b></u>	<u><b>156,380,328</b></u>

These financial statements were approved by Newnham College Council on 13 November 2015.

and signed on its behalf by:

Professor Dame Carol Black (Principal)



Ms Jenny Raine (Bursar)



# NEWNHAM COLLEGE

## Consolidated Cash Flow Statement

for the Year Ended 30 June 2015

	2014/15 £	2013/14 £
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Operating Surplus	81,646	85,959
Add: Depreciation	643,543	586,471
Surplus on sale of investment properties	-	(6,500)
Capital Grants released in year	(51,000)	(49,851)
Transfers	593,117	160,591
FRS 17 adjustments	(28,192)	(2,513)
Investment income and interest received	(1,949,456)	(1,937,852)
(Increase) / Decrease in Stocks	8,278	961
(Increase) / Decrease in Debtors	(155,815)	97,010
(Decrease) / Increase in Creditors	(101,206)	196,331
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<u>(959,085)</u>	<u>(869,393)</u>

### CASH FLOW STATEMENT

Net Cash Inflow / (Outflow) from Operating Activities	(959,085)	(869,393)
<b>Returns on Investments and Servicing of Finance</b>		
Investment Income	844,350	683,424
Interest Received	8,547	27,600
Interest Paid	(261,769)	(338,203)
<b>Net cash inflow from returns on investment</b>	<u>591,128</u>	<u>372,821</u>
<b>Capital Expenditure and Financial Investment</b>		
Receipts from sale of investment properties	-	96,750
Receipts from sale of investments	1,606,950	8,056,705
Receipts from capital donations to Library project	917	5,062
Capital benefactions and donations received	1,476,671	1,109,943
	<u>3,084,538</u>	<u>9,268,460</u>
Expenditure on tangible fixed assets	(1,476,202)	(759,013)
Expenditure on investment assets	(178,097)	(26,619,536)
Capital paid off loan	(172,786)	(202,833)
	<u>(1,827,085)</u>	<u>(27,581,382)</u>
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	1,257,453	(18,312,922)
<b>Financing</b>		
Long term loans received	-	18,580,000
<b>Increase / (Decrease) in Cash in the year</b>	<u>889,497</u>	<u>(229,494)</u>

### Reconciliation of net cash flow to movement in net liquid assets

Increase in Cash in the year	889,497	(229,494)
Net liquid funds brought forward at 1 July	896,900	1,126,394
<b>Net liquid funds carried forward at 30 June</b>	<u>1,786,397</u>	<u>896,900</u>

