

KING'S COLLEGE

Accounts

30 June 2014

KING'S COLLEGE

ACCOUNTS 2014

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KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Professor Ross Harrison (to
31.07.13)

Professor Michael Proctor (from
01.10.13)

Fellows

Dr Tess Adkins

Dr Sebastian Ahnert

Dr Mark Ainslie

Dr David Al-Attar

Dr Anna Alexandrova

Dr Lori Allen

Dr Nick Atkins

Dr John Barber

Professor Michael Bate

Professor Sir Patrick Bateson

Dr Andreas Bender

Dr Nathanaël Berestycki

Dr Camille Bonvin

Dr Mirjana Bozic

Dr Siobhan Braybrook

Dr Angela Breitenbach

Professor Sydney Brenner

Ms Julie Bressor (Director of
Development)

Dr Jude Browne

Dr Nick Bullock

Professor Bill Burgwinkle

Dr Matei Candea

Dr Keith Carne

Mr Richard Causton

Mr Nick Cavalla

Mr Stephen Cleobury (Director of
Music)

Dr Francesco Colucci

Professor Anne Cooke (to 31.12.13)

Dr Sarah Crisp

Professor Anne Davis

Professor Peter de Bolla

Professor John Dunn

Professor David Dunne (from
01.10.13)

Professor George Efstathiou

Professor Bradley Epps (from
01.10.2013)

Dr Aytek Erdil

Dr Alexander Etkind (to 30.09.13)

Dr Elisa Faraglia

Professor James Fawcett

Professor Iain Fenlon

Dr Paul Figueras (from 01.10.13)

Dr Lorna Finlayson

Dr Felix Fischer

Dr Timothy Flack

Professor Robert Foley

Dr Chryssi Giannitsarou

Lord Tony Giddens

Dr Ingo Gildenhard

Professor Christopher Gilligan

Dr Hadi Godazgar

Dr Mahdi Godazgar

Professor Simon Goldhill

Dr David Good

Dr Julian Griffin

Dr Tim Griffin (from 01.10.13)

Professor Gillian Griffiths

Dr Ben Gripaios

Dr Henning Grosse Ruse-Khan (from
01.10.13)

Dr Cesare Hall

Professor Ross Harrison

Dr Tawfique Hasan (to 30.09.13)

Professor John Henderson

Dr Felipe Hernandez

Mr Arthur Hibbert (to 31.12.13)

Mr Adam Higazi

Dr David Hillman

Dr Rachel Hoffman (from 01.10.13)

Dr Stephen Hugh-Jones

Professor Caroline Humphrey

Professor Herbert Huppert

Professor Martin Hyland

Mr Philip Isaac

Mr Peter Jones (Librarian)

Professor Richard Józsa

Dr Aileen Kelly

Professor Barry Keverne

Dr James Laidlaw

Professor Richard Lambert

Professor Charlie Loke

Dr Sarah Lummis

Professor Alan Macfarlane

Dr Nicholas Marston

Professor Jean Michel Massing

Dame Judith Mayhew Jonas

Dr Malachi McIntosh

Professor Dan McKenzie

Mr Richard Merrill

Dr Cam Middleton

Dr Valentina Migliori (from
01.10.13)

Dr Perveez Mody (Senior Tutor)

Professor Ashley Moffett

Dr Geoff Moggridge

Dr Ken Moody

The Revd Dr Jeremy Morris (Dean)

Professor Clement Mouhot

Dr David Munday

Dr Elizabeth Murchison (to 30.09.13)

Dr Basim Musallam

Dr Eva Nanopoulos

Dr Rory O'Bryen

Dr Rosanna Omitowaju

Professor Robin Osborne

Dr John Ottem (from 01.10.13)

Dr David Payne

Dr Ben Phalan

Ms Anastasia Piliavsky

Professor Chris Prendergast

Dr Jonathan Pridham (to 30.09.13)

Dr Oscar Randal-Williams

Dr Surabhi Ranganathan

Professor Robert Rowthorn

Dr Paul Ryan

Professor Hamid Sabourian

Dr Suchitra Sebastian

Dr Michael Sonenscher

Dr Sharath Srinivasan

Professor Gareth Stedman Jones

Dr Aleksandar Stevic (from

01.08.13)

Dr John Stewart

Dr David Stewart (from 01.10.13)

Professor Yasir Suleiman

Professor Azim Surani

Dr Erika Swales

Dr Simone Teufel

Mr James Trevithick

Dr Stefan Uhlig

Professor Megan Vaughan (to
30.09.13)

Dr Bert Vaux

Dr Rob Wallach

Ms Hanna Weibye (from 01.10.13)

Dr Darin Weinberg

Dr Godela Weiss-Sussex

Dr Tom White

Ms Flora Willson

Professor John Young

Dr Nicolette Zeeman

Members in statu pupillari

Katie Fitzpatrick (to 31.12.13)

Ben Abrams

Ruairi O'Donoghue (from
01.10.13)

Paula Melendez (to 31.12.13)

Zsigmond Varga (to 30.09.13)

Chad Allen (from 01.01.14)

Ben Alexander-Dann (from
01.01.14)

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)

The Provost
Dr Tess Adkins
Dr Siobhan Braybrook (from 01.01.14)
Dr Jude Browne (from 01.01.14)
Dr Matei Candea (from 01.01.14)
Professor John Dunn (to 31.12.13)
Dr Felix Fischer (from 01.01.14)
Dr Timothy Flack
Mr Philip Isaac
Professor Barry Keverne
Dr Nicholas Marston
Dr Ken Moody (to 31.12.13)

