

KING'S COLLEGE

Accounts

30 June 2013

KING'S COLLEGE

ACCOUNTS 2012

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KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Professor Ross Harrison

Fellows

Dr Tess Adkins	Lord Giddens	Dr Elizabeth Murchison
Dr Sebastian Ahnert	Dr Ingo Gildenhard (from 05.01.13)	Dr Basim Musallam
Dr Mark Ainslie (from 01.10.12)	Professor Christopher Gilligan	Dr Eva Nanopulos (from 01.09.12)
Dr David Al-Attar (from 17.04.13)	Dr Hadi Godazgar (from 01.10.12)	Dr Rory O'Bryen
Dr Anna Alexandrova	Dr Mahdi Godazgar (from 01.10.12)	Dr Rosanna Omitowoju
Dr Stephen Alford (to 30.09.12)	Professor Simon Goldhill	Professor Robin Osborne (Senior Tutor)
Dr Lori Allen	Dr David Good	Dr David Payne
Dr Nick Atkins	Dr Julian Griffin	Dr Ben Phalan (from 01.10.12)
Dr John Barber	Professor Gillian Griffiths	Ms Anastasia Piliavsky
Professor Michael Bate	Dr Ben Gripaios	Professor Chris Prendergast
Professor Sir Patrick Bateson	Dr Cesare Hall	Dr Jonathan Pridham
Dr Andreas Bender	Dr Victoria Harris (to 30.09.12)	Dr Oscar Randal-Williams (from 01.10.12)
Dr Nathanaël Berestycki	Dr Tawfique Hasan	Dr Surabhi Ranganathan
Dr Camille Bonvin	Professor John Henderson	Dr Jennifer Regan-Lefebvre (to 30.09.12)
Dr Rowan Boyson (to 30.09.12)	Dr Felipe Hernandez	Professor Robert Rowthorn
Dr Mirjana Bozic (from 01.10.12)	Mr Arthur Hibbert	Professor Paul Ryan
Dr Siobhan Braybrook (from 17.04.13)	Mr Adam Higazi	Professor Hamid Sabourian
Professor Sydney Brenner	Dr David Hillman	Dr Suchitra Sebastian
Ms Julie Bressor (Director of Development)	Dr Istvan Hont (deceased 29.03.13)	Dr Brian Sloan (to 30.09.12)
Dr Angela Breitenbach (from 01.10.12)	Professor Sir Gabriel Horn (deceased 02.08.12)	Dr Michael Sonenscher
Dr Christopher Brooke	Dr Stephen Hugh-Jones	Dr Sharath Srinivasan
Dr Jude Browne	Professor Caroline Humphrey	Professor Gareth Stedman Jones
Dr Nick Bullock	Professor Herbert Huppert	Dr John Stewart
Dr Bill Burgwinkle	Professor Martin Hyland	Professor Yasir Suleiman
Dr Guilherme Carmona (to 30.09.12)	Mr Philip Isaac	Professor Azim Surani
Dr Keith Carne	Mr Peter Jones (Librarian)	Dr Erika Swales
Mr Richard Causton (from 01.10.12)	Professor Richard Józsa	Dr Simone Teufel
Mr Nick Cavalla	Dr András Juhász (to 30.09.12)	Mr James Trevithick
Mr Stephen Cleobury (Director of Music)	Dr Aileen Kelly	Dr Stefan Uhlig
Dr Francesco Colucci	Professor Barry Keverne	Professor Megan Vaughan
Professor Anne Cooke	Dr Walid Khaled (to 30.09.12)	Dr Bert Vaux
Dr Sarah Crisp	Dr James Laidlaw	Dr Rob Wallach
Professor Anne Davis	Professor Richard Lambert	Dr Darin Weinberg
Dr Subhajyoti De (to 30.09.12)	Dr Jessica Leech (to 30.09.12)	Dr Godela Weiss-Sussex
Professor Peter de Bolla	Dr Yanki Lekili	Dr Tom White
Professor John Dunn	Dr Eugene Lim (to 30.09.12)	Ms Flora Willson (from 01.10.12)
Professor David Dunne (from 01.01.13)	Professor Charlie Loke	Professor John Young
Professor George Efstathiou	Dr Sarah Lummis	Dr Nicolette Zeeman
Dr AYTEK Erdil	Professor Alan Macfarlane	
Dr Alexander Etkind	Dr Nicholas Marston	Members in statu pupillari
Dr Elisa Faraglia	Professor Jean Michel Massing	Juan de Francisco (to 30.09.12)
Professor James Fawcett	Dame Judith Mayhew Jonas	Elizabeth Dzeng (from 01.10.12 to 31.12.12)
Professor Iain Fenlon	Dr Mairéad McAuley	Tom Hutchcroft (to 31.12.12)
Dr Lorna Finlayson	Dr Malachi McIntosh (from 01.10.12)	Adam Reid (to 31.12.12)
Dr Felix Fischer	Professor Dan McKenzie	Raphael Scheps (to 31.12.12)
Dr Timothy Flack	Mr Richard Merrill	Ben Abrams (from 01.01.13)
Professor Robert Foley	Dr Cam Middleton	Katie Fitzpatrick (from 01.01.13)
Dr Chryssi Giannitsarou (from 01.10.12)	Dr Perveez Mody	Paula Melendez (from 01.01.13)
	Professor Ashley Moffett	Zsigmond Varga (from 01.01.13)
	Dr Geoff Moggridge	
	Dr Ken Moody	
	The Revd Dr Jeremy Morris (Dean)	
	Dr Clement Mouhot	
	Dr David Munday	

KING'S COLLEGE

COUNCIL, OFFICERS AND ADVISORS

Address

King's College
King's Parade
Cambridge CB2 1ST

Registered Charity Number

1139422

Charity Trustees (Member of Council)

Provost, Professor Ross Harrison
Dr Tess Adkins
Professor John Dunn
Dr Timothy Flack
Professor Barry Keverne
Dr Nicholas Marston
Dr Ken Moody

The Rev'd Dr Jeremy Morris
Dr Basim Musallam (from 01.01.13)
Dr Rosanna Omitowoju
Dr Rob Wallach (to 31.12.12)
Dr Nicky Zeeman
Ben Abrams
Paula Melendez

Senior Officers

Provost: Professor Ross Harrison
Vice Provost: Dr Basim Musallam (to 31.12.12)
Vice Provost: Dr Rob Wallach (from 01.01.13)
First Bursar: Dr Keith Carne
Senior Tutor: Professor Robin Osborne

PRINCIPAL PROFESSIONAL ADVISORS

Actuaries

Barnes & Sherwood
Barnes & Sherwood House
95 Maybury Road
Woking GU21 5JL

Auditors

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge CB1 2LA

Solicitors

Kester Cunningham John
Chequers House
77-81 Newmarket Road
Cambridge CB5 8EU

Mills & Reeve
Francis House
112 Hills Road
Cambridge CB2 1RH

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 0DP

Property Managers and Valuers

Bidwells
Trumpington Road
Cambridge CB2 2LD

Savills
Unex House
132-134 Hills Road
Cambridge CB2 8PA

Investment Advisors/Managers

Schroders
31 Gresham Street
London EC2V 7QA

Bankers

Barclays Bank Plc
9-11 St Andrew's Street
Cambridge CB2 3AA

Royal London Cash Management Limited
55 Gracechurch Street
London
EC3V 0UF

KING'S COLLEGE

REPORT OF THE COUNCIL

Structure, Governance and Management

King's College (formally "The Provost and Scholars of the King's College of Our Lady and St Nicholas in Cambridge") was founded in 1441 as one of the constituent colleges of Cambridge University. It endorses the University's aims and endeavours to work with the University and other colleges to further those aims. The College is a charitable corporate body established by Royal Charter with perpetual status and recognised under Common Law. It is also registered as a charity. Initially it was an institution consisting of the Provost and 70 scholars. At 30 June 2013 the College consisted of the Provost, 127 Fellows, some 640 resident undergraduate and graduate students, 415 pupils in the School, and 321 staff.

