

MURRAY EDWARDS COLLEGE

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

Annual Report and Financial Statements

for the Year Ended 30 June 2015

Charity Registration number 1137530



**Murray Edwards
College**

University of Cambridge

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

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Administrative Details

Address

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

Charity registration number

1137530

Senior officers

President	Dame Barbara Stocking DBE
Vice-president	Mrs Elsa Strietman (retired 30.09.2014) Dr Ruchi Sinnatamby (appointed 01.10.2014)
Bursar	Mr Robert Gardiner MA FCA
Senior Tutor	Dr Juliet Foster

Principal advisors

Auditors (internal)	Peters Elworthy & Moore	Salisbury House, Station Road Cambridge CB1 2LA
Auditors (external)	Critchleys LLP	Greyfriars Court, Paradise Square, Oxford OX1 1BE
Bankers	Barclays Bank PLC	Mortlock House Histon Cambridge CB24 9DE
Investment Managers	SandAire Limited	105 Wigmore Street London W1U 1QY
	Ruffer LLP	80 Victoria Street London SW1E 5JL
Investment Advisers	Cambridge Associates Ltd	Cardinal Place 80 Victoria Street London SW1E 5JL
Legal Advisers	Mills & Reeve	Botanic House 100 Hills Road Cambridge CB2 1PH
	Taylor Vinters	Merlin Place Milton Road Cambridge CB4 0DP

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Trustees of the charity – Council members

President, Dame Barbara Stocking DBE

Vice-President, Mrs Elsa Strietman (retired 30.09.14), Dr Ruchi Sinnatamby (appointed 01.10.14)

Bursar, Mr Robert Gardiner MA FCA

Senior Tutor, Dr Juliet Foster

Dr R Polonsky (appointed 01.10.14)

Dr O Saxton (appointed 01.10.14)

Dr F Henson (retired 30.09.14)

Dr L Mellor (retired 30.09.14, reappointed 01.10.15)

Dr P Filippucci (retired 30.09.15)

Dr S Turenne (retired 30.09.15)

Dr P Forster (retired 30.09.15)

Dr V Neale (retired 31.07.14)

Dr H Bateman

Dr L Drayson (retired 30.09.14)

Dr A Kumar

Miss O Barber (retired 20.04.15)

Miss A Walderdorff (retired 20.04.15)

Dr K Peters (appointed 01.10.14)

Dr S Horrell (appointed 01.10.14)

Miss M. Serajiantehrani (retired 27.10.14)

Miss C Ganguly (appointed 28.10.14)

Ms F Duffy (appointed 01.10.15)

Mrs Nicola Cavaleri (appointed 01.10.15)

Miss E Craig-Geen (appointed 21.04.15)

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Operating and Financial Review

Introduction

The College was founded on 11th March 1954 as an unincorporated association to promote a third foundation for women in the University of Cambridge. It was incorporated as New Hall, Cambridge, a company limited by guarantee, on 20th April 1954. On 3rd November 1965, the University granted recognition to New Hall as an approved foundation within the University. A royal charter of incorporation in the name of "The President and Fellows of New Hall in the University of Cambridge" was granted on 28th June 1972. Previously an exempt charity, from 17th August 2010, it has been registered with the Charity Commission (no. 1137530). College Statutes provide for the constitution and government of the College including the membership and responsibilities of the Governing Body and the College Council.

In June 2008 the College announced a donation of £30m from Ros Smith (New Hall 1981) and her husband Steve Edwards. The donation was made with the purpose of permanently endowing the College to enable it to pursue its objects of learning, education and research as an independent institution within the University of Cambridge.

The income from this transformational endowment has not only put the college on an altogether firmer financial footing, it has also enhanced specific areas including widening access and participation, supporting early career stage academics, improving conditions for college teaching officers, employing a full-time schools' liaison officer and initiating the Gateway Programme of study skills and professional development for students.

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

Scope of the financial statements

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

Aims and objectives of the College

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

Murray Edwards College is a college within the University of Cambridge. It fulfils its objectives by selecting and admitting undergraduate students for University courses, and accepting graduates admitted by the University. It provides, with the University, an education of the highest quality, through small group teaching, academic supervision, and the provision of library, computing and

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cultural facilities, living accommodation, and support for students in personal or financial need. The College provides rooms for Fellows' teaching and research and also funds facilities for research fellows to help them establish themselves in the academic world through post-doctoral research. Measures of success include the high ranking of Cambridge University in the world, and the very low drop-out rate compared with students in other Universities.

In furtherance of its objectives, the College maintains and manages an endowment of assets, including a property. Governance arrangements for the College are set out on page 15.

As at 30th June 2015, the College comprised the President, 55 Governing Body Fellows, 350 students in respect of whom undergraduate fees were received, 180 registered graduate students and 98 full time equivalent permanent non-academic staff.

Public benefit

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

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

In aiming to provide a world-class education to the students with the most potential in each subject, whatever their means or social background, the College tries to attract the best applicants from the widest range of schools and colleges. By encouraging applications, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits: 59 in 2014-15 (2013-14: 56), with 150 (2013-14: 161) different schools involved and 2,990 (2013-14: 2,348) school students participating overall and two College open days. It engages with other subject specific events (e.g. in physics, maths, modern and medieval languages and classics) organised by departments and offers an overnight series of workshops for gifted and talented students from Greater Manchester in association with the University's HE+ scheme. The aim of these activities is to inform and encourage all academically able students including those who would not otherwise do so to apply to University. Our entry for October 2014 comprised 61% (2013-14: 72%) from the maintained schools sector generally.

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Students of the College have access to several sources of financial assistance in particular the Cambridge Bursary and Cambridge European Bursary Schemes and the National Scholarships Programme. In 2014-15 £272,200 was distributed to 93 undergraduates through the Cambridge Bursary Schemes. The schemes are operated in common with the University, other colleges and the Isaac Newton Trust and exist to provide bursary support for students of limited financial means, to enable them to meet the cost of their Cambridge education. The net cost of the scheme to the College in 2014-15 was £70,582 (2013-14: £54,838). The scheme is approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. Students may also apply for other grants including hardship grants if they are in financial difficulties. In total £407,027 (2013-14: £338,566) was spent in the year on student support, which includes support for academic excellence, research and academic need, hardship, sporting excellence, music, travel and support for the student unions.

A major benefit provided to the section of the public which the College addresses is subsidised education and living costs for its students. The cost of education exceeded income from the College Fee by £1,354,213 (2013-14: £1,164,602) representing an education subsidy per student for the year of £2,555 (2013-14: £2,130) financed out of investment income. In addition the College provides educational facilities in the form of the very substantial Rosemary Murray Library and IT resources. The College rents its rooms to students at a rate which is less than would be obtainable in the open market for equivalent accommodation and provides food at very reasonable rates.

The College advances research by providing research fellowships to outstanding academics at the early stages of their careers which enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of a permanent academic post. In addition it supports the research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for research costs, including attendance at national and international conferences and providing sabbatical leave from teaching duties.

A noteworthy additional public benefit was the support provided through the President's involvement in chairing the WHO's expert panel on Ebola (see below).