The Rev'd Dr Jeremy Morris
Dr Basim Musallam (to 31.12.13)
Dr Rosanna Omitowoju

Members in statu pupillari

Katie Fitzpatrick (to 31.12.13)
Ben Abrams
Gideon Farrell (to 31.12.13)
Paula Melendez (to 31.12.13)
Ben Alexander-Dann (from 01.01.14)
Mr Ivan Tchernev (from 01.01.14)
Chad Allen (from 01.01.14)

Senior Officers

Provost: Professor Ross Harrison (to 31.07.13)
Provost: Dr Rob Wallach (01.08.13 to 30.09.13)
Provost: Professor Michael Proctor (from 01.10.13)
Vice Provost: Dr Rob Wallach

First Bursar: Dr Keith Carne
Senior Tutor: Professor Robin Osborne (to 31.12.13)
Senior Tutor: Dr Perveez Mody (from 01.01.14)

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

Ashton KCJ
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 2014 the College consisted of the Provost, 129 Fellows, some 645 resident undergraduate and graduate students, 420 pupils in the School, and 316 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 645 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 2013/14, 371 undergraduate students sat classified University examinations; 83.4% obtaining first or upper-second (or undivided second) class passes.

KING'S COLLEGE

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 2013/14, 45 graduate students successfully completed an MPhil or other one-year graduate course, 2 completed clinical studies and 32 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 2013/14, 601 financial awards were made to undergraduates and graduate students including studentships, scholarships, travel grants and prizes. This year, we welcomed 394 summer school students from the 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.
- 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 19,136, plus use inside the Library of 6,670 items from the total stock accessible via the online catalogue of 110,859 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, 293 readers (203 of them new) made 573 visits to the Archives reading room, 3,728 documents were retrieved for visitors and 2,379 enquiries answered. 714 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 67 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 2013/14, 3 stipendiary Research Fellows and 1 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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REPORT OF THE COUNCIL

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 provides an education for some 420 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 21 scholarship awards to senior schools including 8 Academic, 9 Music, 2 Art, 1 Drama and 1 Sport).

The School has a busy maintenance and new build programme under constant review to ensure that its facilities are kept in the best possible order, and the most recent project has been to complete the construction of new workshops with additional offices above. The School is in the process of fundraising for a new Sports Centre comprising an indoor swimming pool and a sports hall at a cost of £12 million, and the City of Cambridge has given formal planning permission for the project to proceed once the necessary finance is in place. In relation to the new Sports Centre project, the School has formed a partnership with a local charity: 'Power2Inspire'. This new charity seeks to bring able bodied and non able bodied people together through sport on an equal basis. Our new Sports Centre will enable us to create the first 'PowerHouse' in the UK to achieve these aims.

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 continues to be achieved. The bursary scheme continues to expand, and this year the School has offered financial support to 18 children at levels from 100% support down to 30% support. In addition, 9 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, Wine Committee.
4. The principal officers of the College are the Provost, Vice-Provost, Dean, First Bursar and Senior Tutor.

KING'S COLLEGE

REPORT OF THE COUNCIL

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 2014 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 2014 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 overall by 3.8% due to a 21% increase in the number of overseas/private funded undergraduates and there were 100 more home/EU undergraduates that paid the higher College fee of £4,500. This was partly offset by a 6.7% fall in the number of graduate students while the graduate fee increased 2.5%. Other academic income decreased 16.2% in 2013/14 due to a £28k reduction in the receipts from the Isaac Newton Trust in respect of the Cambridge Bursaries Scheme. In addition, fewer grants were received for Junior Research Fellows in the year. Student room rents were up 4.5% due to a 3% rent increase and the additional rooms from 15 Bene't Street that became available in October. This was partly reduced by a number of rent reductions that were made during the year. College catering was down 1.6% due to a fall in bar, coffee shop and senior wine sales which was partly offset by a 28.6% increase in the student kitchen fixed charge during the year to bring it more in line with other Colleges. There was a significant increase in the level of conference business during the year. Conference and private dining catering income was up 19.1% while conference accommodation

KING'S COLLEGE

REPORT OF THE COUNCIL

income was up 21.6%. Overall, income from residences, catering and conferences increased by 8.0%. Endowment and investment income fell 6.1%. This was due to a reduction to the spending rule percentage that resulted from a change to the accounting treatment for investment expenditure which was partly offset by additional investment income from a long-term loan (see note 19) that the College took out during the year. In 2012/13, endowment income was calculated at 4% of the average endowment value for the previous three years and investment management costs were charged to the income and expenditure account. For 2013/14, the Governing Body agreed to charge the management costs for the College's investments against capital and to make a compensating reduction to the spending rule percentage, bringing it down to 3.35%. Spending rule income in 2013/14 was consequently £543k less than 2012/13. Investment expenditure charged to the income and expenditure fell by £491k in 2013/14 as a result of this change. The £15 million received from the loan was held in low risk assets during the year. Income from these investments was £251k in 2013/14 (£nil in 2012/13). School income rose by 3.8% which included a 4.0% increase in school fees and there were also donations received in the year. Tourist admissions income rose by 19.5% due to a significant increase in tourist numbers but this did not feed through to the College Shop where turnover fell by 0.9% in 2013/14. Choir tour and chapel events income was up 12.4% for 2013/14 due to a busier programme than 2012/13. Unrestricted donations were up 11.1% due to two large legacies received in 2013/14.