The College is governed in accordance with statutes, approved by Order of Her Majesty in Council. The statutes of the University of Cambridge and specific legislation covering the University of Cambridge apply to the College. The Visitor of the College is the Bishop of Lincoln.

The College is governed by the Provost and the Fellows of the College who, together with four resident members of the College *in statu pupillari*, constitute the College's Governing Body. The Provost is responsible for 'general superintendence over the affairs of the College' and presides over congregations of the Governing Body. Administration of the College is conducted by Congregations of the Governing Body, by the College Council, and by other committees provided for by statute and ordinance or established from time to time by the Governing Body or the Council. Execution of the decisions of these bodies is entrusted to the Administrative Officers. The officers prescribed by statute are: the Vice-Provost ('to attend to the good government of the College'); the Dean ('to provide for the Chapel services'); the First Bursar ('to manage the finances and investments of the College'); and the Senior Tutor ('to oversee the provision of education in the College').

The College Council consists of the Provost and twelve other members, ten elected from and by the Fellows on the Governing Body, and two elected annually from and by the resident members of the College *in statu pupillari*. The Vice-Provost, Senior Tutor, First Bursar and the Presidents for the undergraduate and graduate College student unions are also in attendance. The Council is entrusted with the general administration and management of the College, except in as far as powers are reserved by statute, ordinance or regulation to the Governing Body, and it exercises a general superintendence over the College's educational work. The members of the College Council are the Charity Trustees for the College.

Aims and Objectives

The College exists within the University of Cambridge and is dedicated to the advancement of education, religion, learning and research. It also aims to provide for and conduct Divine Service. These principal aims are enshrined in Statute and constitute the public benefit that it provides as a charity.

Education: The College provides, within the University of Cambridge, an education for some 640 undergraduate and graduate students that is recognised internationally as being of the highest standard. This education develops students academically and more broadly prepares them to play full and effective roles in society. The College aims to attract as undergraduate and graduate students such persons as are best fitted to take academic advantage from the education it offers, regardless of gender, sexual orientation or educational, social, ethnic, or personal background. All decisions as to membership of the College are made by the College.

The education of junior members reading for undergraduate degrees is overseen by the Senior Tutor. The academic studies of each undergraduate member of the College are overseen by a Director of Studies and Tutor. Directors of Studies are responsible for organising supervisions and other classes for each undergraduate reading for the specific Tripos examinations for which they are severally responsible. College teaching is designed to complement the lectures and other classes provided by the University. To supervise undergraduate students the College employs persons fitted by their learning to do so; these are normally Fellows of the College, Fellows of other Cambridge colleges, and those holding post-doctoral positions or reading for a graduate degree within the University. The Fellows of the College responsible for teaching junior members either hold University teaching and/or research posts or have been appointed to Fellowships on the basis of their distinction as teachers and/or researchers. The College appoints Tutors to oversee the educational progress and the general well-being of all undergraduate students studying the subjects for which they are severally responsible, and to represent their pupils, where necessary, in formal dealings with the University. In their care for the general welfare of the junior members of the College, the Tutors enjoy the assistance of the Lay Dean and the Chaplain. In 2012/13, 355 undergraduate students sat classified University examinations; 82.9% obtaining first or upper-second (or undivided second) class passes.

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REPORT OF THE COUNCIL

Aims and Objectives (Continued)

The education of junior members reading for graduate degrees is chiefly the responsibility of Faculties and Departments, who appoint academic supervisors. The College receives reports from the academic supervisors and provides such academic and other support as the Senior Tutor and the Tutors for Graduate Studies consider appropriate. In 2012/13, 55 graduate students successfully completed an MPhil or other one-year graduate course, 1 completed clinical studies and 43 satisfied the requirement for the degree of PhD.

The Senior Tutor reports regularly to the College Council and to the Governing Body on the academic performance of junior members of the College.

Most junior members of the College live in College accommodation while in residence. It is College policy that charges for accommodation should be comparable to those in other competitor universities. In order to facilitate access to undergraduate and graduate education regardless of financial circumstances, the College offers financial support on the basis of need. In addition, research studentships, undergraduate scholarships, and prizes are awarded on the basis of academic excellence. During 2012/13, 642 financial awards were made to undergraduates and graduate students including studentships, scholarships, travel grants and prizes. This year, we welcomed 357 summer school students from Pembroke and King's International programmes.

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

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services during term, which are open to the general public and visitors.
- Maintains its choral tradition, which is integral to the provision of Divine Service in its Chapel, through the College's Choir. This choir includes both Choral Scholars, who are students, and Choristers who are pupils of King's College School.
- Supports, through the College Dean and Chaplain, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none.
- Maintains its historic connection with the work of the Church of England, particularly through its involvement as Patron of over 20 parishes.

The Founder's Statutes of 1443 require the College to provide for and conduct Divine Service in the College Chapel and to maintain a choir. The Choristers are members of the College and the College is responsible for their education and training. This tradition, established by Henry VI at the foundation of the College, has been continued ever since.

Learning: The College Library is a first port of call for junior members of the College as a repository of books and information, and its archives, rare books and manuscripts provide a major resource for scholarship, both for members of the College and for scholars from outside the College. The number of loans for the year totalled 20,882, plus use inside the Library of 6,864 items from the total stock accessible via the online catalogue of 108,674 books. Catalogue records from the Library are uploaded to the Newton Catalogue of the University Library and it is possible to access the catalogue directly from the College website.

During the year, 297 readers (213 of them new) made 691 visits to the Archives reading room, 2,509 documents were retrieved for visitors and 2,307 enquiries answered. 415 people came simply to see exhibitions given by the Library Department. The Librarian is the College's designated Freedom of Information Officer and the archivists assisted him in complying with the College's obligations under the Act, compiling answers for 30 enquiries within the framework of the Act. The archivists also oversee the College's records management programme, which ensures that the College meets its statutory obligations and determines what information should be kept for the sake of future researchers, as well as for administrative requirements.

Research: The College provides an intellectual and social environment that fosters research at the highest level, and offers a fertile ground for interdisciplinary approaches. Each year, the College appoints a number of Research Fellows to stipendiary or non-stipendiary Fellowships. In 2012/13, 3 stipendiary Research Fellows and 2 non-stipendiary Research Fellows were appointed, each Fellowship lasting four years. In addition, the College appoints visiting Fellows nominated by Fellows and welcomes short-term visitors for academic research. Any Fellow may apply for a small grant to support his or her research. The College runs international conferences, workshops and seminars annually, organized by Fellows of the College.

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Aims and Objectives (Continued)

School: Although the original rationale for the establishment of the school was to educate the Choristers who sing in the College Choir, the College decided that this aim could most effectively and economically be met through a larger school that included those who were not in the College Choir. The School was established on its current site in 1878, on land owned by, and adjacent to the College.

The College considers that the educational needs of the Choristers are best served by being educated in a co-educational school that can offer a broad curriculum and experience while remaining under the control of the College. The Choristers all board at the School in order that they may take part in the routine of services in the Chapel and also so they may be selected from the widest geographical pool. The College believes that the best way of balancing the demands of the choral tradition and the need for high quality education of the Choristers is through such a choir school. The King's College School currently provides an education for some 415 boys and girls aged 4 to 13.

This has been another successful year for the School. The children have thrived academically and the pupils in Year 8 achieved 23 scholarship awards to senior schools (5 Academic, 12 Music, 2 All Rounder, 2 Art and 2 Sport).

The School has been given planning permission to build a new, 2-storey workshop and office building at a cost of £400,000, and this project will commence during the October 2013 half term holiday. The School is in the process of trying to raise the £5 million still needed for the new Sports Centre comprising an indoor swimming pool and a gymnasium at a cost of £10 million. The City of Cambridge has given their formal planning permission for the project, but the School has made a few minor changes to reduce the overall budget to £10 million (from £12 million initially), and this will necessitate a second application for planning permission in the next few months.