The College provides an environment and cultural facilities available for the benefit of the public:

- The College is the home of the New Hall Art Collection, a collection of works by leading modern and contemporary women artists which is unrivalled in the UK or Europe.
- Lectures and tours continue to create platforms, build audiences, and encourage public participation in the arts. This year's events included: an exhibition by Lee Karen Stow to commemorate the start of the First World War; a multidisciplinary symposium examining Women and War, which included discussions on women's roles in war, peace-making and commemoration; and an exhibition of woodcuts from the Gwen Raverat Archive. The College also launched the 4th edition of its Art Catalogue at the Royal Academy of Arts.

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The gardens promote a welcoming and inclusive ethos and a range of community initiatives.

Achievements and performance 2014-2015

Strategic direction

The Governing Body agreed the College's medium term strategic direction in 2014 and the aims which remain unchanged are:

- To pursue educational excellence, seeking to ensure that every student is able to achieve their full academic potential, and for this to be expressed particularly (but not exclusively) in their final examinations. The College aims to sustain an intellectually inspiring environment, which enables each student to take responsibility positively for their own learning and progress.
- To attract the most academically talented women for graduate study at Murray Edwards College and enable them to excel.
- To give each undergraduate and graduate student the tools and confidence to identify and achieve their individual aspirations, and consider how to support young alumnae.
- To ensure that the Fellowship continues to develop as a vibrant, well-rounded academic community.
- To make the College much better known and understood.
- To maintain the ethos of the College as inclusive, friendly and modern and to make sure the environment and life of the College continues to be vibrant and innovative.
- To secure the College's financial ability to deliver these objectives.

Operational management

On 30th September 2014, Mrs Elsa Strietman retired as Vice President of the College and was succeeded by Dr Ruchi Sinnatamby. Dr Sinnatamby has been a Fellow of the College for 20 years, is Clinical Sub-Dean and Associate Lecturer at the University Of Cambridge School Of Clinical Medicine, director of studies in Clinical Medicine at the College, and a Fellow of the Higher Education Academy.

Senior management changes in the year included the appointment of a new Head of Estates and appointment of a temporary Art Development Officer.

60th Anniversary

On 11th March 2014, the College celebrated its 60th anniversary. Under the title "Women Today, Women Tomorrow" the College marked the anniversary throughout the calendar year, culminating in an anniversary gala dinner and dance at the Alumnae Festival Weekend.

The World Health Organisation: International Ebola interim assessment panel.

In 2015 the College was very pleased to support the President, Dame Barbara Stocking DBE, who was invited to lead an expert, independent panel on the response to the Ebola crisis from the WHO. The panel reported in July 2015, recommending changes to International Health Regulations, the

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WHO's emergency response capacity and the WHO's role and co-operation with the wider health and humanitarian systems.

Academic community

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

The College was honoured to receive a benefaction of £300,000 from Charles (Nick) Corfield to endow a Fellowship in Mathematics which is linked to a lectureship, endowed by him with a gift of £2.5m, in pure mathematics and mathematical statistics at the Centre for Mathematical Sciences. The post-holder will be required to encourage women's participation and achievement in mathematics.

In addition the generosity of Trinity College enabled the creation of a three year fellowship appointment in classics, linked with a Faculty of Classics lectureship. The College also expresses its gratitude to Trinity College for enabling a temporary appointment for the 2014-15 academic year in English in support of sabbatical leave for the College's teaching officer in English.

The College, through its own resources, reached its funding goal for a college teaching officer appointment in law, which will be occupied for three years from Michaelmas 2015.

October 2014 saw one of the largest increases in the Fellowship for some time, with ten new Fellows joining the College. These appointments were all made to maintain high standards of college teaching and research. The College also admitted four new post-doctoral Bye Fellows: this is a new initiative aimed at drawing on the very large pool of post-doctoral researchers in the University who do not have a college affiliation, and has been extremely successful. As always, Fellows published widely and contributed to a large number of high profile conferences around the world whilst also honouring teaching and other college commitments.

Honorary Fellow Dame Paula Rego, DBE, was admitted to the Honorary Doctorate of the University of Cambridge in June 2015. The Governing Body of the College elected to an Honorary Fellowship the following distinguished alumnae:

- Professor Helen Rees (New Hall 1971 and University of the Witwatersrand, Johannesburg)
- Mishal Husain (New Hall 1992 and the BBC).

Exam results were excellent this year, with 92% of Finalists (2013-14: 92%) again graduating with either a 2:1 or a 1st Class degree. There were also some very strong results in other areas, and in particular in the first year. Many subjects and cohorts achieved their best ever results.

In addition to strong academic performance, Murray Edwards students continued to excel in many extra-curricular areas. A large number of students were active in student journalism, while others took part in a range of student theatre, not only in lead roles but also in direction and production. As always, Murray Edwards undergraduates and graduates represented the University in a diverse range of sports, including ice hockey, swimming and tennis, achieving 11 Blues and 7 Half Blues.

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Widening access and supporting academic and future careers

The College is committed to widening access and creating greater opportunity for gifted women from all backgrounds. This goal of merit-based diversity underpins the ethos of the College's recruitment strategy and is complemented by the College's Gateway Programme.

The Gateway Programme includes our popular 'Pathways to Success' annual conference which provides information and inspiration for academically able young women in year 12. The College is also able to offer Gateway pre-entry awards which can be used to broaden the academic skills and experiences of offer-holding students from less advantaged learning environments. Recruitment events are held both in College and at schools, with emphasis on our outreach areas. Our Aspiration Events (half day events in College aimed at year 10) are popular and teachers from less advantaged areas appreciate the Gateway Programme's emphasis on academic transition and future career prospects as important in attracting and supporting their students.

The programme continues to provide support for students in their transition to Cambridge, strengthening key academic skills and personal and professional development. An internship initiative is an integral strand of the programme. The programme was expanded during the last year to embrace graduate students as well as undergraduates, a development which has been warmly welcomed by our graduate community. The Gateway Programme and its various elements continue to attract interest from within and beyond the University.

This year, the College tested a mentoring programme for alumnae 5 to 15 years post-graduation, delivered by more experienced alumnae. Mentors and mentees were matched and the College is evaluating the scheme for roll-out later in the year.

Financial Review

The income and expenditure account shows a surplus of £339,648 (2013-14: surplus of £298,529). The principal contributors to the result were enhancement of commercial income, donations and the income arising from the Edwards family endowment. Cost control remains important but the College has been able to create new staff posts in important areas and increase the level of student support.

Funding

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

	2014-15	2013-14	Year on year change
College fee	1,960,050	1,951,494	+0.4%
Charges to members for accommodation and catering	2,221,626	2,172,071	+2.3%
Charges for events and conferences	815,361	604,574	+35%

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Donations	650,304	521,880	+25%
Endowment income	1,595,024	1,636,353	-2.5%

2014-2015 was the third year of admission of undergraduate under the tuition arrangement by which of the University tuition fees of £9,000pa (2013-14: £9,000), £4,500 (2013-14: £4,500) per student is retained by colleges. While the private undergraduate fees increased over the prior year, numbers of undergraduate students overall was lower and college fee income remained almost unchanged.

Accommodation charges to students were increased by approximately 2.8% (2013-14: 4.2%) to reflect the annual inflation applying to the underlying costs. The College understands the need to ensure that rents are adequate while representing good value within the context of the wider market.