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 4.6%. Staff costs rose by 3.6% including a 6.2% increase in School wages due to additional teaching staff. College wage costs increased by 2.3% which included a 1% pay rise across the College and an increased number of Research Fellows during the year. College operating expenditure (excluding the School) increased by 3.6% in 2013/14 but this included £500k that was spent on interest and set up costs for the loan in 2013/14 (£nil for 2012/13). However, this was nearly completely offset by a £491k fall in the investment management costs charged to the income and expenditure account due to the change in accounting treatment mentioned above. Student support expenditure totalled £1,209,693 in 2013/14 (£1,276,150 in 2012/13). This fall included a slight reduction to the level of studentship payments to ensure that costs could be met by College funds. Student support also included £309,225 for Cambridge Bursary Scheme payments (£319,875 in 2012/13) for which the College received a refund from the Isaac Newton Trust of £223,407 (£255,900 in 2012/13). Chapel recording expenditure continued to be high at £172,387 for 2013/14 (£161,945 in 2012/13). The College expects to more than recoup this expenditure through the sale of choir recordings over the next few years. The College depreciation charge (excluding the School) rose 17% to £1,135,348 (£970,533 in 2012/13) due to the purchase of 15 Bene't Street. Depreciation 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 £2,767,116 (£2,673,832 in 2012/13) with its net endowment and investment income. The net cost of accommodation fell in 2013/14 to £681,333 (£858,725 in 2012/13) as a result of an increased number of conference bed nights during the year. The net surplus on catering fell slightly to £29,453 in 2013/14 (£30,826 in 2012/13).

The School recorded a surplus of £330,312 for 2013/14 (£446,559 in 2012/13). In addition, the College provided funds for choristership bursaries and bank interest of £358,101 (£320,667 in 2012/13) and the School paid £300,000 in rent back to the College. A total of £388,413 has been transferred to the funds designated for the School within the College reserves (£467,226 in 2012/13).

Capital Expenditure

During the year, capital expenditure was £3,389,899 (£6,809,971 in 2012/13). This includes £782,513 towards the purchase of 15 Bene't Street, £1,687,485 for maintenance projects, £35,949 for new fire alarm systems and £818,593 for the School. The College maintenance projects includes £569,583 for the refurbishment of P Staircase in Webbs, £271,306 for furnishing projects in the Keynes building and the new audit room, £234,627 to upgrade plant rooms and £237,691 preliminary costs for the Bodleys Court and Croft Garden projects. The School's expenditure includes £538,725 for the new workshop and £68,920 towards the Sports Centre project.

KING'S COLLEGE

REPORT OF THE COUNCIL

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 2014, 68% (69% at 30 June 2013) of the general investment fund was invested in UK and international equities and 25% (23% at 30 June 2013) 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 capital value of the fund rose 9.4% in 2013/14 (11.7% in 2012/13). This FTSE All Share also rose 9.4% in 2013/14 (13.8% rise in 2012/13).

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 2013/14, all but £187,097 (£231,372 in 2012/13) 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
4 December 2014

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 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and related notes. The financial reporting 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 and with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 and non-financial information in the Report of the Council to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 June 2014 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with 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: 15 December 2014

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 3.35% of the average endowment for the last three years is included as endowment income in 2013/14 (a 4% spending rule calculation used in 2012/13). The 4% spending rule income for 2012/13 is before the deduction of investment management and property fees which are shown in expenditure in the income and expenditure account. In 2013/14 these costs are charged against capital and the spending rule income has therefore been reduced to 3.35% to allow for this.

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 four pension schemes which provide benefits to its members based on final pensionable salary and one defined contribution pension scheme. 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.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme which is a statutory, contributory, final-salary scheme. The College is unable to identify its share of the underlying assets and liabilities.

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pension Scheme. This is a defined-benefit scheme but the College is unable to identify its share of the underlying assets and liabilities.

NOW: Pensions

The College also operates a defined contribution scheme NOW: Pensions. This is a UK multi-employer pension fund and the pension charge represents the amounts payable by the College to the fund in respect of the year.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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 2014

	Note	2014 £000	2013 £000
INCOME			
Academic fees and charges	1	2,590	2,546
Residence, catering and conferences	2	5,216	4,831
School	3	5,264	5,069
Endowment and investment income	4	4,248	4,522
Donations	5	563	537
Other income	6	2,026	1,789
Total income		<u>19,907</u>	<u>19,294</u>
EXPENDITURE			
Education	8	5,357	5,221
Residence, catering and conferences	9	5,866	5,659
School	10	4,917	4,607
Other expenditure	11	3,314	3,109
Total expenditure		<u>19,454</u>	<u>18,596</u>
Surplus on continuing operations before Contribution under Statute G,II		453	698
University Contribution under Statute G,II		<u>(139)</u>	<u>(145)</u>
Surplus on continuing operations after Contribution under Statute G,II		314	553
(Surplus)/deficit for the year transferred to accumulated income in endowment funds		<u>(20)</u>	<u>33</u>
Surplus for the year retained within general reserves		<u><u>294</u></u>	<u><u>586</u></u>

All items dealt with in arriving at the surplus for 2014 and 2013 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 39 form part of these accounts.

KING'S COLLEGE

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
30 June 2014**

	Note	Restricted 2014 £000	Unrestricted 2014 £000	2014 £000	2013 £000
Surplus for the year		-	294	294	586
Under/(overspent) endowment fund income		20	-	20	(33)
Total return not recognised in the income and expenditure account	4(b)	4,490	5,579	10,069	12,498
Actuarial losses on pension scheme	27	-	(678)	(678)	(776)
New endowments	22	3,247	-	3,247	1,077
Transfers between funds	22	(16)	16	-	-
Total recognised gains/(losses) for the year		<u>7,741</u>	<u>5,211</u>	<u>12,952</u>	<u>13,352</u>
Reconciliation					
Opening reserves and endowments		51,661	108,669	160,330	146,978
Total recognised gains/(losses) for the year		<u>7,741</u>	<u>5,211</u>	<u>12,952</u>	<u>13,352</u>
Closing reserves and endowments		<u>59,402</u>	<u>113,880</u>	<u>173,282</u>	<u>160,330</u>

The notes on pages 20 to 39 form part of these accounts.