In spite of the present economic situation in the UK, the School's reputation and success has resulted in a continuing high level of interest for places in the School's history. The target for pupil numbers for September 2013 is 415 and this has been achieved. The School has had a successful accounting year, achieving an operating surplus of £446,559.

The bursary scheme continues to expand, and this year the School have offered financial support to 16 children at levels from 100% support down to 30% support. In addition, 11 out of the 24 choristers were eligible for additional financial support above the 66% chorister scholarship.

Corporate Governance

1. The following statement is provided by the Council 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.
2. The College is a registered charity (registered number 1139422) 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.
3. Council reports to the Governing Body, which consists of the Provost, the Fellows and four student members. The Council and the Governing Body are advised and supported by a number of committees: the Adornment Committee, Buildings and Safety Committee, Catering Committee, Church Patronage Committee, Computing and Website Committee, Development Committee, Disciplinary Committee, Entertainment Committee, Equal Opportunities Committee, Fellows' Remuneration Committee, Fellowship Committee, Finance Committee, Gardens Committee, Grievance Committee, Investment Committee, Library Committee, Personnel Committee, Research Committee, Studentship Electors, Use of Choirs Committee, Use of Space Committee, Wine Committee.
4. The principal officers of the College are the Provost, Vice-Provost, Dean, First Bursar and Senior Tutor.

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Corporate Governance (continued)

5. The Governing Body appoints the Finance Committee and the Inspectors of Accounts. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls. The Finance Committee reports to Council, which proposes budgetary and financial controls to the Governing Body. The Governing Body appoints the Inspectors of Accounts to act as internal auditors; to advise on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Council and the Governing Body.
6. There is a Register of Interests of all members of the Governing Body. Declarations of interest are required systematically at all meetings of College committees.
7. The members of the Council during the year ended 30 June 2013 are set out on page 2.

Statement of Internal Control

1. The Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
2. 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.
3. The systems 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 2013 and up to the date of approval of the financial statements.
4. The College maintains a register of the principal risks it faces and the means adopted to reduce those risks. This register is reviewed each year as part of the budget process. Each College Officer and Department review the risks that the College faces and considers how best to minimise those risks. In doing this, they are assisted by the College committees, notably the Council, Finance Committee and the Inspectors of Accounts. The First Bursar and the Assistant Bursar are responsible for providing the information required by the Finance Committee and the Inspectors of Accounts. The College considers that it is taking appropriate steps to monitor risk and to minimise the risk to our operation and reputation.

FINANCIAL REVIEW

Scope and Accounting Policy

The consolidated financial statements include the activities of the College including those of the School, together with the trading activities of King's College Cambridge Enterprises Limited and the renovation and construction activities undertaken by King's College Cambridge Developments Limited. Together, these entities comprise the Group. References to the College in the Financial Review below refer to the results of the Group.

The accounts are prepared to show a true and fair view. All income and expenditure arising is included in the income and expenditure account, and all capital gains or losses are included in the statement of total recognised gains and losses.

Income

The College funds its activities from academic fees, charges for student residences and catering, the income from its conference and catering business, its invested endowments, and from donations and legacies.

Academic fees were up by 7.6% due to increases of 1.1% and 11.1% in undergraduate and graduate numbers respectively. In addition, fees for undergraduates that were admitted in 2012/13 increased by 13.9% whilst there was no increase in fees for undergraduates admitted pre 2012/13. The graduate fee increased 2.6% in the year. Other academic income increased 16.4% in 2012/13 due to two significant grants received for Junior Research Fellows in the year. Research income continued to fall as fewer History and Economic projects were undertaken in the College. Student room rents were up 5.6% due to a 6.2% rent increase and a small decrease in the occupancy levels during the year. College catering was up 4.0% which was helped by the recent servery refurbishment. However, conference catering was down 8.8% as the Catering Manager found it difficult to attract new business in a difficult environment. Overall, income from residences, catering and conferences increased by 2.0%. Endowment and investment income rose by 2.4% as the rising stock market increased the total return from the endowment. School income rose by 4.5% which included a 4% increase in school fees and

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REPORT OF THE COUNCIL

there were also donations received in the year. Tourist admissions income fell by 3.8% due to lower tourist numbers in the summer of 2012 compared to 2011. College shop sales also suffered from lower tourist numbers and was down 10.8% in 2012/13. Choir tour and chapel events income was up 26.6% for 2012/13 due to a busier programme than 2011/12. Unrestricted donations were down 11.6% reflecting a large legacy that was received in the 2011/12.

Expenditure

So far as is consistent with balancing the needs of current and future generations of beneficiaries, the College aims to spend as much as possible on its charitable objectives in any period, by using funds from its operations and from its endowment investments. In this year, costs as a whole rose by 5.7%. Staff costs rose by 1.7% including a 4.2% increase in School wages due to additional teaching staff. College wages increased by only 0.4% which included a 1% pay rise across the College and full year salaries for the new Domus Bursar and additional staff in the Development office. This has been partly offset by efficiency saving in the Domestic department and a reduced number of College Teaching Officers and Research Fellows in the year. The College operating expenditure increased 13.1% in 2012/13. Over 40% of the increase arose in the Tutorial department where a total of £1,276,150 was spent on student support (£1,022,025 in 2011/12). Studentship payments increased by £154,475 to total £444,827 for 2012/13 (£290,352 in 2011/12). Student support also included £319,875 for Cambridge Bursary Scheme payments (£302,275 in 2011/12) for which the College received an 80% refund from the Isaac Newton Trust of £255,900 (£241,820 in 2011/12). Another significant increase in operating expenditure has come from Chapel recording expenditure which totalled £161,945 in 2012/13 (£46,760 in 2011/12). The College expects to more than recoup this expenditure through the sale of choir recordings over the next few years. The College depreciation charge rose 5.9% to £970,533 and it should continue to rise due to the significant expenditure required on its historic buildings in the future. As mentioned in last year's report, the College must look to absorb a higher depreciation charge within its accounts so that income from its endowment and operational activities adequately supports the long term maintenance and preservation of its buildings. The College also hopes its fundraising activities will make a significant contribution towards this.

Net Financial Performance

As in previous years, the College has continued to support its net spending on education of £2,673,832 (£2,484,626 in 2011/12) with its net endowment and investment income. The net cost of accommodation rose in 2012/13 to £858,725 (£820,394 in 2011/12) as a result of lower number of conference bed nights during the year. The net surplus on catering fell to £30,826 in 2012/13 (£87,231 in 2011/12) which was also due to reduced conferences in the year.

The School recorded a surplus of £446,559 for 2012/13 (£361,134 in 2011/12). In addition, the College provided funds for choristership bursaries and bank interest of £320,667 (£328,440 in 2011/12) and the School paid £300,000 in rent back to the College. A total of £467,226 has been transferred to the funds designated for the School within the College reserves (£489,574 in 2011/12).

Capital Expenditure

During the year, capital expenditure was £6,809,971 (£1,695,941 in 2011/12). This includes £4,935,836 towards the purchase of 15 Bene't Street, £1,184,458 for maintenance projects, £134,709 for new fire alarm systems and £487,228 for the School. The College maintenance projects includes £306,343 for the completion of the Market Hostel and kitchen servery projects, £279,197 to upgrade plant rooms and chapel heating controls, £198,360 for roofing repairs to Bodleys and £138,825 on the continuing refurbishment of Webbs. The School's expenditure includes £299,654 for the renovation of the dining hall and £114,755 towards the Sports Centre project.