The College makes its facilities available for commercial events and conferences when not required for its principal academic objects, precedence being given to College events. The income from these activities contributes materially towards general overhead costs. Following a review of policy and reorganisation in 2011 income declined into 2013-14 but this important source of financial support for the college's charitable objective has recovered well and increased its contribution by £115,690 over the previous year.

The College Development Office aims to raise donations from benefactors, including alumnae, trusts and foundations. In total £650,304 was received in new donations in 2014-2015 (2013-14: £521,880). Notable successes included raising funds for a new Fellowship in Law and a joint Lectureship/Fellowship in Mathematics. Alumnae were particularly responsive to the telephone campaign.

The endowment performance is separately commented on in the section "Endowment and investment performance" below. The income in 2014-15 represented 3.4% of the value of investment assets held at the beginning of the year (2013-14: 3.5%).

Cambridge colleges differ significantly in the size of their endowment. Better-endowed colleges assist those less well-endowed through the Colleges' Fund. Between 1970 and 2011, the College derived a significant proportion of its corporate capital from annual grants from the Colleges' Fund. As at 30 June 2015, the value of the College's corporate capital, which for accounting reasons is included in general reserves, was £23,636,968 (30th June 2014: £22,014,191). For many years this type of capital was understood by the College to be permanent endowment and accounted for as such and the College has determined to continue to protect it as if it were permanent endowment.

The original College buildings date from the 1960s and in the past ten years have required substantial refurbishment and renovation, with particular emphasis being placed on the Dome and Dining Hall and the Library. These and other capital intensive works, principally rebuilding Buckingham House, building 40 new graduate student rooms, and the refurbishment of a large number of undergraduate rooms in Orchard Court, were carried out with the assistance of bank loans that total £13.5m. Interest payments amount to nearly £700,000 per year, which places a

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strain on the income and expenditure account. The College has set aside a sinking fund from surplus operating cash from which it is proposed to commence debt repayment at the earliest prudent date.

Staff costs and pensions

Payroll costs (academic and non-academic) increased by 6.7% against the previous year. At 50.7% (2013-14: 50.2%) of all total expenditure they represent the biggest operating cost of the college.

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

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

The CCFPS was actuarially valued at March 2014 and the Murray Edwards College section was found to have a deficit of £1.1m. The College will be required to make recovery payments of £62,097 p.a. for 18 years and increase current service contributions.

The USS has been actuarially valued at 31st March 2014 revealing a deficit of £5.3bn and a funding level of 89%. The USS has consulted on benefit reform, which includes moving to career revalued benefit only for future accrual on a capped level of salary; defined contribution arrangements above the cap; and increasing member and employer contributions. The College's contributions will rise from 16% to 18% from March 2016.

Maintenance of buildings

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

The College maintains a five year maintenance plan to ensure timely refurbishment of key elements of plant to control operational risk, maintenance of buildings to a standard which would prevent more costly remedial works and refurbishment to the extent that the budget can support it. Maintenance in 2014-15 included: replacement of the roof at 69 Storey's Way; redecoration of parts of Buckingham House; re-roofing and refurbishing various external college houses; replacement of the tiling on the main external walkway; upgrades to fire systems; redecoration, refurbishment and adaptation of parts of the Rectory; and door-opening systems to enable access for disabled students.

Other operating expenditure

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

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Endowment and investment performance

The College's Finance Committee formulates a general investment policy on the advice of its Investment Committee, which oversees the management of the College's investments and instructs fund managers as appropriate. The College's quoted investments are currently managed by two external firms, SandAire Limited and Ruffer LLP. Cambridge Associates manage a venture capital investment for the college and provide general investment advice each year. The College manages a direct property investment.

The policy for investment is to achieve the highest total return on investments over the long term consistent with preservation and growth of capital in real terms, and servicing income requirements in the shorter term. There is a prudent policy of limited individual exposures. The College encourages socially responsible investment and will not directly invest in companies that are in conflict with its own objectives, nor will it hold shares in tobacco companies.

The investments are held in a variety of instruments and property as set out in note 10. They represent the College's endowment assets, part of its corporate capital and general reserves.

The College's investments are managed in four principal categories: the Segregated Fund comprising quoted investments, a venture capital investment and an investment property, and the Amalgamated Fund.

The Segregated Fund is managed on a total return basis and subject to an annual spending rule of 3.5% (prior to 2014-15: 4%). The quoted investments section, managed by Ruffer, returned 9.4% (2013-14: 0.6%) during the year net of fees. The investment performance arose principally from Japanese equities and long-term index-linked sovereign debt.

The Segregated Fund committed to an interest in a venture capital fund in 2006. The fund is returning cash to investors and the latest valuation shows an internal rate of return of 10% p.a.

The Segregated Fund holds a residential property professionally valued at 30th June 2015 at £2.0m, £0.3m less than its purchase value. The property has the benefit of surplus land on the College's boundary. The rental income return to the College, after expenses, was 0.7%.

The Amalgamated Fund, managed by SandAire, is managed on an income and capital basis and returned a total of 13.2% (2013-14: 7.6%) during the year net of fees. The principal contributors to the return were UK and US equities holdings and commercial property.

Capital expenditure

Total capital expenditure, excluding heritage assets, during the year was £560,989 (2013-14: £159,119). This included items referred to in the maintenance section above qualifying for capitalisation under the College's accounting policies. In addition the College embarked on providing Wi-Fi throughout the College, purchased new audio-visual equipment and incurred initial costs on a project to refurbish the south side of Fountain Court in the summer of 2015.

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Cash flow

The operations generated unrestricted cash flow of £313,467 (2013-14: £678,370), after taking account of capital expenditure. The College sets aside 50% of budgeted free cash flow (before capital expenditure) for repayment of bank debt. In addition there remain internal borrowings from corporate capital, following withdrawal of £1m from the Amalgamated Fund during 2011-2012, to finance the Library and Grove Lodge and the College has now started to replace the capital over 25 years, by way of internal transfers in instalments of £40,000 per annum.

Reserves policy

The College intends to continue to pursue its objects in perpetuity, which requires investment income from corporate capital, endowments, reserves and unrestricted funds. It takes a long-term view of its investments and aims to maintain an equitable balance between the interests of the present members of the College and future generations. The real value of permanent endowment and corporate capital will be protected over the long-term and unrestricted funds and reserves will be built up as much as possible. In addition the College needs to build up its reserves to permit the repayment of debt which stands at £13.5m.

Principal risks and uncertainties

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

- Academic risks including the calibre of students seeking admission to the College and ensuring that the Fellowship is attractive to academics
- Providing buildings and accommodation which is of a suitable quality for, and meet the needs of, students and Fellows
- Maintaining the reputation of the College and ensuring that it provides an excellent academic and student experience.

Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control them. Considerable work has been done on critical incident planning in 2014-15.

The principal financial risks and uncertainties remain securing resources to refurbish the older parts of the College, particularly Orchard Court. The cost of comprehensive works to update the services, replace windows, maintain concrete and refurbish the internal appearance of student rooms in the building is estimated to be in the region £11 million.

In addition benefaction is sought to establish endowments for other elements of the strategic intent, principally:

- Additional teaching provision through Fellowships
- Bursaries for graduate studentships
- Personal development training and support for students.

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Plans for the future

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

- to pursue educational excellence;
- to attract the most academically talented women for graduate study;
- to develop the Gateway programme further including mentoring of alumnae;
- to develop the Fellowship;
- to make the College better understood;
- to maintain the inclusive friendly and modern ethos of the College; and
- to secure the college's financial ability to deliver these objectives.