KING'S COLLEGE

BALANCE SHEETS
30 June 2014

	Note			Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
FIXED ASSETS							
Tangible assets	13			44,112	44,106	42,094	42,085
Investment assets	14			40,079	40,079	25,597	25,597
				<u>84,191</u>	<u>84,185</u>	<u>67,691</u>	<u>67,682</u>
ENDOWMENT ASSETS	15			<u>109,736</u>	<u>109,736</u>	<u>97,908</u>	<u>97,908</u>
CURRENT ASSETS							
Stocks - good for resale				2,063	47	1,882	43
Debtors	16			1,621	3,733	1,549	3,346
Cash at bank and in hand	17			4,184	3,885	3,093	2,936
				<u>7,868</u>	<u>7,665</u>	<u>6,524</u>	<u>6,325</u>
CREDITORS: amounts falling due within one year	18			<u>(7,139)</u>	<u>(7,003)</u>	<u>(5,986)</u>	<u>(5,853)</u>
NET CURRENT ASSETS				<u>729</u>	<u>662</u>	<u>538</u>	<u>472</u>
CREDITORS: amounts falling due after more than one year	19			<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION LIABILITY				<u>179,656</u>	<u>179,583</u>	<u>166,137</u>	<u>166,062</u>
Net pension liability	20			<u>(5,215)</u>	<u>(5,215)</u>	<u>(4,700)</u>	<u>(4,700)</u>
NET ASSETS INCLUDING PENSION LIABILITY				<u><u>174,441</u></u>	<u><u>174,368</u></u>	<u><u>161,437</u></u>	<u><u>161,362</u></u>
Represented by:							
		Restricted Funds	Un-restricted Funds	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
DEFERRED CAPITAL GRANTS	21	1,159	-	1,159	1,159	1,107	1,107
ENDOWMENTS							
Expendable endowments	22	26,573	-	26,573	26,573	22,320	22,320
Permanent endowments	22	32,829	50,334	83,163	83,163	75,588	75,588
		<u>59,402</u>	<u>50,334</u>	<u>109,736</u>	<u>109,736</u>	<u>97,908</u>	<u>97,908</u>
RESERVES							
General reserves excluding pension reserve	23	-	68,761	68,761	68,688	67,122	67,047
Pension reserve	23	-	(5,215)	(5,215)	(5,215)	(4,700)	(4,700)
		<u>59,402</u>	<u>63,546</u>	<u>63,546</u>	<u>63,473</u>	<u>62,422</u>	<u>62,347</u>
TOTAL ENDOWMENTS AND RESERVES		<u>59,402</u>	<u>113,880</u>	<u>173,282</u>	<u>173,209</u>	<u>160,330</u>	<u>160,255</u>
TOTAL FUNDS		<u><u>60,561</u></u>	<u><u>113,880</u></u>	<u><u>174,441</u></u>	<u><u>174,368</u></u>	<u><u>161,437</u></u>	<u><u>161,362</u></u>

Approved by Council on 4 December 2014 and signed on their behalf by:

Dr T K Carne
First Bursar

The notes on pages 20 to 39 form part of these accounts.

KING'S COLLEGE

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2014

	2014	2013	
	£000	£000	
Surplus on continuing operations before university contribution	453	698	
Depreciation	1,373	1,195	
Deferred capital grants released to income	(23)	(27)	
Pension scheme credit	(163)	(124)	
Endowment and investment income	(4,248)	(4,522)	
Interest paid	500	-	
Increase in stocks	(182)	(72)	
(Increase)/decrease in debtors	(141)	541	
Increase in creditors	1,220	3,087	
	<u> </u>	<u> </u>	
Net cashflow from operating activities	(1,211)	776	
Returns on investments and servicing of finance			
Endowment and investment income received	3,345	3,354	
Profit from sale of investments	2,485	1,158	
Interest paid	(500)	-	
	<u> </u>	<u> </u>	
	5,330	4,512	
	<u> </u>	<u> </u>	
Contribution to Colleges fund	(145)	(148)	
	<u> </u>	<u> </u>	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(3,390)	(6,810)	
Net payments for investments	(10,492)	(1,146)	
New endowments received	3,322	1,122	
	<u> </u>	<u> </u>	
	(10,560)	(6,834)	
	<u> </u>	<u> </u>	
Financing			
Other loans	15,000	-	
	<u> </u>	<u> </u>	
Increase/(decrease) in cash	8,414	(1,694)	
	<u> </u>	<u> </u>	
Reconciliation of net cash flow to movement in funds			
Net funds at 1 July 2013	4,834	6,528	
Cash inflow from new loans	(15,000)	-	
Increase/(decrease) in cash	8,414	(1,694)	
	<u> </u>	<u> </u>	
Net funds at 30 June 2014	(1,752)	4,834	
	<u> </u>	<u> </u>	
	Beginning	End of year	
	of year at 1	at 30 June	
	July 2013	2014	
Analysis of changes to net debt			
Cash at bank	3,093	1,091	4,184
Cash held at investment managers	1,741	7,323	9,064
Debt:			
Debt falling due after more than one year	-	(15,000)	(15,000)
	<u> </u>	<u> </u>	<u> </u>
	4,834	(6,586)	(1,752)
	<u> </u>	<u> </u>	<u> </u>

The notes on pages 20 to 39 form part of these accounts.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