Going Concern

The College continues to report an operating surplus. The Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Investments

The College's net assets (ie endowment including unspent restricted funds and reserves not otherwise invested) are held in a general investment fund. At 30 June 2013, 69% (65% at 30 June 2012) of the general investment fund was invested in UK and international equities and 23% (25% at 30 June 2012) was invested in commercial and residential properties mainly around Cambridge. The remaining funds were held in cash, in fixed interest securities or in unlisted equity investments. The Investment Committee moved £2.3 million out of the general investment fund into operational cash to pay for capital projects. Cash requirements are met by disinvesting the expendable, unrestricted reserves when required. The capital value of the fund rose 11.7% in 2012/13 (6.8% fall

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in 2011/12) or a 14.5% increase in 2012/13 when adjusting for the £2.3 million cash withdrawal and the £625,000 value of the College Shop at 13 King's Parade which was reclassified from an investment property to an operational building during the year. The FTSE All Share rose 13.8% in 2012/13 (6.6% fall in 2011/12).

Investment Policy

The College aims to manage its endowment on the basis of total return over the long term to provide for real increases in annual expenditure, keeping pace with its own inflation rate whilst growing the capital base in real terms, to meet the needs of both current and future generations. The College aims to diversify its investments in order to reduce volatility in the short to medium term and in selecting investments, the College does not distinguish between income and capital gain.

Restricted Funds (Permanent)

The spending rules of the permanent restricted funds are contained in each fund's terms as stipulated by the donor. The College aims to spend all income arising in such funds, if the rules permit, and to retain the capital. In 2012/13, all but £231,372 (£288,896 in 2011/12) of the income arising in permanent restricted funds was spent in the year.

Restricted Funds (Expendable)

The spending rules of the expendable restricted funds are contained in each fund's terms as stipulated by the donor. The College aims to spend all income arising in such funds, if the rules permit, and the College may spend capital from a fund providing it fully satisfies the wishes of the donor.

Designated Funds

Designated funds are not permitted under the new RCCA guidelines and therefore have been transferred to General reserves. Included within General reserves, the College has designated the ongoing reserves of the School as a separate fund to reflect the responsibility given to the School Governors by the College.

Risk Assessment

The College considers that it is exercising appropriate management of the risks associated with its activities and reviewed its risk register during the year.

Dr T K Carne
Bursar on behalf of the Trustees
11 November 2013

KING'S COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE COUNCIL AND GOVERNING BODY

The Council in conjunction with the Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing those financial statements the Council in conjunction with the Governing Body is required to:

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

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

KING'S COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL AND GOVERNING BODY OF KING'S COLLEGE

We have audited the financial statements of King's College for the year ended 30 June 2013 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the College's Council and Governing Body and auditors

As explained more fully in the Council and Governing Body Responsibilities Statement set out on page 11, the Council and Governing Body are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 June 2013 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

KING'S COLLEGE

**INDEPENDENT AUDITORS' REPORT TO THE COUNCIL AND GOVERNING
BODY OF KING'S COLLEGE**

Matters on which we are required to report by exception

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

- the information given in the Report of the Council is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

CAMBRIDGE

Date: 10 December 2013

KING'S COLLEGE

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 12.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets.

BASIS OF CONSOLIDATION

The financial statements incorporate those of the College, which includes the School, and the College's subsidiaries, King's College Cambridge Developments Limited and King's College Cambridge Enterprises Limited.

The accounts do not include the activities of the King's College Student Union and King's College Graduate Society, on the basis that the College does not have control over the operations of these entities.

RECOGNITION OF INCOME AND INVESTMENT RETURN

Academic fees

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

Income from research grants

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

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.

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.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (Continued)

Total return

The College operates a total return policy with regard to its endowment assets (including property). Spendable income equivalent to 4% of the average endowment for the last three years is included as endowment income in the year. This 4% spending rule income is before the deduction of investment management and property fees which are shown in expenditure in the income and expenditure account.

Other income

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

PENSION SCHEMES

The College pays contributions to two pension schemes which provide benefits to its members based on final pensionable salary. The assets of these schemes are held separately from those of the College.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme ("USS"), a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Due to the fact that the College's individual surplus or deficit cannot be ascertained, the College accounts for the USS as if it were a defined contribution scheme. Pension costs are accounted for when contributions are paid.

Cambridge Colleges Federated Pension Scheme

The College also contributes to the Cambridge Colleges Federated Pension Scheme ("CCFPS"), which is a similar defined benefit pension scheme to the USS. However, unlike the USS, this scheme has surpluses and deficits directly attributable to individual colleges. Current service costs, assessed by the scheme actuary, are included as part of expenditure. The expected return on assets less the interest cost is shown as a net amount as part of other income or expenditure. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Actuarial valuations are obtained at least triennially and are updated at each balance sheet date for accounting purposes. The assets of the Scheme are measured at fair value, and liabilities are estimated on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond. The resulting net asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet.

TANGIBLE FIXED ASSETS

a. Land and buildings

Land and buildings are stated at cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic lives of 50 years. Freehold land is not shown separately.

When land and buildings are acquired with the aid of restricted bequests or donations, that income is credited to a restricted deferred capital account and income 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.

b. Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the expected useful economic life. The cost of routine maintenance under £10,000 is charged to the income and expenditure account as it is incurred.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

c. Plant, furniture, fittings and equipment

Plant, furniture, fittings and equipment are capitalised at cost. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets, which are as follows:

Plant	20 years
Furniture and equipment	10 years
Computer equipment	5 years

d. Heritage assets

The College holds and conserves a number of rare books, silver, works of art and other artefacts that are of historical, cultural or scientific importance. These assets are regarded as operational assets, being part of the cultural endowment of the College.

In accordance with FRS 15 and FRS 30 (Heritage assets), such assets acquired before 1st July 2006 have not been capitalised, since reliable estimates of cost or value could not be found without unreasonable effort or expenditure. Moreover, the historic cost would neither reflect their current value nor their importance to the College. Acquisitions since 1st July 2006 have been capitalised at cost or, in the case of donations, at fair value on receipt. The threshold for capitalising assets is £10,000, in line with the accounting policy for equipment. Such items are included in other tangible fixed assets and are not depreciated as their value is preserved by the College.

e. Tangible fixed assets

The College had not capitalised its tangible fixed assets (other than shop equipment) before 2004. It has adopted the following transitional approach in order to comply with FRS15, the relevant financial reporting standard:

- All expenditure on each class of assets has been identified, for those assets which were not fully written off by 30 June 2004. No other past expenditure is included in 'cost' figures.
- A capitalisation threshold of £1 was adopted for periods up to 30 June 2002; the threshold was increased to £10,000 per item or group of similar items from 1 July 2002.
- Expenditure on furniture, fittings and equipment is aggregated up to 30 June 2002 and accordingly once expenditure is fully written off it is eliminated from the accounts.
- Rare books, silver, works of art and similar items donated to the College since 1 July 1999 are recorded at estimated fair value. Older items are retained at their previous valuation of £nil.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

INVESTMENTS

a. Securities

Securities listed on a recognised stock exchange are shown at their market value, ie the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date. Unlisted securities are shown at the Governing Body's estimate of market value.

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned. Interest purchased or sold as part of the price for investments is treated as capital rather than being brought into the income and expenditure account.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

b. Properties

The College takes advice from its agents each year on the value of its properties and carries out a full valuation periodically.

c. Other investments

Shared equity housing interests are stated at cost. Royalties are held at valuation and are valued periodically by independent valuers.

STOCKS

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

PROVISIONS

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

ENDOWMENT FUNDS

Endowment funds are classified under three headings:

- a. Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College, the fund is classified as an unrestricted permanent endowment.
- b. Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.
- c. Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the College must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

TAXATION

The College is a registered charity (number 1139422) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

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.