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

The operational priorities are: to consider the accommodation strategy including graduate and Fellows' accommodation; continuous improvement of management systems; continuing to implement the five year maintenance plan including refurbishment of infrastructure in Fountain Court South and Orchard Court as soon as funds are available for the purpose; revising personnel policies; developing further the commercial conference and catering business in conjunction with the Kaetsu Centre; and updating risk management and critical incident planning.

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Corporate Governance

Statement of Corporate Governance

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

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

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

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

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

- Academic Policy (Sub-Committees: Admissions, Research Fellowship);
- Fellowship Review Group;
- Fundraising and External Relations (Sub-Committee: Art)
- Information and Communications Strategy;
- Domestic and Estates (Sub-Committees: Events and Catering, Health and Safety, Gardens, Wine);
- Finance (Sub-Committee: Investment);
- Personnel (Sub-Committee: Staff Joint Consultative);
- Student Funding;
- Student Matters Sub-Committees: Graduate Liaison, Undergraduate Liaison.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

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

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

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

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

The College's Trustees during the year ended 30 June 2015 are set out on page 2.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Internal Controls

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

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

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2015 and up to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the system of internal control.

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

Transactions between College and members of the Governing Body

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by Council.

Financial management and control

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

Statement of Trustees' Responsibilities

College Council, as Charitable Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent college and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

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

The Trustees are responsible for keeping accounting records that are sufficient to show and explain the college's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent college and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge, the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent college and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by College Council on 9th November 2015



Dame Barbara Stocking

President

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

Independent Auditor's Report to the Trustees of Murray Edwards College

We have audited the group and parent college financial statements ("financial statements") of Murray Edwards College for the year ended 30 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 the 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 Members, as a body, in accordance with College's Statutes, the Statutes of the University of Cambridge, and regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the College's Council Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Council Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council members and auditor

As explained more fully in the statement of Trustees' responsibilities, the Council Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent college's affairs as at 30 June 2015 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge and regulations made thereunder; and
- show the contribution due from the College to the University which 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.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2015**

Matters on which we are required to report by exception

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

- the information given in the Council's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the College's 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.



Critchleys LLP
Statutory Auditor
Oxford
United Kingdom
9th November 2015

Critchleys LLP is a limited liability partnership registered in England and Wales (with registered number OC354137).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Principal Accounting Policies

Basis of preparation

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

The 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.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2014. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only has not been included because the balance sheet would not be materially different from the one included in these financial statements. Details of the subsidiary companies are included in note 25. The College has applied the FRS 8 exemption on disclosing intragroup transactions.

Recognition of income

Academic fees

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

Restricted grant income

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

Donations and benefactions

Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

Capital grants and donations

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

Endowment and investment income

All investment income is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

Total return on Segregated Funds

The College also holds certain restricted and unrestricted permanent capital, derived from specific donations, in a Segregated Fund, the terms of which require that 3.5% per annum of the capital value at the end of January each year is recognised as income in the Income and Expenditure Account. The income is stated net of investment management and property fees.

Foreign currency translation

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

Tangible and fixed Assets

Operational land and buildings

Operational land and buildings are stated at valuation. In accordance with FRS 15 'Tangible Fixed Assets' full valuations are undertaken at least every five years and an interim valuation is carried out in year three. The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve included within Expendable Unrestricted Designated Reserves. Buildings on the main College site, being specialised properties, were valued on the basis of their depreciated replacement cost at 30 June 2015 by AECOM, property consultants. Certain off-campus land and buildings are valued on the basis of their existing use. The most recent valuation was carried out by Carter Jonas LLP, property consultants, as at 30 June 2015.

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

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

MURRAY EDWARDS COLLEGE

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Where 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.

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 the architects' certificates and other direct costs incurred to the balance sheet date and are depreciated at the rate of 1.5% per annum when they are brought into use.

Maintenance of premises

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

Furniture, fittings and equipment

Furniture, fittings and equipment with a cost of more than £5,000 are capitalised and depreciated at the rate of 10% per annum. Project specific IT equipment costs were capitalised in 2011-12 and are being depreciated at a rate of 20% per annum from 2012-13.

Operating leases

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

Heritage assets

In accordance with FRS30 (Heritage Assets), works of art, books and other valuable artefacts are capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The College has a large art collection most of which has been donated to the College. The collection is formally valued every five years. The College includes all assets over £10,000 as valued and includes additions acquired between valuations at a fair value.

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

Investments

Securities

Securities are shown at their market value. Investment income is included when dividends and interest become payable. Interest on bank deposits is included as earned.

Investment properties

Investment properties are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Total Recognised Gains and Losses. In accordance with SSAP 19, no depreciation has been charged on investment properties.

Stocks

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

Provisions

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

Taxation

The College is a registered charity (number 1137530) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G, II

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

Pension Schemes

The College participates in the following pension schemes:

- Universities Superannuation Scheme (USS) - a defined benefit scheme that is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

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 scheme is closed to new non-academic members of the College.

- Cambridge Colleges Federated Pension Scheme (CCFPS) - a similar defined benefit scheme which is externally funded and contracted out of the (S2P). The scheme is closed to new members of the College. As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by FRS 17 'Retirement Benefits'. As a result, the amount charged to the Income and Expenditure Account represents the amount calculated under FRS17 guidelines.
- Aviva - a defined contributions pension scheme set up for non-academic staff in 2010-11. The College matches employee contributions to a maximum of 5%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 £	2014 £
Income			
Academic fees and charges	1	2,188,627	2,196,729
Residences, catering and conferences	2	3,036,987	2,776,645
Endowment income	3	1,595,024	1,636,353
Donations	4	818,253	689,298
Other income		56,523	49,981
Total income		7,695,414	7,349,006
Expenditure			
Education	5	3,314,263	3,124,809
Residences, catering and conferences	6	3,567,027	3,401,977
Fundraising		330,519	291,808
General administration		101,151	97,269
Total expenditure	7a	7,312,960	6,915,863
Surplus/(deficit) on continuing operations before Contribution under Statute G, II		382,454	433,143
Contribution under Statute G,II		-	-
Surplus/(deficit) on continuing operations after contribution under Statute G, II		382,454	433,143
(Surplus)/deficit for year transferred to accumulated income in endowment funds	18	(42,806)	(134,614)
Surplus/(deficit) for the year retained within general reserves		339,648	298,529

All items dealt with in arriving at the surplus/(deficit) relate to continuing operations.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total funds 2015 £	Total funds 2014 £
Surplus/(deficit) on income and expenditure account	-	339,648	339,648	298,529
Unspent endowment fund income	42,806	-	42,806	134,614
Realised/unrealised gains on investments	501,658	3,528,037	4,029,695	745,841
Actual return on Segregated Fund	17,082	317,708	334,790	707,058
Total return transferred to Income & Expenditure Account	(52,860)	(980,015)	(1,032,875)	(1,149,376)
Revaluation reserve adjustment on sale	-	(12,833)	(12,833)	(7,833)
Unrealised surplus on revaluation of fixed assets	-	12,579,399	12,579,399	-
New endowments	324,088	1,250	325,338	13,490
Other receipts	988	27,389	28,377	-
Heritage assets capitalised	9a 32,500	-	32,500	385,000
Transfers between funds			-	-
Actuarial gain/(loss) in respect of pension scheme	16 -	60,295	60,295	(317,653)
Total recognised gains/(losses) for the year	866,262	15,860,878	16,727,140	809,670
Reconciliation				
Opening reserves and endowments	6,091,531	58,588,342	64,679,873	63,870,203
Total recognised gains and losses for the year	866,262	15,860,878	16,727,140	809,670
Closing reserves and endowments	6,957,793	74,449,220	81,407,013	64,679,873