1. ACADEMIC FEES AND CHARGES

	2014	2013
	£000	£000
Fee income paid on behalf of undergraduates at Publicly-funded Undergraduate rate (per capita fee £4,068 - £4,500 (2012/13: £3,951 - £4,500))	1,530	1,489
Privately-funded undergraduate fee income (per capita fee £5,214 - £5,703 (2012/13: £5,013 - £5,484))	260	202
Fee income received at the Graduate fee rate (per capita fee £2,424 (2012/13: £2,349))	450	467
	<hr/>	<hr/>
Total fee income	2,240	2,158
Other academic income	280	334
Research income	70	54
	<hr/>	<hr/>
Total academic fees and charges	<u>2,590</u>	<u>2,546</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2014	2013
	£000	£000
Accommodation		
College members	2,348	2,248
International programmes	264	273
Third parties	368	241
Catering		
College members	1,057	1,075
International programmes	94	83
Third parties	1,085	911
	<hr/>	<hr/>
Total	<u>5,216</u>	<u>4,831</u>

3. SCHOOL INCOME

	2014	2013
	£000	£000
Fees	5,136	4,909
Other income	123	124
Donations	5	36
	<hr/>	<hr/>
Total	<u>5,264</u>	<u>5,069</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

4. ENDOWMENT AND INVESTMENT INCOME

	2014 £000	2013 £000
4a. Analysis of Endowment Income		
Total return recognised in the income and expenditure account (note 4b)	3,815	4,358
Other investment income	251	-
Restrictive covenants	2	-
Cash balances and shared equity properties	63	42
Royalties	117	122
	<u>4,248</u>	<u>4,522</u>

4b. Summary of Total Return

<u>Income from:</u>		
Freehold land and buildings	1,391	1,251
Quoted securities and cash	2,159	1,940
	<u>3,550</u>	<u>3,191</u>
<u>Gains/(losses) on Investment Assets:</u>		
Freehold land and buildings	4,495	1,000
Quoted securities and cash	6,475	12,665
	<u>10,970</u>	<u>13,665</u>
<u>Costs in respect of:</u>		
Freehold land and buildings	(291)	-
Quoted securities and cash	(345)	-
	<u>(636)</u>	<u>-</u>
Total return for the year	13,884	16,856
Transfer to income and expenditure account (note 4a)	(3,815)	(4,358)
Unapplied total return for year included within statement of total recognised gains and losses (see note 24)	<u>10,069</u>	<u>12,498</u>

5. DONATIONS

	2014 £000	2013 £000
Unrestricted donations	409	368
Restricted donations	131	152
Released from deferred capital grant	23	17
Total	<u>563</u>	<u>537</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

6. OTHER INCOME

	2014	2013
	£000	£000
Tourist admissions and shop sales	1,455	1,275
Chapel and choir	471	422
Other income	100	92
	<u>2,026</u>	<u>1,789</u>

7. STAFF EXPENDITURE

	College fellows	Non-academic	School	Total	Total
	£000	£000	£000	2014	2013
				£000	£000
Staff costs					
Salaries and wages	1,403	4,138	2,977	8,518	8,280
Social security costs	94	230	220	544	539
Pension contributions (see note 27)	154	375	381	910	805
	<u>1,651</u>	<u>4,743</u>	<u>3,578</u>	<u>9,972</u>	<u>9,624</u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	<u>103</u>	<u>206</u>	<u>109</u>	<u>418</u>	<u>421</u>

All the 103 Fellows disclosed above are stipendiary (2012/13: 100).

The full-time equivalent number for non-academic and school employees is 269 (2012/13: 269).

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:

	2014	2013
£100,000-£109,999	1	1
£110,000-£119,999	-	1

	2014	2013
	£000	£000
During the year emoluments paid to trustees in their capacity as College Fellows was:		
Aggregated emoluments	<u>336</u>	<u>314</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 2014

8. EDUCATION EXPENDITURE

	2014	2013
	£000	£000
Teaching	2,065	2,043
Tutorial	510	505
Admissions - General	316	319
Admissions - Access and Widening Participation	623	585
Research	894	774
Scholarships and awards	590	645
Other educational facilities	359	350
	<hr/>	<hr/>
Total	5,357	5,221
	<hr/> <hr/>	<hr/> <hr/>

9. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2014	2013
	£000	£000
Accommodation		
College members	2,916	2,909
Third parties	743	711
Catering		
College members	1,327	1,315
Third parties	880	724
	<hr/>	<hr/>
Total	5,866	5,659
	<hr/> <hr/>	<hr/> <hr/>

10. SCHOOL EXPENDITURE

	2014	2013
	£000	£000
Staff costs	3,579	3,371
Other expenditure	1,101	1,012
Depreciation	237	224
	<hr/>	<hr/>
Total	4,917	4,607
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

11. OTHER EXPENDITURE

	2014	2013
	£000	£000
Investment management costs	203	588
Loan interest	395	-
Tourist admission and shop expenditure	375	366
Chapel expenditure	1,577	1,443
Development	601	547
Other expenditure	163	165
	<u>3,314</u>	<u>3,109</u>
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
	<u>27</u>	<u>29</u>

12. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2013/14				
Education	2,466	2,625	266	5,357
Residences, catering and conferences	2,877	2,177	812	5,866
School	3,579	1,101	237	4,917
Other	1,050	2,206	58	3,314
	<u>9,972</u>	<u>8,109</u>	<u>1,373</u>	<u>19,454</u>
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
	<u>9,624</u>	<u>7,777</u>	<u>1,195</u>	<u>18,596</u>

The above expenditure includes £442,907 as the cost of fundraising (2012/13: £449,850).