KING'S COLLEGE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT Year ended 30 June 2013

	Note	2013 £000	Restated 2012 £000
INCOME			
Academic fees and charges	1	2,546	2,353
Residence, catering and conferences	2	4,831	4,737
School	3	5,069	4,849
Endowment and investment income	4	4,522	4,415
Donations	5	537	588
Profit from sale of operational buildings		-	1,382
Other income	6	1,789	1,787
Total income		<u>19,294</u>	<u>20,111</u>
EXPENDITURE			
Education	8	5,221	4,840
Residence, catering and conferences	9	5,659	5,470
School	10	4,607	4,472
Other expenditure	11	3,109	2,812
Total expenditure		<u>18,596</u>	<u>17,594</u>
Surplus on continuing operations before Contribution under Statute G,II		698	2,517
University Contribution under Statute G,II		(145)	(148)
Surplus on continuing operations after Contribution under Statute G,II		553	2,369
Deficit/(surplus) for the year transferred to accumulated income in endowment funds		33	(147)
Surplus for the year retained within general reserves		<u>586</u>	<u>2,222</u>

All items dealt with in arriving at the surplus for 2013 and 2012 relate to continuing operations. The difference between the results as disclosed in the income and expenditure account and the result on an unmodified historical cost basis is not material.

The notes on pages 20 to 38 form part of these accounts.

KING'S COLLEGE

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
30 June 2013**

	Note	Restricted 2013 £000	Unrestricted 2013 £000	2013 £000	Restated 2012 £000
Surplus for the year		-	586	586	2,222
(Over)/underspent endowment fund income		(33)	-	(33)	147
Total return not recognised in the income and expenditure account	4(b)	5,098	7,400	12,498	(6,822)
Actuarial losses on pension scheme	26	-	(776)	(776)	(1,933)
New endowments	21	1,077	-	1,077	793
Transfers	20	-	-	-	(532)
		<hr/>	<hr/>	<hr/>	<hr/>
Total recognised gains/(losses) for the year		6,142	7,210	13,352	(6,125)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reconciliation					
Opening reserves and endowments		45,519	101,459	146,978	153,103
Total recognised gains/(losses) for the year		6,142	7,210	13,352	(6,125)
		<hr/>	<hr/>	<hr/>	<hr/>
Closing reserves and endowments		51,661	108,669	160,330	146,978
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 38 form part of these accounts.

KING'S COLLEGE

BALANCE SHEETS
30 June 2013

	Note			Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
FIXED ASSETS							
Tangible assets	13			42,094	42,085	35,854	35,842
Investment assets	14			25,597	25,597	23,485	23,485
				<u>67,691</u>	<u>67,682</u>	<u>59,339</u>	<u>59,327</u>
ENDOWMENT ASSETS	15			<u>97,908</u>	<u>97,908</u>	<u>86,974</u>	<u>86,974</u>
CURRENT ASSETS							
Stocks - good for resale				1,882	43	1,811	45
Debtors	16			1,549	3,346	1,829	4,335
Cash at bank and in hand	17			3,093	2,936	4,799	4,150
				<u>6,524</u>	<u>6,325</u>	<u>8,439</u>	<u>8,530</u>
CREDITORS: amounts falling due within one year	18			<u>(5,986)</u>	<u>(5,853)</u>	<u>(2,636)</u>	<u>(2,791)</u>
NET CURRENT ASSETS				<u>538</u>	<u>472</u>	<u>5,803</u>	<u>5,739</u>
NET ASSETS EXCLUDING PENSION LIABILITY							
				<u>166,137</u>	<u>166,062</u>	<u>152,116</u>	<u>152,040</u>
Net pension liability	19			<u>(4,700)</u>	<u>(4,700)</u>	<u>(4,048)</u>	<u>(4,048)</u>
NET ASSETS INCLUDING PENSION LIABILITY				<u><u>161,437</u></u>	<u><u>161,362</u></u>	<u><u>148,068</u></u>	<u><u>147,992</u></u>
Represented by:							
		Restricted Funds	Un- restricted Funds	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
DEFERRED CAPITAL GRANTS	20	1,107	-	1,107	1,107	1,090	1,090
ENDOWMENTS							
Expendable endowments	21	22,320	-	22,320	22,320	19,396	19,396
Permanent endowments	21	29,341	46,247	75,588	75,588	67,578	67,578
		<u>51,661</u>	<u>46,247</u>	<u>97,908</u>	<u>97,908</u>	<u>86,974</u>	<u>86,974</u>
RESERVES							
General reserves excluding pension reserve	22	-	67,122	67,122	67,047	64,052	63,976
Pension reserve	22	-	(4,700)	(4,700)	(4,700)	(4,048)	(4,048)
		<u>-</u>	<u>62,422</u>	<u>62,422</u>	<u>62,347</u>	<u>60,004</u>	<u>59,928</u>
TOTAL ENDOWMENTS AND RESERVES		<u>51,661</u>	<u>108,669</u>	<u>160,330</u>	<u>160,255</u>	<u>146,978</u>	<u>146,902</u>
TOTAL FUNDS		<u><u>52,768</u></u>	<u><u>108,669</u></u>	<u><u>161,437</u></u>	<u><u>161,362</u></u>	<u><u>148,068</u></u>	<u><u>147,992</u></u>

Approved by Council on 11 November 2013 and signed on their behalf by:

Dr T K Carne
First Bursar

The notes on pages 20 to 38 form part of these accounts.

KING'S COLLEGE

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2013

	2013	Restated
	£000	2012
		£000
Surplus on continuing operations before university contribution	698	2,517
Depreciation	1,195	1,132
Loss on disposal	-	277
Deferred capital grants released to income	(27)	(17)
Pension scheme credit	(124)	(174)
Endowment and investment income	(4,522)	(4,415)
Increase in stocks	(72)	(187)
Decrease/(increase) in debtors	541	(937)
Increase in creditors	3,087	307
	<hr/>	<hr/>
Net cashflow from operating activities	776	(1,497)
	<hr/>	<hr/>
Returns on investments and servicing of finance		
Endowment and investment income received	3,354	3,086
Profit/(loss) from sale of investments	1,158	(55)
	<hr/>	<hr/>
	4,512	3,031
	<hr/>	<hr/>
Contribution to Colleges fund	(148)	(152)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(6,810)	(1,695)
Net payments for investments	(1,146)	(3,329)
New endowments received	1,122	1,066
	<hr/>	<hr/>
	(6,834)	(3,958)
	<hr/>	<hr/>
Decrease in cash	(1,694)	(2,576)
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in funds		
Net funds at 1 July 2012	6,528	9,104
Decrease in cash	(1,694)	(2,576)
	<hr/>	<hr/>
Net funds at 30 June 2013	4,834	6,528
	<hr/>	<hr/>
Represented by:		
Cash with fund manager	1,741	1,729
Cash at bank	3,093	4,799
	<hr/>	<hr/>
	4,834	6,528
	<hr/>	<hr/>

The notes on pages 20 to 38 form part of these accounts.

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

1. ACADEMIC FEES AND CHARGES

	2013	Restated
	£000	2012
		£000
Fee income paid on behalf of undergraduates at Publicly-funded Undergraduate rate (per capita fee £3,951 - £4,500 (2011/12: £3,951))	1,489	1,418
Privately-funded undergraduate fee income (per capita fee £5,013 - £5,484 (2011/12: £4,728))	202	180
Fee income received at the Graduate fee rate (per capita fee £2,349 (2011/12: £2,289))	467	408
Other academic income	334	287
Research income	54	60
	<hr/>	<hr/>
Total	2,546	2,353
	<hr/> <hr/>	<hr/> <hr/>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2013	2012
	£000	£000
Accommodation		
College members	2,248	2,150
International programmes	273	213
Third parties	241	272
Catering		
College members	1,075	1,033
International programmes	83	69
Third parties	911	1,000
	<hr/>	<hr/>
Total	4,831	4,737
	<hr/> <hr/>	<hr/> <hr/>

3. SCHOOL INCOME

	2013	2012
	£000	£000
Fees	4,909	4,714
Other income	124	134
Donations	36	1
	<hr/>	<hr/>
Total	5,069	4,849
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