# NEWNHAM COLLEGE

## Notes to the Accounts

for the Year Ended 30 June 2015

<b>1. ACADEMIC FEES AND CHARGES</b>		<b>2014/15</b>	<b>2013/14</b>
		<b>£</b>	<b>£</b>
<b>COLLEGE FEES</b>			
Fee Income paid on behalf of Undergraduates eligible for Student Support (per Capita Fee £4,185 (old regime), £4,500 (new regime); 2013/14 £4,068 (old regime), £4,500 (new regime))			
		1,278,954	1,259,496
Other Undergraduate Fee Income (per Capita Fee £ 7,020; 2013/14 £6,471)			
		414,081	374,277
Graduate Fee Income (per Capita Fee £2,547; 2012/13 £2,424)			
		619,474	606,714
		<u>2,312,509</u>	<u>2,240,487</u>
Teaching Grants		22,375	29,563
Recoveries from other Colleges		82,629	71,790
Other Fees and Charges including Cambridge Bursary Scheme		253,108	207,437
		<u>2,670,620</u>	<u>2,549,277</u>
<b>2. RESIDENCES, CATERING, AND CONFERENCES INCOME</b>		<b>2014/15</b>	<b>2013/14</b>
		<b>£</b>	<b>£</b>
Accommodation	College Members	2,337,867	2,222,287
	Conferences	254,638	281,228
Catering	College Members	914,071	880,999
	Conferences	246,356	254,465
		<u>3,752,932</u>	<u>3,638,979</u>
<b>3. ENDOWMENT INCOME</b>			
<b>3a Analysis of Endowment Income</b>		<b>Restricted Funds</b>	<b>Unrestricted Funds</b>
		<b>£</b>	<b>£</b>
Total return recognised in Income & Expenditure Account (note 3b)		917,250	1,293,991
		<u>2,211,331</u>	<u>2,234,552</u>
<b>3b Summary of Total Return</b>			
<u>Income from:</u>			
Freehold Land and Buildings		0	387,910
Quoted Securities and cash		189,337	267,103
		<u>189,337</u>	<u>655,013</u>
<u>(Losses)/Gains on Investment Assets</u>			
Freehold Land and Buildings		0	692,903
Quoted and Other Securities and Cash		3,932,013	6,103,882
		<u>3,932,013</u>	<u>6,796,785</u>
<u>Total Return for the year</u>		4,121,350	7,451,798
Transfer to Income and Expenditure Account (Note 3a)		(917,250)	(1,293,991)
(Deficit)/surplus on Total Return retained in Statement of Total Total Recognised Gains and Losses		<u>3,204,100</u>	<u>6,157,807</u>
		<u>9,361,907</u>	<u>3,446,309</u>
<b>3c Donations and Legacies</b>			
		<b>2014/15</b>	<b>2013/14</b>
		<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
Unrestricted donations		384,921	287,650
Restricted donations		0	0
Release from deferred capital grants		51,000	49,851
		<u>435,921</u>	<u>337,501</u>
<b>4. OTHER INCOME</b>		<b>2014/15</b>	<b>2013/14</b>
		<b>£</b>	<b>£</b>
College Events		72,519	49,685
Non-Collegiate income		24,311	57,513
Sundry charges and other income		155,684	135,240
		<u>252,514</u>	<u>242,438</u>

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2014/15	2013/14
	£	£
Teaching	2,230,679	2,446,891
Tutorial	747,231	745,699
Admissions	345,646	340,589
Research	375,769	433,966
Scholarships and Awards	874,719	700,562
Other Educational Facilities	187,985	190,790
<b>Total</b>	<b>4,762,028</b>	<b>4,858,497</b>

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE	2014/15	2013/14
	£	£
Accommodation	2,069,490	2,123,115
Conferences	71,015	61,440
Catering	1,003,691	993,485
Conferences	222,563	238,609
<b>Total</b>	<b>3,366,760</b>	<b>3,416,649</b>

7. ANALYSIS OF EXPENDITURE BY ACTIVITY	Staff Costs (Note 8)	Other Operating Expenses	Depreciation	2014/15 Total	2013/14 Total
	£	£	£	£	£
Education (Note 5)	2,129,050	2,373,353	259,625	4,762,028	4,858,497
Residences, Catering & Conferences (Note 6)	1,483,600	1,518,487	364,673	3,366,760	3,416,649
Other	21,286	205,212	-	226,498	184,467
	<b>3,633,936</b>	<b>4,097,052</b>	<b>624,298</b>	<b>8,355,286</b>	<b>8,459,613</b>

Including: Auditors' Fees - as auditors	13,486	13,353
- for other work		
Cost of Fundraising	285,437	266,205
Investment management costs		
- Securities & Cash	259,432	210,479
- Property	33,689	35,810

8. STAFF AND FELLOWS	College Fellows 2014/15	Academics 2014/15	Non - Academics 2014/15	Total 2014/15	Total 2013/14
Staff Costs	£	£	£	£	£
Emoluments	651,287	83,752	2,313,837	3,048,876	3,139,217
Social Security Costs	42,518	4,824	137,967	185,309	198,274
Other Pension Costs	84,640	13,400	301,711	399,751	360,186
	<b>778,445</b>	<b>101,976</b>	<b>2,753,515</b>	<b>3,633,936</b>	<b>3,697,677</b>

No officers or employees of the College, including the Head of House, received emoluments exceeding £100,000 in either 2014/15 or 2013/14.