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015

	Note		2015 £	2014 £	
Fixed assets					
Tangible assets	9		50,508,082	38,295,641	
Investments	10		18,312,278	15,665,314	
Endowment assets					
Endowments	11		34,562,263	32,537,871	
Current assets					
Stocks			26,933	26,112	
Debtors	12		349,011	332,866	
Cash at bank and in hand	13		2,027,874	2,243,821	
			<u>2,403,818</u>	<u>2,602,799</u>	
Creditors: amounts falling due within one year	14		(886,381)	(788,695)	
Net current assets			<u>1,517,437</u>	<u>1,814,104</u>	
Creditors: amounts falling due after more than one year	15		(13,500,000)	(13,500,000)	
Net assets excluding pension liability			<u>91,400,060</u>	<u>74,812,930</u>	
Net pension liability	16		(1,979,978)	(1,999,999)	
Net assets including pension liability			<u>89,420,082</u>	<u>72,812,931</u>	
Represented by					
		Restricted funds	Unrestricted funds	2015 Total	2014 Total
		£	£	£	£
Deferred capital grants	17	8,013,069	-	8,013,069	8,133,058
Endowments					
Expendable endowments		935,082	-	935,082	904,183
Permanent endowments	18	6,022,711	27,604,516	33,627,227	31,633,688
		<u>6,957,793</u>	<u>27,604,516</u>	<u>34,562,309</u>	<u>32,537,871</u>
Reserves					
General reserves excluding pension reserve of which corporate capital		-	48,824,682	48,824,682	34,142,001
			23,636,968	23,636,968	22,014,191
Pension Reserve	19	-	(1,979,978)	(1,979,978)	(1,999,999)
		<u>-</u>	<u>46,844,704</u>	<u>46,844,704</u>	<u>32,142,002</u>
Closing Reserves and Endowments		<u>6,957,793</u>	<u>74,449,220</u>	<u>81,407,013</u>	<u>64,679,873</u>
Total		<u>14,970,862</u>	<u>74,449,220</u>	<u>89,420,082</u>	<u>72,812,931</u>

These accounts were approved by the College Council on 9th November 2015 and are signed on their behalf by:



Dame Barbara Stocking
President

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

CONSOLIDATED CASH FLOW STATEMENT

		2015	2014
		£	£
Net cash outflow from operating activities	24	<u>89,808</u>	<u>(212,684)</u>
Returns on investments and servicing of finance			
Net investment income		896,939	1,194,035
Interest paid		(686,850)	(685,621)
Net cash inflow from returns on investment and servicing of finance		<u>210,089</u>	<u>508,414</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(560,989)	(159,119)
Proceeds of disposals of fixed assets		252,634	176,323
Net (purchase)/sale of investment assets		2,317,341	(1,723,516)
New endowments received		401,675	13,902
Net cash (outflow)/inflow from capital transactions		<u>2,410,661</u>	<u>(1,692,410)</u>
Net cash (outflow)/inflow before financing		<u>2,710,558</u>	<u>(1,396,680)</u>
(Decrease)/Increase in cash in the year		2,710,558	(1,396,680)
Net debt at beginning of year		(9,172,610)	(7,775,930)
Net debt at end of year	24	<u>(6,462,052)</u>	<u>(9,172,610)</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE ACCOUNTS

1 ACADEMIC FEES AND CHARGES

	2015 £	2014 £
COLLEGE FEES		
Fee income paid on behalf of undergraduates at the Publicly-funded		
Undergraduate rate (per capita fee £4,185; 2014 - £4,068)	245,869	627,096
Undergraduate rate (per capita fee 2015 £4,500 2014 £4,500)	1,190,250	819,000
Privately-funded undergraduate fee income (per capita fee £6,198; 2014 - £5,634)	258,250	214,092
Erasmus students	15,876	20,340
Affiliated students paying reduced college fee	-	594
Graduate fee income (per capita fee £2,474; 2014 - £2,424)	249,805	246,440
Privately-funded Graduate fee income (per capita fee 2014 £5,634)	-	16,902
Graduate part time students with reduced college fee	-	7,030
Sub-total College Fees	<u>1,960,050</u>	<u>1,951,494</u>
Degree fees and other academic income	228,577	245,235
Total	<u>2,188,627</u>	<u>2,196,729</u>

Income in respect of the Cambridge Bursary Scheme is included in Degree Fees and Other Academic Income.

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2015 £	2014 £
Accommodation		
College members	1,812,480	1,766,365
Conferences	376,037	326,899
Catering		
College members	409,146	405,706
Conferences	439,324	277,675
Total	<u>3,036,987</u>	<u>2,776,645</u>

3 ENDOWMENT INCOME

	2015 Income from restricted funds £	2015 Income from unrestricted £	2015 Total £	2014 Total £
Total return contribution from Segregated Fund	52,860	980,015	1,032,875	1,149,376
Amalgamated fund administration fee		-	-	-
Quoted securities - equities	76,580	333,927	410,507	264,817
Quoted securities - fixed interest	25,285	110,256	135,541	203,720
Other interest receivable	2,288	13,813	16,101	18,440
Total Endowment Income	<u>157,013</u>	<u>1,438,011</u>	<u>1,595,024</u>	<u>1,636,353</u>

3a SUMMARY OF TOTAL RETURN

	2015 £	2014 £
Income from:		
Quoted securities and cash	562,149	486,977
Segregated Fund	334,790	707,058
Gains/losses on endowment assets	4,029,695	745,841
Total return for year	<u>4,926,634</u>	<u>1,939,876</u>
Return transferred to income & expenditure account	(1,595,024)	(1,636,353)
Unapplied total return for the year included within statement of total recognised gains and losses	<u>3,331,610</u>	<u>303,523</u>

4 DONATIONS

	2015 Total £	2014 Total £
Unrestricted donations	444,978	377,931
Restricted donations	205,326	143,949
Release of Deferred Capital	167,949	167,418
	<u>818,253</u>	<u>689,298</u>

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5 EDUCATION EXPENDITURE

	2015	2014
	£	£
Teaching	1,848,642	1,763,773
Tutorial	423,558	426,750
Admissions	419,302	372,221
Research	124,934	105,036
Scholarships and awards	315,749	291,977
Other educational facilities	182,078	165,052
Total	3,314,263	3,124,809

Gross expenditure in respect of the Cambridge Bursary Scheme is included in scholarships and awards.