4. ENDOWMENT AND INVESTMENT INCOME

	2013 £000	2012 £000
4a. Analysis of Endowment Income		
Total return recognised in the income and expenditure account (note 4b)	4,358	4,256
Restrictive covenants	-	17
Cash balances	42	29
Royalties	122	113
	<u>4,522</u>	<u>4,415</u>

4b. Summary of Total Return

<u>Income from:</u>		
Freehold land and buildings	1,251	1,178
Quoted securities and cash	1,940	1,750
	<u>3,191</u>	<u>2,928</u>
 <u>Gains/(losses) on Investment Assets:</u>		
Freehold land and buildings	1,000	(285)
Quoted securities and cash	12,665	(5,209)
	<u>13,665</u>	<u>(5,494)</u>
 Total return for the year	16,856	(2,566)
 Transfer to income and expenditure account (note 4a)	(4,358)	(4,256)
 Unapplied total return for year included within statement of total recognised gains and losses (see note 23)	<u>12,498</u>	<u>(6,822)</u>

5. DONATIONS

	2013 £000	2012 £000
Unrestricted donations	368	431
Restricted donations	152	140
Released from deferred capital grant	17	17
Total	<u>537</u>	<u>588</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2013

6. OTHER INCOME

	2013	2012
	£000	£000
Tourist admissions and shop sales	1,275	1,352
Chapel and choir	422	344
Other income	92	91
	<hr/>	<hr/>
Total	<u>1,789</u>	<u>1,787</u>

7. STAFF EXPENDITURE

	College fellows	Non-academic	School	Total 2013	Total 2012
	£000	£000	£000	£000	£000
Staff costs					
Salaries and wages	1,345	4,128	2,807	8,280	8,138
Social security costs	95	232	212	539	545
Pension contributions (see note 26)	146	307	352	805	777
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,586</u>	<u>4,667</u>	<u>3,371</u>	<u>9,624</u>	<u>9,460</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	<u>100</u>	<u>218</u>	<u>103</u>	<u>421</u>	<u>424</u>

All the 100 Fellows disclosed above are stipendiary (2011/12: 101).

The full-time equivalent number for non-academic and school employees is 269 (2011/12: 266).

The number of officers or employees of the College, including Head of House and School, who received emoluments (including employer pension contributions) in the following ranges were:

	2013	2012
£100,000-£109,999	1	1
£110,000-£119,999	1	1

	2013	2012
	£000	£000
During the year emoluments paid to trustees in their capacity as College Fellows was:		
Aggregated emoluments	<u>314</u>	<u>406</u>

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

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

8. EDUCATION EXPENDITURE

	2013	2012
	£000	£000
Teaching	2,043	2,016
Tutorial	505	449
Admissions - General	319	300
Admissions - Access and Widening Participation	585	515
Research	774	770
Scholarships and awards	645	447
Other educational facilities	350	343
	<hr/>	<hr/>
Total	5,221	4,840
	<hr/> <hr/>	<hr/> <hr/>

9. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2013	2012
	£000	£000
Accommodation		
College members	2,909	2,777
Third parties	711	678
Catering		
College members	1,315	1,272
Third parties	724	743
	<hr/>	<hr/>
Total	5,659	5,470
	<hr/> <hr/>	<hr/> <hr/>

10. SCHOOL EXPENDITURE

	2013	2012
	£000	£000
Staff costs	3,371	3,234
Other expenditure	1,012	1,022
Depreciation	224	216
	<hr/>	<hr/>
Total	4,607	4,472
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

11. OTHER EXPENDITURE

	2013	2012
	£000	£000
Investment management costs	588	597
Tourist admission and shop expenditure	366	392
Chapel expenditure	1,443	1,216
Development	547	452
Other expenditure	165	155
	<hr/>	<hr/>
Total	3,109	2,812
	<hr/> <hr/>	<hr/> <hr/>
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	22	22
Fees payable to the College's auditors for the audit of the College's subsidiaries pursuant to legislation	5	5
Other fees payable to the College's auditors	2	-
	<hr/>	<hr/>
Total fees payable	29	27
	<hr/> <hr/>	<hr/> <hr/>

12. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2012/13				
Education	2,369	2,613	239	5,221
Residences, catering and conferences	2,836	2,143	680	5,659
School	3,371	1,012	224	4,607
Other	1,048	2,009	52	3,109
	<hr/>	<hr/>	<hr/>	<hr/>
	9,624	7,777	1,195	18,596
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
2011/12				
Education	2,393	2,221	226	4,840
Residences, catering and conferences	2,832	1,995	643	5,470
School	3,234	1,022	216	4,472
Other	1,001	1,761	50	2,812
	<hr/>	<hr/>	<hr/>	<hr/>
	9,460	6,999	1,135	17,594
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above expenditure includes £449,850 as the cost of fundraising (2011/12: £356,385).

This expenditure includes the costs of alumni relations.

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2013

13. TANGIBLE FIXED ASSETS

a) Buildings and equipment – Group		<u>Plant,</u>				
		<u>Freehold</u>	<u>Furniture</u>	<u>Computer</u>	<u>Heritage</u>	
	<u>land and</u>	<u>and</u>	<u>Equipment</u>	<u>Assets</u>	Group	Group
	<u>buildings</u>	<u>equipment</u>			2013	2012
					£000	£000
Cost						
At 1 July 2012	44,796	2,913	955	942	49,606	48,361
Additions	7,303	95	37	-	7,435	1,696
Disposals	-	-	-	-	-	(451)
At 30 June 2013	<u>52,099</u>	<u>3,008</u>	<u>992</u>	<u>942</u>	<u>57,041</u>	<u>49,606</u>
Depreciation						
At 1 July 2012	11,104	1,821	827	-	13,752	12,794
Charge for the year	992	154	49	-	1,195	1,132
Eliminated on disposals	-	-	-	-	-	(174)
At 30 June 2013	<u>12,096</u>	<u>1,975</u>	<u>876</u>	<u>-</u>	<u>14,947</u>	<u>13,752</u>
Net book value – Group	<u>40,003</u>	<u>1,033</u>	<u>116</u>	<u>942</u>	<u>42,094</u>	<u>35,854</u>
Net book value is represented by;						
College	34,160	856	42	942	36,000	30,023
School	5,843	177	74	-	6,094	5,831
Total	<u>40,003</u>	<u>1,033</u>	<u>116</u>	<u>942</u>	<u>42,094</u>	<u>35,854</u>
b) Buildings and equipment - College		<u>Plant,</u>				
		<u>Freehold</u>	<u>Furniture</u>	<u>Computer</u>	<u>Heritage</u>	
	<u>land and</u>	<u>and</u>	<u>Equipment</u>	<u>Assets</u>	College	College
	<u>buildings</u>	<u>equipment</u>			2013	2012
					£000	£000
Cost						
At 1 July 2012	44,796	2,891	937	942	49,566	48,321
Additions	7,303	95	37	-	7,435	1,696
Disposals	-	-	-	-	-	(451)
At 30 June 2013	<u>52,099</u>	<u>2,986</u>	<u>974</u>	<u>942</u>	<u>57,001</u>	<u>49,566</u>
Depreciation						
At 1 July 2012	11,104	1,808	812	-	13,724	12,771
Charge for the year	992	151	49	-	1,192	1,127
Eliminated on disposals	-	-	-	-	-	(174)
At 30 June 2013	<u>12,096</u>	<u>1,959</u>	<u>861</u>	<u>-</u>	<u>14,916</u>	<u>13,724</u>
Net book value - College	<u>40,003</u>	<u>1,027</u>	<u>113</u>	<u>942</u>	<u>42,085</u>	<u>35,842</u>
Net book value is represented by;						
College	34,160	850	39	942	35,991	30,011
School	5,843	177	74	-	6,094	5,831
Total	<u>40,003</u>	<u>1,027</u>	<u>113</u>	<u>942</u>	<u>42,085</u>	<u>35,842</u>

c) The insured value of freehold land and buildings as at 30 June 2013 was £197 million (£198 million at 30 June 2012).