Average Staff Numbers	College Fellows	Academics	Non - Academics	Total	Total
Academic	45	5	-	50	50
Non-Academics	-	-	90	90	94
	<b>45</b>	<b>5</b>	<b>90</b>	<b>140</b>	<b>144</b>

Staff and Fellows - continued		
Fellows - full time stipendary	9	full time
Fellows - part time stipendary	36	equivalents
Fellows - non-stipendary	15	

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 9. TANGIBLE FIXED ASSETS

	College Land £	College Buildings £	Furniture & Equipment £	Assets under Construction £	Library Books and Equipment £	2014/15 Total £	2013/14 Total £
<b>COST/VALUATION</b>							
At 30 June 2014	36,200,000	54,300,000	1,231,985	592,926	572,932	92,897,843	83,368,863
Additions	-	222,348	-	1,229,483	24,371	1,476,202	759,013
Disposals	-	-	-	-	(19,245)	(19,245)	(7,692)
Revaluation during the year	1,740,000	2,387,652	-	-	-	4,127,652	8,777,659
At 30 June 2015	<u>37,940,000</u>	<u>56,910,000</u>	<u>1,231,985</u>	<u>1,822,409</u>	<u>578,058</u>	<u>98,482,452</u>	<u>92,897,843</u>
<b>DEPRECIATION</b>							
At 30 June 2014	-	1,077,598	592,456	0	327,179	1,997,233	1,799,147
Provided for the year	-	2,247,828	71,136	0	27,184	2,346,148	1,669,691
Disposals	-	-	-	-	(19,245)	(19,245)	(5,622)
Written back on revaluation	-	(545,223)	-	-	-	(545,223)	(1,465,983)
At 30 June 2015	<u>-</u>	<u>2,780,203</u>	<u>663,592</u>	<u>-</u>	<u>335,118</u>	<u>3,778,913</u>	<u>1,997,233</u>
<b>Net Book value</b>							
At 30 June 2015	<u>37,940,000</u>	<u>54,129,797</u>	<u>568,393</u>	<u>1,822,409</u>	<u>242,940</u>	<u>94,703,539</u>	<u>90,900,610</u>
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>

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 2015 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 2014/15 was £753k (2013/14 £538K). The freehold College buildings at 30 June 2015 were insured at reinstatement costs of £105.0m.

10. FIXED and ENDOWMENT ASSETS - Investments	Securities and Cash	Property	2014/15 £	2013/14 £
At 30 June 2014	57,467,873	13,193,050	70,660,923	66,865,227
Additions	0	178,097	178,097	7,537,000
Disposals	(730,000)	0	(730,000)	(6,623,427)
Appreciation / (Loss) on Disposals or Revaluation	7,727,676	692,903	8,420,579	2,882,129
At 30 June 2015	<u>64,465,549</u>	<u>14,064,050</u>	<u>78,529,599</u>	<u>70,660,929</u>
Represented by:				
Estate Properties			14,064,050	13,193,050
Quoted Securities - Equities			52,073,101	46,788,110
Quoted Securities - Fixed Interest			3,269,284	2,550,994
Unquoted			7,706,349	7,143,406
Cash Held For Reinvestment			1,416,815	985,369
			<u>78,529,599</u>	<u>70,660,929</u>
Fixed Asset Investments			23,161,217	21,117,609
Endowment Asset Investments			55,368,382	49,543,320
Total Investments			<u>78,529,599</u>	<u>70,660,929</u>

The valuation of the investment properties was carried out by Carter Jonas, Chartered Surveyors at 30 June 2015 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

	2014/15	2013/14
	£	£
Short-term Investments	<u>21,050,620</u>	<u>19,627,913</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	15,163,672	17,301,880
Quoted Securities - Fixed Interest	2,088,870	2,312,454
Cash Held For Reinvestment	3,798,078	13,579
	<u>21,050,620</u>	<u>19,627,913</u>