This expenditure includes the costs of alumni relations.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

13. TANGIBLE FIXED ASSETS

a)	Buildings and equipment – Group	<u>Freehold</u>	<u>Plant,</u>			Group	Group
		<u>land and</u>	<u>Furniture</u>	<u>Computer</u>	<u>Heritage</u>	2014	2013
	Cost	<u>buildings</u>	<u>and</u>	<u>Equipment</u>	<u>Assets</u>	£000	£000
	At 1 July 2013	52,099	3,008	992	942	57,041	49,606
	Additions	2,600	672	119	-	3,391	7,435
	Disposals	-	-	-	-	-	-
	At 30 June 2014	54,699	3,680	1,111	942	60,432	57,041
	Depreciation						
	At 1 July 2013	12,096	1,975	876	-	14,947	13,752
	Charge for the year	1,136	177	60	-	1,373	1,195
	Eliminated on disposals	-	-	-	-	-	-
	At 30 June 2014	13,232	2,152	936	-	16,320	14,947
	Net book value – Group	<u>41,467</u>	<u>1,528</u>	<u>175</u>	<u>942</u>	<u>44,112</u>	<u>42,094</u>
	Net book value is represented by;						
	College	35,145	1,293	57	942	37,437	36,000
	School	6,322	235	118	-	6,675	6,094
	Total	<u>41,467</u>	<u>1,528</u>	<u>175</u>	<u>942</u>	<u>44,112</u>	<u>42,094</u>
b)	Buildings and equipment - College	<u>Freehold</u>	<u>Plant,</u>			College	College
		<u>land and</u>	<u>Furniture</u>	<u>Computer</u>	<u>Heritage</u>	2014	2013
	Cost	<u>buildings</u>	<u>and</u>	<u>Equipment</u>	<u>Assets</u>	£000	£000
	At 1 July 2013	52,099	2,986	974	942	57,001	49,566
	Additions	2,600	672	119	-	3,391	7,435
	Disposals	-	-	-	-	-	-
	At 30 June 2014	54,699	3,658	1,093	942	60,392	57,001
	Depreciation						
	At 1 July 2013	12,096	1,959	861	-	14,916	13,724
	Charge for the year	1,135	174	61	-	1,370	1,192
	Eliminated on disposals	-	-	-	-	-	-
	At 30 June 2014	13,231	2,133	922	-	16,286	14,916
	Net book value - College	<u>41,468</u>	<u>1,525</u>	<u>171</u>	<u>942</u>	<u>44,106</u>	<u>42,085</u>
	Net book value is represented by;						
	College	35,146	1,290	53	942	37,431	35,991
	School	6,322	235	118	-	6,675	6,094
	Total	<u>41,468</u>	<u>1,525</u>	<u>171</u>	<u>942</u>	<u>44,106</u>	<u>42,085</u>

c) The insured value of freehold land and buildings as at 30 June 2014 was £201 million (£197 million at 30 June 2013).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

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:

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Acquisitions purchased with specific donations	-	-	-	-	470
Acquisitions purchased with College funds	-	-	-	23	-
Total cost of acquisitions purchased	-	-	-	23	470
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	-	-	-	23	470

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

14. INVESTMENTS ASSETS

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Balance at beginning of year	25,597	25,597	23,485	23,485
Additions	9,395	9,395	713	713
Disposals	(229)	(229)	(326)	(326)
Appreciation on disposal or revaluation	4	4	112	112
Increase in cash balances held	5,912	5,912	-	-
Movement in College expendable investments	(600)	(600)	1,613	1,613
Balance at end of year	<u>40,079</u>	<u>40,079</u>	<u>25,597</u>	<u>25,597</u>
represented by:				
Quoted securities and unit trusts	9,498	9,498	498	498
Freehold land and buildings	2,783	2,783	2,613	2,613
Cash with fund managers	5,912	5,912	-	-
College expendable investments	21,138	21,138	21,738	21,738
Literary royalties	748	748	748	748
Total	<u>40,079</u>	<u>40,079</u>	<u>25,597</u>	<u>25,597</u>

Subsidiary Undertakings

At 30 June 2014, 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 2014

15. ENDOWMENT ASSETS

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Investments at beginning of year	97,908	97,908	86,974	86,974
Additions	44,828	44,828	14,134	14,134
Disposals	(43,499)	(43,499)	(14,027)	(14,027)
Appreciation on disposal or revaluation	8,488	8,488	12,428	12,428
Movement in amount due from expendable capital	600	600	(1,613)	(1,613)
Increase in cash balance held at fund managers	1,411	1,411	12	12
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>109,736</u>	<u>109,736</u>	<u>97,908</u>	<u>97,908</u>
Represented by:				
Quoted securities – equities	88,450	88,450	82,321	82,321
Quoted securities – fixed interest	5,937	5,937	7,514	7,514
Freehold land and buildings	32,225	32,225	26,932	26,932
Unlisted securities	1,110	1,110	1,138	1,138
Cash with fund manager	3,152	3,152	1,741	1,741
College expendable investments	<u>(21,138)</u>	<u>(21,138)</u>	<u>(21,738)</u>	<u>(21,738)</u>
Total	<u>109,736</u>	<u>109,736</u>	<u>97,908</u>	<u>97,908</u>

16. DEBTORS

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Members of the College	44	44	29	28
Trade debtors	380	251	406	257
Amounts due from subsidiary companies	-	2,253	-	1,964
Other debtors	1,197	1,185	1,114	1,097
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,621</u>	<u>3,733</u>	<u>1,549</u>	<u>3,346</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

17. CASH AND BANK BALANCES

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Short-term money market investments	714	714	712	712
Bank deposits	3,014	3,014	2,145	2,145
Current accounts	450	152	230	74
Cash in hand	6	5	6	5
	<u>4,184</u>	<u>3,885</u>	<u>3,093</u>	<u>2,936</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Members of the College	104	104	103	103
Trade creditors	622	581	603	571
Accruals and deferred income	952	883	808	738
Social security, pension and taxes	204	204	204	204
University fees	30	30	37	37
Contribution to Colleges fund	139	139	145	145
Other creditors	5,088	5,062	4,086	4,055
	<u>7,139</u>	<u>7,003</u>	<u>5,986</u>	<u>5,853</u>