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

13. TANGIBLE FIXED ASSETS (continued)

Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2006 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

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

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Acquisitions purchased with specific donations	-	-	-	470	120
Acquisitions purchased with College funds	-	-	23	-	10
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cost of acquisitions purchased	-	-	23	470	130
Value of acquisitions by donation	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total acquisitions capitalised	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

14. INVESTMENTS ASSETS

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Balance at beginning of year	23,485	23,485	26,077	26,077
Additions	713	713	432	432
Disposals (Depreciation)/appreciation on disposal or revaluation	(326) 112	(326) 112	(220) (38)	(220) (38)
Movement in College expendable investments	1,613	1,613	(2,766)	(2,766)
Balance at end of year	<u>25,597</u>	<u>25,597</u>	<u>23,485</u>	<u>23,485</u>
represented by:				
Quoted securities and unit trusts	498	498	384	384
Investment in subsidiary undertakings	-	-	-	-
Freehold land and buildings	2,613	2,613	2,201	2,201
College expendable investments	21,738	21,738	20,125	20,125
Literary royalties	748	748	775	775
Total	<u>25,597</u>	<u>25,597</u>	<u>23,485</u>	<u>23,485</u>

Subsidiary Undertakings

At 30 June 2013, Kings College held an investment in the following companies:	Holding	Proportion of voting rights	Country of Incorporation	Nature of Business
King's College Cambridge Enterprises Ltd	Ordinary	100%	United Kingdom	Provision of conference facilities
King's College Cambridge Developments Ltd	Ordinary	100%	United Kingdom	Provision of development facilities

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

15. ENDOWMENT ASSETS

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Investments at beginning of year	86,974	86,974	91,971	91,971
Additions	14,134	14,134	5,202	5,202
Disposals	(14,027)	(14,027)	(2,079)	(2,079)
Appreciation/(depreciation) on disposal or revaluation	12,428	12,428	(5,409)	(5,409)
Movement in amount due from expendable capital	(1,613)	(1,613)	2,766	2,766
Increase/(decrease) in cash balance held at fund managers	12	12	(5,477)	(5,477)
	<u>97,908</u>	<u>97,908</u>	<u>86,974</u>	<u>86,974</u>
Balance at end of year	<u>97,908</u>	<u>97,908</u>	<u>86,974</u>	<u>86,974</u>
Represented by:				
Quoted securities – equities	82,321	82,321	70,054	70,054
Quoted securities – fixed interest	7,514	7,514	7,157	7,157
Freehold land and buildings	26,932	26,932	26,798	26,798
Unlisted securities	1,138	1,138	1,361	1,361
Cash with fund manager	1,741	1,741	1,729	1,729
College expendable investments	<u>(21,738)</u>	<u>(21,738)</u>	<u>(20,125)</u>	<u>(20,125)</u>
Total	<u>97,908</u>	<u>97,908</u>	<u>86,974</u>	<u>86,974</u>

16. DEBTORS

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Members of the College	29	28	47	46
Trade debtors	406	257	284	160
Amounts due from subsidiary companies	-	1,964	-	2,388
Other debtors	1,114	1,097	1,498	1,741
	<u>1,549</u>	<u>3,346</u>	<u>1,829</u>	<u>4,335</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

17. CASH AND BANK BALANCES

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Short-term money market investments	712	712	2,706	2,706
Bank deposits	2,145	2,145	1,386	1,386
Current accounts	230	74	701	53
Cash in hand	6	5	6	5
	<u>3,093</u>	<u>2,936</u>	<u>4,799</u>	<u>4,150</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Members of the College	103	103	80	80
Trade creditors	603	571	631	590
Accruals and deferred income	808	738	645	596
Social security, pension and taxes	204	204	203	203
University fees	37	37	50	50
Contribution to Colleges fund	145	145	148	148
Other creditors	4,086	4,055	879	1,124
	<u>5,986</u>	<u>5,853</u>	<u>2,636</u>	<u>2,791</u>

19. PENSION LIABILITIES

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Balance at beginning of year	(4,048)	(4,048)	(2,289)	(2,289)
Movement in year:				
Current service cost	(33)	(33)	(32)	(32)
Contributions paid by the College	275	275	269	269
Finance cost	(118)	(118)	(63)	(63)
Actuarial losses recognised in statement of total recognised gains and losses	(776)	(776)	(1,933)	(1,933)
	<u>(4,700)</u>	<u>(4,700)</u>	<u>(4,048)</u>	<u>(4,048)</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

20. DEFERRED CAPITAL GRANTS

	Group 2013 £000	College 2013 £000	Group 2012 £000	College 2012 £000
Balances at beginning of year:				
Buildings	1,090	1,090	302	302
Donations received:				
Buildings	44	44	273	273
Transfers:				
Buildings – from Ferris fund	-	-	532	532
Transfer to chapel events income	(10)	(10)	-	-
Released to income and expenditure account:				
Buildings	(17)	(17)	(17)	(17)
Balances at end of year:				
Buildings	<u>1,107</u>	<u>1,107</u>	<u>1,090</u>	<u>1,090</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2013

21. ENDOWMENTS

	Un- restricted Permanent 2013 £000	Restricted Permanent 2013 £000	Total Permanent 2013 £000	Restricted Expend- able 2013 £000	Total 2013 £000	Restated Total 2012 £000
Balance at beginning of year:	41,455	26,123	67,578	19,396	86,974	91,971
Comprising:						
Capital	41,455	21,328	62,783	19,066	81,849	86,751
Unspent income	-	4,795	4,795	330	5,125	5,220
	<u>41,455</u>	<u>26,123</u>	<u>67,578</u>	<u>19,396</u>	<u>86,974</u>	<u>91,971</u>
New endowments received	-	92	92	985	1,077	793
Income receivable from endowment asset investments	1,544	958	2,502	684	3,186	2,849
Expenditure	(1,544)	(727)	(2,271)	(948)	(3,219)	(2,702)
Net transfer from/(to) income and expenditure account	-	231	231	(264)	(33)	147
Increase/(decrease) in market value of investments	4,792	2,974	7,766	2,124	9,890	(5,406)
Transfers	-	(79)	(79)	79	-	(531)
Balance at end of year	<u>46,247</u>	<u>29,341</u>	<u>75,588</u>	<u>22,320</u>	<u>97,908</u>	<u>86,974</u>
Comprising:						
Capital	46,247	24,315	70,562	22,253	92,815	81,849
Unspent income	-	5,026	5,026	67	5,093	5,125
Balance at end of year	<u>46,247</u>	<u>29,341</u>	<u>75,588</u>	<u>22,320</u>	<u>97,908</u>	<u>86,974</u>
Representing:						
Student support	-	20,505	20,505	9,125	29,630	26,238
Fellowship	-	4,205	4,205	3,951	8,156	7,273
Chapel and choir	-	1,248	1,248	6,865	8,113	7,098
Buildings	-	-	-	1,070	1,070	959
Other funds	-	3,383	3,383	1,309	4,692	3,951
General endowments	46,247	-	46,247	-	46,247	41,455
	<u>46,247</u>	<u>29,341</u>	<u>75,588</u>	<u>22,320</u>	<u>97,908</u>	<u>86,974</u>

KING'S COLLEGE**NOTES TO THE ACCOUNTS**
Year ended 30 June 2013**22. RESERVES**

	General Reserves £000	School Reserve £000	Pension Reserve £000	Total 2013 £000	Total 2012 £000
GROUP					
Balance at beginning of year	55,641	8,411	(4,048)	60,004	61,132
Surplus retained for the year	15	447	124	586	2,222
Actuarial losses	-	-	(776)	(776)	(1,933)
Increase/(decrease) in market value of investments	2,608	-	-	2,608	(1,417)
Transfer between reserves	(21)	21	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>58,243</u>	<u>8,879</u>	<u>(4,700)</u>	<u>62,422</u>	<u>60,004</u>
COLLEGE					
Balance at beginning of year	55,565	8,411	(4,048)	59,928	61,056
Surplus retained for the year	16	447	124	587	2,222
Actuarial (losses)/gains	-	-	(776)	(776)	(1,933)
Increase/(decrease) in market value of investments	2,608	-	-	2,608	(1,417)
Transfer between reserves	(21)	21	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>58,168</u>	<u>8,879</u>	<u>(4,700)</u>	<u>62,347</u>	<u>59,928</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

23. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2013 £000	2012 £000
Within reserves the following amounts represent the Unapplied Total Return of the College:		
Unapplied total return at the beginning of year	36,362	43,184
Unapplied total return for the year (note 4b)	12,498	(6,822)
	<hr/>	<hr/>
Unapplied total return at end of year	48,860	36,362
	<hr/> <hr/>	<hr/> <hr/>

24. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to nil at 30 June 2013 (£5 million at 30 June 2012 for the purchase of 15 Bene't street). In addition the College has committed to invest a further £1 million in Private Equity funds.