### 12. STOCK

	2014/15		2013/14	
	College	Consolidated	College	Consolidated
	£	£	£	£
Food and Drink	20,109	20,109	21,153	21,153
Wine	123,013	123,013	131,382	131,382
Memorabilia	-	18,988	-	18,608
Linen, Cleaning Materials and Other	13,706	13,706	12,951	12,951
	<u>156,828</u>	<u>175,816</u>	<u>165,486</u>	<u>184,094</u>

### 13. DEBTORS

	2014/15		2013/14	
	College	Consolidated	College	Consolidated
	£	£	£	£
Taxes due from Government Departments	103,838	112,919	38,348	50,798
Grants receivable	4,375	4,375	16,563	16,563
Due from Subsidiary Companies	25,250	-	20,655	-
Trade Debtors	132,838	132,838	135,228	135,228
Sundry Debtors and Prepayments	221,478	224,432	114,637	116,171
	<u>487,779</u>	<u>474,564</u>	<u>325,431</u>	<u>318,760</u>

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014/15		2013/14	
	College	Consolidated	College	Consolidated
	£	£	£	£
Trade Creditors	236,283	236,283	202,416	202,416
Loan Repayments of Capital	182,869	182,869	172,714	172,714
Contribution due to Colleges Fund	30,000	30,000	30,000	30,000
Due to Subsidiary Companies	341,838	-	220,026	-
Taxes and social security costs	83,295	83,295	85,187	85,187
Student deposits and accounts	237,005	237,005	221,468	221,468
Accruals and Sundry Creditors	300,004	422,005	534,960	570,738
	<u>1,411,294</u>	<u>1,191,457</u>	<u>1,466,771</u>	<u>1,282,523</u>

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

	2014/15	2013/14
	£	£
Bank Loan	4,651,511	4,834,452
Private Placement Liabilities - Tranche One	11,580,000	11,580,000
Private Placement Liabilities - Tranche Two	7,000,000	7,000,000
	<u>23,231,511</u>	<u>23,414,452</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

	2014/15	2013/14
At 30 June 2015 the College had the following capital commitments not provided for in these accounts:		
- contracted for	-	<u>£285,000</u>
- not yet contracted for	<u>-</u>	<u>£85,000</u>

### 18. FINANCIAL COMMITMENTS

At 30 June 2015 and 30 June 2014 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 as at June 2015. A total of £1.28m (2014: £2.17m) may be called up for investment at any point during that period.

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

	Total 2014/15	Total 2013/14
	£	£
<b>19. DEFERRED CAPITAL DONATIONS</b>		
Balance brought forward 1 July	4,418,606	4,463,395
Capital donations received in year	917	5,062
Released to Income and Expenditure Account	(51,000)	(49,851)
<b>Balance carried forward 30 June</b>	<b>4,368,523</b>	<b>4,418,606</b>

## 20. ENDOWMENTS

	Permanent Endowment			Expendible Restricted	Total 2014/15	Total 2013/14
	Restricted	Unrestricted	Total			
	£	£	£	£	£	£
<b>Balance brought forward 1 July 2014</b>						
Capital	22,306,804	20,552,359	42,859,163	5,988,486	48,847,649	45,387,720
Unspent income	619,818	75,853	695,671		695,671	1,252,864
	<u>22,926,622</u>	<u>20,628,212</u>	<u>43,554,834</u>	<u>5,988,486</u>	<u>49,543,320</u>	<u>46,640,584</u>
New endowments	893,538	0	893,538	404,738	1,298,276	657,678
Endowment Asset Investments income	728,633	164,052	892,685	188,617	1,081,302	1,250,573
Expenditure	(559,536)	(889)	(560,425)	(508,867)	(1,069,292)	(994,340)
Transfer to/from I&E	0	40,648	40,648	(1,755)	38,893	(31,008)
Net	<u>1,062,635</u>	<u>203,811</u>	<u>1,266,446</u>	<u>82,733</u>	<u>1,349,179</u>	<u>882,903</u>
Increase in market value of investments	2,540,667	1,271,782	3,812,449	663,433	4,475,882	2,019,834
	<u>26,529,924</u>	<u>22,103,805</u>	<u>48,633,729</u>	<u>6,734,652</u>	<u>55,368,381</u>	<u>49,543,321</u>
Capital	25,672,111	21,972,364	47,644,475	6,734,653	54,379,128	48,847,649
Unspent income	857,813	131,441	989,254		989,254	695,671
<b>Balance carried forward 30 June 2015</b>	<b>26,529,924</b>	<b>22,103,805</b>	<b>48,633,729</b>	<b>6,734,653</b>	<b>55,368,382</b>	<b>49,543,320</b>