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

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Other loans	<u>15,000</u>	<u>15,000</u>	-	-

During 2014 the College borrowed from institutional investors, collectively with other Colleges. The College's share was £15 million. The loans are unsecured and repayable during the period 2043-2053 and are at fixed interest rates of approximately 4.4%. Although issued through a funding vehicle, the College has no responsibility for the obligations of any other of the issuing Colleges.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

20. PENSION LIABILITIES

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Balance at beginning of year	(4,700)	(4,700)	(4,048)	(4,048)
Movement in year:				
Current service cost	(28)	(28)	(33)	(33)
Contributions paid by the College	272	272	275	275
Finance cost	(81)	(81)	(118)	(118)
Actuarial losses recognised in statement of total recognised gains and losses	(678)	(678)	(776)	(776)
Balance at end of year	<u>(5,215)</u>	<u>(5,215)</u>	<u>(4,700)</u>	<u>(4,700)</u>

21. DEFERRED CAPITAL GRANTS

	Group 2014 £000	College 2014 £000	Group 2013 £000	College 2013 £000
Balances at beginning of year:				
Buildings	1,107	1,107	1,090	1,090
Donations received:				
Buildings	75	75	44	44
Transfers:				
Transfer to chapel events income	-	-	(10)	(10)
Released to income and expenditure account:				
Buildings	(23)	(23)	(17)	(17)
Balances at end of year:				
Buildings	<u>1,159</u>	<u>1,159</u>	<u>1,107</u>	<u>1,107</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2014

22. ENDOWMENTS

	Un- restricted Permanent 2014 £000	Restricted Permanent 2014 £000	Total Permanent 2014 £000	Restricted Expend- able 2014 £000	Total 2014 £000	Total 2013 £000
Balance at beginning of year:	46,247	29,341	75,588	22,320	97,908	86,974
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
	<u>46,247</u>	<u>29,341</u>	<u>75,588</u>	<u>22,320</u>	<u>97,908</u>	<u>86,974</u>
New endowments received	-	739	739	2,508	3,247	1,077
Income receivable from endowment asset investments	1,456	911	2,367	687	3,054	3,186
Expenditure	(1,456)	(726)	(2,182)	(852)	(3,034)	(3,219)
Net transfer from/(to) income and expenditure account	-	185	185	(165)	20	(33)
Increase in market value of investments	4,087	2,564	6,651	1,926	8,577	9,890
Transfer to reserves	-	-	-	(16)	(16)	-
Balance at end of year	<u>50,334</u>	<u>32,829</u>	<u>83,163</u>	<u>26,573</u>	<u>109,736</u>	<u>97,908</u>
Comprising:						
Capital	50,334	27,616	77,950	26,573	104,523	92,815
Unspent income	-	5,213	5,213	-	5,213	5,093
Balance at end of year	<u>50,334</u>	<u>32,829</u>	<u>83,163</u>	<u>26,573</u>	<u>109,736</u>	<u>97,908</u>
Representing:						
Student support	-	22,699	22,699	9,925	32,624	29,630
Fellowship	-	4,573	4,573	4,310	8,883	8,156
Chapel and choir	-	1,879	1,879	7,584	9,463	8,113
Buildings	-	-	-	1,165	1,165	1,070
Other funds	-	3,678	3,678	3,589	7,267	4,692
General endowments	50,334	-	50,334	-	50,334	46,247
	<u>50,334</u>	<u>32,829</u>	<u>83,163</u>	<u>26,573</u>	<u>109,736</u>	<u>97,908</u>

KING'S COLLEGE**NOTES TO THE ACCOUNTS**
Year ended 30 June 2014**23. RESERVES**

	General Reserves £000	School Reserve £000	Pension Reserve £000	Total 2014 £000	Total 2013 £000
GROUP					
Balance at beginning of year	58,243	8,879	(4,700)	62,422	60,004
Surplus retained for the year	(199)	330	163	294	586
Actuarial losses	-	-	(678)	(678)	(776)
Increase in market value of investments	1,492	-	-	1,492	2,608
Transfer from endowment	16	-	-	16	
Transfer between reserves	(58)	58	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>59,494</u>	<u>9,267</u>	<u>(5,215)</u>	<u>63,546</u>	<u>62,422</u>
COLLEGE					
Balance at beginning of year	58,168	8,879	(4,700)	62,347	59,928
Surplus retained for the year	(197)	330	163	296	587
Actuarial losses	-	-	(678)	(678)	(776)
Increase in market value of investments	1,492	-	-	1,492	2,608
Transfer from endowment	16	-	-	16	
Transfer between reserves	(58)	58	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>59,421</u>	<u>9,267</u>	<u>(5,215)</u>	<u>63,473</u>	<u>62,347</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

24. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2014 £000	2013 £000
Within reserves the following amounts represent the Unapplied Total Return of the College:		
Unapplied total return at the beginning of year	48,860	36,362
Unapplied total return for the year (note 4b)	10,069	12,498
	<hr/>	<hr/>
Unapplied total return at end of year	<u>58,929</u>	<u>48,860</u>

25. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £205k at 30 June 2014 for works on the Gibbs building and Bodleys (£nil at 30 June 2013). In addition the College has committed to invest a further £1 million in Private Equity funds.

26. FINANCIAL COMMITMENTS

At 30 June 2014 and 2013 the College had no annual commitments under non-cancellable operating leases.

27. PENSION SCHEMES

The College and its subsidiary undertakings participate in four defined benefit schemes and one defined contribution scheme.