25. FINANCIAL COMMITMENTS

At 30 June 2013 and 2012 the College had no annual commitments under non-cancellable operating leases.

26. PENSION SCHEMES

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federation Pension Scheme (CCFPS). The total pension cost for the period was £1,118,000 (2011/12 £1,073,000).

University Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, the actuary carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

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

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

26. PENSION SCHEMES (USS continued)

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

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

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

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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

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

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

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

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

Normal pension age - the Normal pension age was increased for future service and new entrants, to age 65.

Flexible retirement - flexible retirement options were introduced.

Member contributions increased - contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

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

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

26. PENSION SCHEMES (USS continued)

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

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. As estimate of the funding level measured on a historic gilts basis at the date was approximately 55%.

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

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

At 31 March 2013, USS had over 148,000 active members and the College had 153 active members participating in the scheme. The total pension cost for the College was £843,340 (2011/12 £804,270). The contribution rate payable by the College was 16% of pensionable salaries.

Cambridge Colleges Federation Pension Scheme

The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The Scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the Scheme are contracted out of the State Second Pension (S2P).

The contribution made by the College in respect of the 12 month period ended 30 June 2013 was £275,000 (2012: £269,000), excluding PHI premiums. The agreed contributions to be paid by the College for the forthcoming year are 18.82% of Contribution Pay plus £267,350pa, subject to review at future actuarial valuations. This rate excludes PHI.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2013	30 June 2012
Discount rate	4.6%	4.7%
Expected long-term rate of return on scheme assets	6.2%	5.6%
Salary inflation assumption	2.8%*	2.2%**
Inflation assumption (RPI)	3.3%	2.7%
Inflation assumption (CPI)	2.3%	1.7%
Pension increases (inflation linked)	3.3%	2.7%

* 1.5% in 2013 and 2.8% thereafter

**1.5% in 2012 only

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2012 projection and a target long-term improvement rate of 0.75% per annum. This results in the following life expectancies:

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

26. PENSION SCHEMES (CCFPS continued)

- Male age 65 now has a life expectancy of 22.0 years (previously 21.9 years)
- Female age 65 now has a life expectancy of 24.2 years (previously 24.1 years).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.9 years (previously 22.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 25.3 years).

	Long term rate of return expected at 30 June 2013	Value at 30 June 2013 £000	Long term rate of return expected at 30 June 2012	Value at 30 June 2012 £000
Equities and hedge funds	7.0%	5,966	6.4%	5,302
Cash, bonds and net current assets	4.0%	2,106	3.7%	2,008
Property	6.0%	702	5.4%	723
		8,774		8,033
Total market value of assets		8,774		8,033

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised above:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2013 £000	2012 £000	2013 £000	2012 £000	2013 £000	2012 £000
Opening defined benefit obligation	(12,081)	(11,577)	8,033	9,288	(4,048)	(2,289)
Service cost	(40)	(43)	-	-	(40)	(43)
Employer contributions	-	-	275	269	275	269
Expected return on scheme assets	-	-	440	563	440	563
Contribution by members	-	-	7	11	7	11
Interest cost	(558)	(626)	-	-	(558)	(626)
Actuarial (losses)/gains	(1,274)	(292)	498	(1,641)	(776)	(1,933)
Benefits and expenses paid	479	457	(479)	(457)	-	-
	(13,474)	(12,081)	8,774	8,033	(4,700)	(4,048)
Closing defined benefit obligation	(13,474)	(12,081)	8,774	8,033	(4,700)	(4,048)

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2013

26. PENSION SCHEMES (CCFPS continued)

The amounts recognised in the income and expenditure account are as follows:

	30 June 2013 £000	30 June 2012 £000
In staff costs:		
Current service cost	33	32
	<u>33</u>	<u>32</u>
In other expenditure:		
Interest cost	558	626
Expected return on pension scheme assets	(440)	(563)
	<u>118</u>	<u>63</u>
Net return	118	63
	<u>938</u>	<u>(1,078)</u>
Actual return on pension scheme assets	938	(1,078)

The amounts recognised in the statement of total recognised gains and losses are as follows:

	30 June 2013 £000	30 June 2012 £000
Actual return less expected return on scheme assets	498	(1,641)
Experience gains and losses arising on scheme liabilities	33	(183)
Changes in assumptions underlying the present value of scheme liabilities	(1,307)	(109)
	<u>(776)</u>	<u>(1,933)</u>

Cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses are as follows:

	30 June 2013 £000	30 June 2012 £000
Opening cumulative actuarial loss	(4,240)	(2,307)
Recognised during the year	(776)	(1,933)
	<u>(5,016)</u>	<u>(4,240)</u>
Closing cumulative actuarial loss	(5,016)	(4,240)

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

Amounts for the current and previous four periods are as follows:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(13,474)	(12,081)	(11,577)	(11,140)	(9,710)
Scheme assets	8,774	8,033	9,288	8,052	6,930
Surplus/(deficit)	(4,700)	(4,048)	(2,289)	(3,088)	(2,780)
Experience gain/(loss) arising on scheme liabilities	33	(183)	(144)	301	(250)
Actual return less expected return on scheme assets	498	(1,641)	645	446	(1,050)
Change in assumptions underlying present value of scheme liabilities	(1,307)	(109)	115	(1,239)	432

27. CONTINGENT LIABILITIES

As disclosed in note 26, with effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a "last man standing" scheme so that in the event of an insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers.

28. RELATED PARTY TRANSACTIONS

As described in the report of the Governing Body, the University provides the majority of the Fellows with their primary employment, teaches jointly and examines the undergraduate students and provides research facilities for the graduate students. The University pays fees to the College from the public money it receives for students who are based in the United Kingdom and the European Union for the College's role in admitting students, teaching them and ensuring their welfare. University tuition fees are billed to students by the College acting as the University's agent, and therefore these amounts (£3.9 million in 2012/13 and £2.8 million in 2011/12) are not included as income of the College in the accounts.

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for private catering, not part of the normal allowances. The College offers Fellows assistance with housing on a shared equity basis. If children of Fellows attend the School, Fellows pay fees on the normal terms.

King's College Student Union is paid membership fees and also the College pays for King's share of the running costs for the sports ground and boathouse. This totalled £77,978 in 2012/13 (£93,885 in 2011/12) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.

29. PRIOR YEAR ADJUSTMENT

The College has revised its accounting treatment for the grants received from the Isaac Newton Trust in respect of the Cambridge Bursaries paid by the College. In 2011/12 these were treated as donations to a restricted fund for student hardship and the related payments were charged to this fund. For 2012/13 the grants have been treated as other academic income. The 2011/12 figures have been restated and academic income and the transfer to restricted funds have both increased by £241,820 and the income and expenditure surplus for the year remains unchanged. The total recognised gains/(losses) for the year remains unchanged.