## 21. RESERVES

	General Reserves	Fixed Asset Revaluation Reserve	Pensions Reserve (Note 21b)	2014/15 £	2013/14 £
At 30 June 2014	24,048,812	79,881,493	(1,440,438)	102,489,867	91,662,686
Surplus for the year	53,454		28,192	81,646	85,959
Net Transfers	720,609			720,609	387,631
Reduction / (Increase) in liability recognised in the year			293,779	293,779	(236,076)
Increase / (decrease) in value	4,886,024			4,886,024	1,423,624
Surplus on Revaluation at 30 June 2015		4,127,652		4,127,652	8,777,658
Depreciation written back on revaluation		(1,157,382)		(1,157,382)	388,385
At 30 June 2015	<u>29,708,899</u>	<u>82,851,763</u>	<u>(1,118,467)</u>	<u>111,442,195</u>	<u>102,489,867</u>

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

Total Endowments	55,368,382	49,543,320
Total General Reserves	29,708,899	24,048,812
	<u>85,077,281</u>	<u>73,592,132</u>
<b>Representing:</b>		
Fellowship Funds	11,622,981	10,157,821
Scholarship Funds	6,288,171	5,629,126
Prize Funds	953,778	853,282
Hardship Funds	7,155,158	6,289,594
Research Funds	10,693,751	9,051,220
Book Funds	1,920,934	1,706,611
Other Funds	1,496,100	1,355,160
General Endowments	44,946,408	38,477,854
	<u>85,077,281</u>	<u>73,520,668</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 2015 Newnham College had 127 active members participating in the scheme.

The College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2014/15, the percentage was 16% (2013/14: 16%). The College 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.

The total cost charged to the income and expenditure account for the College and subsidiaries in 2014/15 is £352,520 (2013/14: £291,591). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation 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. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS liability numbers have been produced using the following assumptions

	2015	2014
Discount rate	3.30%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.20%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables - No age rating
Female members' mortality	S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females.

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 22. PENSION SCHEMES

#### (a) Universities Superannuation Scheme (continued)

The current life expectancies on retirement at age 65 are:

	<b>2015</b>	<b>2014</b>
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	<b>2015</b>	<b>2014</b>
<b>Existing benefits</b>		
Scheme assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

# 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 2015 Newnham College had 10 active members participating in the Scheme. A full valuation was carried out as at 31 March 2014 and updated to 30 June 2015 by a qualified independent actuary.

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

	2015	2014
	% p.a.	% p.a.
Discount rate	3.7	4.2
Expected long-term rate of return on Scheme assets	3.7	6.2
Salary inflation assumption	2.75	2.8
Inflation assumption - RPI	3.25	3.3
Inflation assumption - CPI	2.25	2.3
Pension increases (inflation linked)	3.25	3.3
Pension increases (capped at RPI)	3.05	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 2014 projection and a target long-term improvement rate of 1.0% pa. (2014: S1 tables and an allowance for improvements using the 2013 projection table with a long term improvement rate of 1.0% pa). This results in the following life expectancies:

- Male aged 65 now has life expectancy of 22.3 years (previously 22.3)
- Female aged 65 now has life expectancy of 24.4 years (previously 24.3)
- Male aged 45 now and retiring in 20 years would have a life expectancy at 65 of 23.6 years (previously 23.6)
- Female aged 45 now and retiring in 20 years would have a life expectancy at 65 of 25.9 years (previously 25.8)