6 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

		2015	2014
		£	£
Accommodation	College members	2,348,996	2,306,630
	Conferences	584,708	574,415
Catering	College members	374,664	347,077
	Conferences	258,659	173,855
Total		3,567,027	3,401,977

7a ANALYSIS OF 2014/15 EXPENDITURE BY ACTIVITY

	Staff costs (note 8)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education (note 5)	1,899,157	1,299,545	115,561	3,314,263
Residences, catering and conferences (note 6)	1,530,563	1,411,809	624,655	3,567,027
Fundraising	183,080	147,439	-	330,519
General administration	93,264	7,887	-	101,151
	3,706,064	2,866,680	740,216	7,312,960

7b ANALYSIS OF 2013/14 EXPENDITURE BY ACTIVITY

	Staff costs (note 8)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education (note 5)	1,803,341	1,197,532	123,936	3,124,809
Residences, catering and conferences (note 6)	1,412,150	1,377,071	612,756	3,401,977
Fundraising	169,834	121,974	-	291,808
General administration	88,209	9,050	-	97,259
	3,473,534	2,705,627	736,692	6,915,853

Gross expenditure in respect of the Cambridge Bursary Scheme is included in other operating expenses.

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7c AUDITORS REMUNERATION

	2015	2014
	£	£
Other operating expenses include:-		
Auditors fees payable to College's external auditors	20,000	19,570
Other fees payable to the College's external auditors	1,356	1,250
Internal auditors fees	1,800	1,500

8 STAFF

	2015	2015	2015	2015	2015	2014
	Head of House & College Fellows	Non- academic Staff	Sub- Total	External supervisors & directors of studies	Total	Total
	£	£	£	£	£	£
Staff costs:						
Emoluments	844,793	1,950,045	2,794,838	-	2,794,838	2,587,331
Social security costs	93,546	137,690	231,236	-	231,236	191,076
Pension costs (see note 24)	83,719	209,393	293,112	-	293,112	320,600
Other staff costs	70,727	169,801	240,528	-	240,528	241,417
	<u>1,092,785</u>	<u>2,466,929</u>	<u>3,559,714</u>	-	<u>3,559,714</u>	<u>3,340,424</u>
External supervisors, directors of studies, etc	-	-	-	146,350	146,350	133,110
Total	<u>1,092,785</u>	<u>2,466,929</u>	<u>3,559,714</u>	<u>146,350</u>	<u>3,706,064</u>	<u>3,473,534</u>

Total College staff as at 30 June	2015	2015	2015	2014
	Fellows	Staff	Total	Total
Head of House	1	-	1	1
Fellows - Academic	52	-	52	49
Fellows - Non-academic	4	-	4	3
Non-academic staff (Full-time equivalents)	-	98	98	89
Total as at 30 June	<u>57</u>	<u>98</u>	<u>155</u>	<u>142</u>

Of the 57 Fellows declared above, 51 are stipendiary (2014 - 50 stipendiary).

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

The trustees receive no emoluments in their role as trustees of the charity.

During the year the trustees received £514,384 (2014 £492,378) in remuneration for college duties.

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9 FIXED ASSETS	2015	2015	2015	2015
9a TANGIBLE FIXED ASSETS	Freehold land and buildings	Furniture, fittings and equipment	Heritage Assets	Total
	£	£	£	£
Cost/valuation				
As at 1 July 2014	40,256,653	1,199,928	695,500	42,152,081
Surplus on revaluation	9,574,514	-	-	9,574,514
Heritage assets capitalised	-	-	32,500	32,500
Additions at cost	394,184	166,805	-	560,989
Disposals as cost	(210,000)	-	-	(210,000)
Cost/valuation as at 30 June 2015	<u>50,015,351</u>	<u>1,366,733</u>	<u>728,000</u>	<u>52,110,084</u>
Depreciation				
As at 1 July 2014	2,414,453	746,487	-	3,160,940
Written back on revaluation	(3,004,885)	-	-	(3,004,885)
Depreciation on disposals	(22,269)	-	-	(22,269)
Charge for the year	613,016	127,200	-	740,216
Accumulated Depreciation as at 30 June 2015	<u>315</u>	<u>873,687</u>	<u>-</u>	<u>874,002</u>
Net Book Value				
At 30 June 2015	<u>50,015,036</u>	<u>493,046</u>	<u>728,000</u>	<u>51,236,082</u>
At 30 June 2014	<u>37,842,200</u>	<u>453,441</u>	<u>695,500</u>	<u>38,991,141</u>

Included in the Balance sheet as follows:	2015 £	2014 £
Fixed Assets	<u>50,508,082</u>	<u>38,295,641</u>
Endowment Assets (see note 11)	<u>728,000</u>	<u>695,500</u>

The College's land and buildings were revalued at 30 June 2015 and in accordance with the accounting policies are revalued after five years.

The insured value of freehold operational buildings (excluding investment assets) at 30 June 2015 was £89,262,229 (2014 £89,279,063).

9b HERITAGE ASSETS

According to FRS30 (Heritage Assets), works of art, books and other valuable artefacts acquired should be capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. The College holds and conserves an Art Collection which has been built up over a number of years and which consists of mainly donated works. The Art Collection is preserved, conserved and managed in accordance with recognised national standards and the collection on display is open to the public for viewing. Those items not on general display can be accessed by the wider public by prior arrangement. The works are normally donated on a permanent basis so will be included as endowment assets. The Collection is professionally valued every five years, the latest being carried out in 2012 by Bonhams. As stated in the Statement of Accounting Policies all works of art valued over £10,000 are included in the accounts. Heritage Assets capitalised in the year were £32,500 (2014 £385,000).

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10 INVESTMENTS

	2015	2014
	£	£
Balance at 1 July 2014	47,124,901	46,715,466
Additions	19,470,585	14,906,784
Disposals	(21,787,926)	(13,183,267)
Appreciation on disposals/revaluation	4,029,693	745,841
(Decrease)/Increase in cash balances	2,885,483	(2,059,923)
Balance at 30 June 2015	<u>51,722,736</u>	<u>47,124,901</u>
Represented by:	£	£
Freehold buildings	2,000,000	2,309,399
Quoted securities - equities	25,636,183	24,783,170
Quoted securities - fixed interest	13,065,085	12,916,379
Alternative investments	6,433,192	5,412,203
Loan-Joint Colleges Nursery Scheme	2,008	2,965
Cash held for reinvestment	4,586,268	1,700,785
Total Investment Assets	51,722,736	47,124,901

One property was acquired as an investment asset in 2011 and is included at professional valuation of £2,000,000 (2014 £2,309,399 at cost).

The College incurred investment management advice charges of £390,024 (2014 £385,373) in the year. Nil (2014 £30,000) has been deducted from income in note 3 and £390,024 (2014 £355,373) has been included in gains and losses for the year. This reflects the treatment by fund managers and advisers.

Allocated as:-	£	£
Fixed Asset investments	18,312,278	15,665,314
Endowment Investments	33,410,458	31,459,587
Total Investment Assets	<u>51,722,736</u>	<u>47,124,901</u>

11 ENDOWMENT ASSETS

Investments	£	£
Freehold buildings	2,000,000	2,309,399
Quoted securities - equities	13,887,264	15,425,077
Quoted securities - fixed interest	9,137,376	9,255,017
Alternative investments	3,974,692	3,517,369
Loan-Joint Colleges Nursery Scheme	371	569
Cash held for reinvestment	4,410,755	952,156
Total Endowment Assets - as above	33,410,458	31,459,587
Heritage Assets - see notes 9a and 9b	728,000	695,500
Other assets included in cash (note 13)	423,805	382,784
	<u>34,562,263</u>	<u>32,537,871</u>

The value of endowments assets are the same for the group and the college.