The total pension cost for the year was as follows:

	2014 £000	2013 £000
University Superannuation Scheme	637	559
Cambridge Colleges' Federated Pension Scheme	5	5
Teachers' Pension Scheme	245	233
Church of England Funded Pension Scheme	8	8
NOW: Pensions	15	-
	<hr/>	<hr/>
	<u>910</u>	<u>805</u>

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 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.

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2014

27. PENSION SCHEMES (USS continued)

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).

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

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

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

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

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

Surpluses or deficits which arise at future valuations may impact on the institution'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.

NOTES TO THE ACCOUNTS

Year ended 30 June 2014

27. PENSION SCHEMES (USS continued)

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 2011 valuation 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.

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%.

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 2014, USS had over 162,000 active members and the institution had 70 active members participating in the scheme. The total pension cost for the College was £637,000 (2012/13 £559,000). 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 2014 was £5,000 (2013: £5,000), 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.

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NOTES TO THE ACCOUNTS Year ended 30 June 2014

27. PENSION SCHEMES (CCFPS continued)

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

	30 June 2014	30 June 2013
Discount rate	4.2%	4.6%
Expected long-term rate of return on scheme assets	6.2%	6.2%
Salary inflation assumption	2.8% **	2.8% *
Inflation assumption (RPI)	3.3%	3.3%
Inflation assumption (CPI)	2.3%	2.3%
Pension increases (inflation linked)	3.1%	3.3%

* 1.5% in 2013; 2.8% thereafter

**1.5% in 2014 to 2016; 2.8% 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 2013 projection and a target long-term improvement rate of 1.0% p.a. (2013: S1 tables and an allowance for improvements using the 2012 projection table with a long term improvement rate of 0.75% p.a.). This results in the following life expectancies:

Male age 65 now has a life expectancy of 22.3 years (previously 22.0 years)

- Female age 65 now has a life expectancy of 24.3 years (previously 24.2 years).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 years (previously 25.3 years).

	Long term rate of return expected at 30 June 2014	Value at 30 June 2014 £000	Long term rate of return expected at 30 June 2013	Value at 30 June 2013 £000
Equities and hedge funds	7.0%	6,350	7.0%	5,966
Cash, bonds and net current assets	3.8%	2,087	4.0%	2,106
Property	6.0%	635	6.0%	702
Total market value of assets		<u>9,072</u>		<u>8,774</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

27. PENSION SCHEMES (CCFPS continued)

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	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Opening defined benefit obligation	(13,474)	(12,081)	8,774	8,033	(4,700)	(4,048)
Service cost	(32)	(40)	-	-	(32)	(40)
Employer contributions	-	-	272	275	272	275
Expected return on scheme assets	-	-	528	440	528	440
Contribution by members	-	-	4	7	4	7
Interest cost	(609)	(558)	-	-	(609)	(558)
Actuarial (losses)/gains	(679)	(1,274)	1	498	(678)	(776)
Benefits and expenses paid	507	479	(507)	(479)	-	-
Closing defined benefit obligation	<u>(14,287)</u>	<u>(13,474)</u>	<u>9,072</u>	<u>8,774</u>	<u>(5,215)</u>	<u>(4,700)</u>

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

	30 June 2014 £000	30 June 2013 £000
In staff costs:		
Current service cost	28	33
	<u>28</u>	<u>33</u>
In other expenditure:		
Interest cost	609	558
Expected return on pension scheme assets	(528)	(440)
Net return	<u>81</u>	<u>118</u>
Actual return on pension scheme assets	<u>529</u>	<u>938</u>

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

	30 June 2014 £000	30 June 2013 £000
Actual return less expected return on scheme assets	1	498
Experience gains and losses arising on scheme liabilities	38	33
Changes in assumptions underlying the present value of scheme liabilities	(717)	(1,307)
	<u>(678)</u>	<u>(776)</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2014

27. PENSION SCHEMES (CCFPS continued)

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

	30 June 2014 £000	30 June 2013 £000
Opening cumulative actuarial loss	(5,016)	(4,240)
Recognised during the year	(678)	(776)
Closing cumulative actuarial loss	<u>(5,694)</u>	<u>(5,016)</u>

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

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(14,287)	(13,474)	(12,081)	(11,577)	(11,140)
Scheme assets	<u>9,072</u>	<u>8,774</u>	<u>8,033</u>	<u>9,288</u>	<u>8,052</u>
Surplus/(deficit)	<u>(5,215)</u>	<u>(4,700)</u>	<u>(4,048)</u>	<u>(2,289)</u>	<u>(3,088)</u>
Experience gain/(loss) arising on scheme liabilities	38	33	(183)	(144)	301
Actual return less expected return on scheme assets	1	498	(1,641)	645	446
Change in assumptions underlying present value of scheme liabilities	(717)	(1,307)	(109)	115	(1,239)

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme. This is a statutory, contributory, final salary scheme. The College is unable to identify its share of the underlying assets and liabilities and each employer in the scheme pays a common contribution rate. Since January 2007 the employer's contribution has been 14.1% of salary.

For schemes such as the Teachers' Pension Scheme, paragraph 9(b) of FRS17 requires the College to account for pension costs on the basis of contributions actually payable to the scheme in the year. The total pension cost for the College was £245,000 (2012/13 £233,000)

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 1 members of the Scheme (2012/13: 1) out of a total membership of approximately 8,500 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

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NOTES TO THE ACCOUNTS Year ended 30 June 2014

27. PENSION SCHEMES (Church of England Funded Pension Scheme continued)

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the Colleges contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

NOW: Pensions

The College operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £14,950 (2013 - £Nil) of which £2,974 (2013 - £Nil) was outstanding at the year end.

28. CONTINGENT LIABILITIES

As disclosed in note 27, 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.

29. 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 (£4.5 million in 2013/14 and £3.9 million in 2012/13) 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 £87,920 in 2013/14 (£77,978 in 2012/13) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.