### Employee Benefit Obligations

2015	2014
£	£

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

Present value of Scheme liabilities	(4,922,972)	(4,849,159)
Market value of Scheme assets	<u>3,804,505</u>	<u>3,408,721</u>
<b>Deficit in the Scheme</b>	<b><u>(1,118,467)</u></b>	<b><u>(1,440,438)</u></b>

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

Current service cost	124,543	135,594
Interest on Scheme liabilities	201,655	202,752
Expected return on Scheme assets	(207,607)	(197,594)
Past service cost	-	-
Curtailement gain	-	-
<b>Total</b>	<b><u>118,591</u></b>	<b><u>140,752</u></b>
Actual return on Scheme assets	<u>460,805</u>	<u>201,529</u>

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	4,849,159	4,415,617
Service cost including employee contributions	126,234	137,274
Interest cost	201,655	202,752
Actuarial losses/(gains)	(40,581)	240,011
Benefits paid	(213,495)	(146,495)
<b>Present value of Scheme liabilities at the end of the year</b>	<b><u>4,922,972</u></b>	<b><u>4,849,159</u></b>

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	3,408,721	3,208,742
Expected return	207,607	197,594
Actuarial gains/(losses)	253,198	3,935
Contributions paid by the College (including employee salary exchange)	146,783	143,265
Employee contributions (excluding paid by salary exchange)	1,691	1,680
Benefits paid	(213,495)	(146,495)
<b>Market value of Scheme assets at the end of the year</b>	<b><u>3,804,505</u></b>	<b><u>3,408,721</u></b>

# 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 29.64% of Contribution Pay, assuming salary sacrifice (21.64% for staff members not under the salary sacrifice scheme), subject to a review of future actuarial valuations. There is also the cost of the recovery plan payment of £24,375, plus £9,710 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:

	<b>2015</b>	<b>2014</b>
Equities and hedge funds	69%	70%
Property	25%	7%
Bonds and cash	6%	23%
	<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:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Actual return less expected return on Scheme assets	253,198	3,935
Experienced gains and losses arising on Scheme liabilities	217,354	25,731
Changes in assumptions underlying the present value of Scheme liabilities	<u>(176,773)</u>	<u>(265,742)</u>
<b>Actuarial (loss)/gain recognised in the STRGL</b>	<b><u>293,779</u></b>	<b><u>(236,076)</u></b>

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	(1,485,737)	(1,249,661)
Recognised during the year	293,779	(236,076)
Cumulative actuarial loss at the end of the year	<u><b>(1,191,958)</b></u>	<u><b>(1,485,737)</b></u>

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

Deficit in Scheme at beginning of year	(1,440,438)	(1,206,875)
Service cost (employer only)	(124,543)	(135,594)
Contributions paid by the College	146,783	143,265
Finance cost	5,952	(5,158)
Actuarial (loss)/gain	293,779	(236,076)
Deficit in Scheme at end of year	<u><b>(1,118,467)</b></u>	<u><b>(1,440,438)</b></u>

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of Scheme liabilities	(4,922,972)	(4,849,159)	(4,415,617)	(3,820,319)	(3,706,538)
Market value of Scheme assets	<u>3,804,505</u>	<u>3,408,721</u>	<u>3,208,742</u>	<u>2,835,266</u>	<u>3,237,268</u>
<b>Deficit in the Scheme</b>	<b>(1,118,467)</b>	<b>(1,440,438)</b>	<b>(1,206,875)</b>	<b>(985,053)</b>	<b>(469,270)</b>
Actual return less expected return on Scheme assets	253,198	3,935	175,068	(562,452)	95,721
Experienced (losses)/gains arising on Scheme liabilities	217,354	25,731	28,375	55,937	42,249
Changes in assumptions underlying present value of Scheme liabilities	<u>(176,773)</u>	<u>(265,742)</u>	<u>(432,193)</u>	<u>(52,999)</u>	<u>167,001</u>