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12 DEBTORS	2015	2014
	£	£
Members of College	5,677	4,345
Trade Debtors	73,808	77,687
Taxation	1,513	1,586
Other debtors	70,339	64,290
Prepayments and accrued income	197,674	184,958
	<u>349,011</u>	<u>332,866</u>

13 CASH	£	£
Bank deposits	2,399,569	2,512,078
Current accounts	50,890	113,527
Cash in hand	1,220	1,000
	<u>2,451,679</u>	<u>2,626,605</u>
Endowment Assets (Note 11)	(423,805)	(382,784)
	<u>2,027,874</u>	<u>2,243,821</u>

The cash held in subsidiaries at the year end was £176,507 (2014 £410,241) included in current accounts above.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Members of College	123,909	109,986
Trade creditors	369,624	297,778
Taxation and social security	130,304	138,130
Accruals and deferred income	262,544	242,801
	<u>886,381</u>	<u>788,695</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	£	£
Bank Loan	13,500,000	13,500,000
	<u>13,500,000</u>	<u>13,500,000</u>

During 2009/10 the repayment terms of the bank loans of £13.5m were rescheduled and are repayable as follows: £3 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048.

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

Loan amount	Rate	Maturity
£3m	5.65%	2016
£1.5m	4.56%	2029
£9m	5.00%	2048

16 PENSION LIABILITY	£	£
Deficit in scheme at beginning of year	(1,999,999)	(1,697,760)
Movement in year		
Current service cost	(34,198)	(31,728)
Contributions paid by college	14,525	75,850
Finance cost	(20,601)	(28,708)
Actuarial loss recognised in statement of total recognised gains and losses	60,295	(317,653)
Deficit in scheme at end of year (note 24)	<u>(1,979,978)</u>	<u>(1,999,999)</u>

17 DEFERRED CAPITAL GRANTS	£	£
Balance at the beginning of the year	8,133,058	8,300,064
Donations received	47,960	412
Released to Income & Expenditure account	(167,949)	(167,418)
Balance at the end of the year	<u>8,013,069</u>	<u>8,133,058</u>

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18 ENDOWMENTS	2015	2015	2015	2015	2015	2014
	Restricted Permanent	Unrestricted Permanent	Total Permanent	Restricted Expendable	Total	Total
	£	£	£	£	£	£
Balance at beginning of year	5,187,348	26,446,340	31,633,688	904,183	32,537,871	32,493,702
(Decrease)/increase in investments	419,753	1,717,046	2,136,799	77,333	2,214,132	(164,996)
income receivable from endowment						
asset investments	11,281	209,824	221,105	-	221,105	707,058
Transfer of income to Income & Expenditure account	(52,860)	(980,015)	(1,032,875)	-	(1,032,875)	(1,149,376)
New endowments received	323,588	-	323,588	500	324,088	13,491
Other receipts	988	18,382	19,370	-	19,370	-
Heritage Assets capitalised	32,500	-	32,500	-	32,500	385,000
Capital returned from investments	10,373	192,939	203,312	-	203,312	141,049
Transfers						(22,671)
Income receivable from endowment						
asset investments and donations	146,387	-	146,387	176,168	322,555	254,028
Expenditure	(56,647)	-	(56,647)	(223,102)	(279,749)	(119,414)
Net transfer from Income & Expenditure accounts	89,740	-	89,740	(46,934)	42,806	134,614
Balance at end of year	6,022,711	27,604,516	33,627,227	935,082	34,562,309	32,537,871
Representing:-						
Awards Funds	435,693	21,124	456,817	220,811	677,628	673,941
Hardship Funds	489,187	-	489,187	228,283	717,470	673,119
Other Student Support	11,449	-	11,449	127,064	138,513	110,681
Research Funds	1,094,669	-	1,094,669	107,306	1,201,975	1,085,017
Graduate Studentships Funds	-	-	-	4,962	4,962	4,808
Travel Funds	-	-	-	78,937	78,937	84,113
Fellowships Funds	3,263,667	922,653	4,186,320	119,038	4,305,358	3,626,096
Other Funds	728,000	26,660,739	27,388,739	48,681	27,437,420	26,280,096
Total	6,022,665	27,604,516	33,627,181	935,082	34,562,263	32,537,871

19 RESERVES	2015 Total	2014 Total
	£	£
Balance at beginning of year	32,142,002	31,376,501
Surplus/(deficit) for year	339,648	298,529
Unrealised surplus on revaluation of fixed assets	12,579,399	-
New gifts received	1,250	-
Other receipts	9,007	-
Revaluation gain on investments	1,725,936	769,787
Transfer to funds	-	22,671
Adjustment to revaluation reserve on sale of property	(12,833)	(7,833)
Pension fund movement	60,295	(317,653)
Balance at end of year	46,844,704	32,142,002

Included within reserves is an amount of £23,636,968 (2014:£22,014,191) required by the ordinances to be identified as representing corporate capital and previously described as corporate capital and an amount of £13,855,901 (2013: £1,289,336) representing buildings revaluation reserve.

20 MEMORANDUM OF UNAPPLIED TOTAL RETURN	2015 Total	2014 Total
	£	£
Included within reserves the following amounts represent the Unapplied Total Return of the College:		
Unapplied Total Return at beginning of year	7,593,032	7,289,509
Unapplied Total Return for year (see note 3b)	3,331,610	303,523
Unapplied Total Return at end of year	10,924,642	7,593,032

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	2015	2014
	£	£
21 CAPITAL COMMITMENTS		
Commitments contracted for at 30 June:		
Authorised and contracted	736,313	143,258

22 FINANCIAL COMMITMENTS

At 30 June the College had annual commitments under non-cancellable operating leases as follows:

	£	£
Land and Buildings:		
Expiring between one and five years' time	43,740	32,040
Other:		
Expiring between one and five years' time	6,455	5,757

23 CONTINGENT LIABILITIES

The College's endowment capital includes conditional capital donations amounting in total to £26,550,202 (2014 £25,443,572). Under certain limited circumstances these donations could be repayable to the donor, but in the opinion of the members of Council, such repayment is not foreseen and accordingly no provision is made in these accounts.

24 CASH FLOW STATEMENT

Reconciliation of consolidated operating surplus to net cash inflow/(outflow)

	£	£
from operating activities		
Operating (Deficit)/surplus	382,454	433,143
Depreciation of tangible fixed assets	740,216	736,692
Profit on disposal of tangible fixed assets	(77,733)	(14,900)
Deferred capital grants released to income	(167,949)	(167,418)
Investment income	(1,595,024)	(1,636,353)
Interest payable	686,850	685,621
Pension costs less contributions payable	40,274	(15,414)
Decrease/(increase) in stocks	(821)	(6,514)
Decrease/(increase) in debtors	(16,145)	(50,307)
Increase/(decrease) in creditors	97,686	(177,234)
Net cash inflow/(outflow) from operating activities	89,808	(212,684)

Analysis of cash and bank balances

	At 1 July 2014	Cash Flows	At 30 June 2015
	£	£	£
Cash at bank and in hand*	2,626,605	(174,926)	2,451,679
Cash held as part of investments	1,700,785	2,885,483	4,586,268
	<u>4,327,390</u>	<u>2,710,557</u>	<u>7,037,947</u>
Debt due after one year	(13,500,000)	-	(13,500,000)
	<u>(9,172,610)</u>	<u>2,710,557</u>	<u>(6,462,053)</u>

* This balance is stated before re-analysis of cash to Endowment Assets (see notes 11 and 13).

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24 PENSION SCHEMES

The College participates in two defined benefit pension schemes outlined below.

Universities Superannuation Scheme (USS)

The USS is contracted out of the State Second Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. 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 the year to 30th June 2015, the percentage was 16% (2014: 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 disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The FRS 17 liability has been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	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. The current life expectancies on retirement at age 65 are:

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	2015	2014
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

Based on existing benefits the FRS 17 position is as follows:

	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College is a member of the CCFPS (the Scheme), a multi-employer defined benefits scheme. A full valuation has been undertaken as at 31 March 2014 and updated to 30 June 2015 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	June 2015 % p.a.	June 2014 % p.a.
Discount rate	3.7	4.2
Expected long-term rate of return on Scheme assets	3.7	6.2
Increase in salaries	2.75**	2.8*
Retail Prices Index (RPI) assumption	3.25	3.3
Consumer Prices Index (CPI) assumption	2.25	2.3
Pension increases (RPI linked)	3.25	3.3
Pension increases (capped RPI linked)	3.05	3.1

*1.5% in 2014 to 2016; 2.8% thereafter

**1.5% in 2015 and 2016; 2.75% thereafter

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% p.a. (2014: same base table and an allowance for improvements using the CMI_2013 projection table with a long term improvement rate of 1.0% p.a.). This results in the following life expectancies:

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

Employee Benefit Obligations

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The amounts recognised in the balance sheet as at 30th June 2015 (with comparative figures as at 30th June 2014) are as follows:

	June 2015 £	June 2014 £
Present value of Scheme liabilities	(5,533,936)	(5,295,880)
Market value of Scheme assets	3,553,958	3,295,881
Surplus/(deficit) in the Scheme	<u>(1,979,978)</u>	<u>(1,999,999)</u>

The amounts to be recognised in the Income & Expenditure Account for the year ended 30th June 2015 (with comparative figures for the year ended 30th June 2014) are as follows:

	June 2015 £	June 2014 £
Current service cost	34,198	31,728
Interest on Scheme liabilities	218,716	222,567
Expected return on Scheme Assets	(198,115)	(193,859)
Past service cost	0	0
Curtailement gain	0	0
Total	<u>54,799</u>	<u>60,436</u>
Actual return on Scheme assets	<u>451,271</u>	<u>193,440</u>

Changes in the present value of the Scheme liabilities for the year ended 30th June 2015 (with comparative figures for the year ended 30th June 2014) are as follows:

	June 2015 £	June 2014 £
Present value of Scheme liabilities at beginning of period	5,295,880	4,921,712
Service cost (including Employee contributions)	41,493	39,677
Interest cost	218,716	222,567
Past service cost	0	0
Curtailement gain	0	0
Actuarial losses/(gains)	192,861	317,234
Benefits paid	(215,014)	(205,310)
Present value of Scheme liabilities at end of period	<u>5,533,936</u>	<u>5,295,880</u>

Changes in the fair value of the Scheme assets for the year end 30th June 2015 (with comparative figures for the year ended 30th June 2014) are as follows:

	June 2015 £	June 2014 £
Market value of Scheme assets at beginning of period	3,295,881	3,223,952
Expected return	198,115	193,859
Actuarial gains/(losses)	253,156	(419)
Contributions paid by the College	14,525	75,850
Employee contributions	7,295	7,949
Benefits paid	(215,014)	(205,310)
Market value of Scheme assets at end of period	<u>3,553,958</u>	<u>3,295,881</u>

The expected contributions to be paid by the College for the forthcoming year are:

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- From 1st July 2015 to 31st March 2016 13.29% of Contribution Pay;
- From 1st April 2016 to 30th June 2016 10.98% of Contribution Pay;
- Recovery plan payments of £62,097;
- £10,527 to cover expenses.

The above rates exclude permanent health insurance and are subject to review at future actuarial valuations.

The major categories of Scheme assets as a percentage of total Scheme assets at 30th June 2015 (with comparative figures at 30th June 2014) are as follows:

	June 2015	June 2014
Equities and hedge funds	69%	70%
Bonds and cash	25%	23%
Properties	6%	7%
Total	100%	100%

The expected long-term rate of return on the Scheme assets has been set in line with the discount rate, i.e. 3.7%.

The analysis of amounts recognisable in the Statement of Total Recognised Gains and Losses (STRGL) for the year ended 30th June 2015 (with comparative figures for the year ended 30th June 2014) is as follows:

	June 2015 £	June 2014 £
Actual return less expected return on Scheme assets	253,156	(419)
Experience gains and losses arising on Scheme liabilities	30,381	(21,426)
Changes in assumptions underlying the present value of Scheme liabilities	(223,242)	(295,808)
Actuarial gain/(loss) recognised in STRGL	<u>60,295</u>	<u>(317,653)</u>

The cumulative amount of actuarial gains and losses recognised in the STRGL for the year ended 30th June 2015 (with comparative figures for the year ended 30th June 2014) are as follows:

	June 2015 £	June 2014 £
Cumulative actuarial gain/(loss) at beginning of period	(2,096,215)	(1,778,562)
Recognised during the period	<u>60,295</u>	<u>(317,653)</u>
Cumulative actuarial gain/(loss) at end of period	<u>(2,035,920)</u>	<u>(2,096,215)</u>

The movement in the surplus/ (deficit) during the year ended 30th June 2015 (with comparative figures for the year ended 30th June 2014) are as follows:

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	June 2015 £	June 2014 £
Surplus/(deficit) in Scheme at beginning of year	(1,999,999)	(1,697,760)
Service cost (employer only)	(34,198)	(31,728)
Contributions paid by the College	14,525	75,850
Finance cost	(20,601)	(28,708)
Actuarial gain/(loss)	60,295	(317,653)
Surplus/(deficit) in Scheme at the end of the year	<u>(1,979,978)</u>	<u>(1,999,999)</u>

The amounts for the current and previous four accounting periods are as follows:

	2015 £	2014 £	2013 £	2012 £	2011 £
Present value of Scheme liabilities	(5,533,936)	(5,295,880)	(4,921,712)	(4,448,116)	(4,353,213)
Market value of Scheme assets	3,553,958	3,295,881	3,223,952	3,007,000	3,618,652
Surplus/(deficit) in the Scheme	(1,979,978)	(1,999,999)	(1,697,760)	(1,441,116)	(734,561)
Actual return less expected return on Scheme assets	253,156	(419)	187,536	(625,477)	101,473
Experience gain/(loss) arising on Scheme liabilities	30,381	(21,426)	(18,668)	(100,036)	20,738
Change in assumptions underlying present value of Scheme liabilities	(223,242)	(295,808)	(486,597)	(47,638)	187,933

Contributions to all schemes

Contributions which have been charged to the Income & Expenditure Account in respect of pension schemes are as follows:

	2015	2014
USS	231,007	236,627
CCFPS	44,329	59,739
Other pension schemes and administration fees	38,413	23,613

25 PRINCIPAL SUBSIDIARY UNDERTAKINGS

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

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

26 RELATED PARTY TRANSACTIONS

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

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