

KING'S COLLEGE

Accounts

30 June 2015

KING'S COLLEGE

ACCOUNTS 2015

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KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Professor Michael Proctor

Fellows

Dr Tess Adkins
Dr Sebastian Ahnert
Dr Mark Ainslie
Dr David Al-Attar
Dr Anna Alexandrova
Dr Lori Allen (to 30.09.14)
Dr Nick Atkins
Dr Amanda Barber (from 01.10.14)
Dr John Barber
Professor Michael Bate
Professor Sir Patrick Bateson
Dr Andreas Bender
Dr Nathanaël Berestycki
Dr Camille Bonvin (to 30.09.14)
Dr Mirjana Bozic
Dr Siobhan Braybrook
Dr Angela Breitenbach
Professor Sydney Brenner
Ms Julie Bressor (Director of
Development)
Dr Jude Browne
Professor Nick Bullock
Professor Bill Burgwinkle
Dr Matei Candea
Dr Keith Carne
Mr Richard Causton
Mr Nick Cavalla
The Revd Dr Stephen Cherry (Dean
– from 01.10.14)
Mr Stephen Cleobury (Director of
Music)
Dr Francesco Colucci
Dr Sarah Crisp
Professor Anne Davis
Professor Peter de Bolla
Professor John Dunn
Professor David Dunne
Professor George Efstathiou
Professor Bradley Epps
Dr Ayttek Erdil
Dr Elisa Faraglia
Professor James Fawcett
Professor Iain Fenlon
Dr Pau Figueras
Dr Lorna Finlayson
Dr Felix Fischer
Dr Timothy Flack
Professor Robert Foley
Dr Stephen Fried (from 01.10.14)
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
Professor Gillian Griffiths
Dr Ben Gripaios
Dr Henning Grosse Ruse-Khan
Dr Cesare Hall
Professor Ross Harrison (to
01.06.15)
Professor John Henderson
Dr Felipe Hernandez
Dr Adam Higazi (to 30.09.14)
Dr David Hillman
Dr Rachel Hoffman
Dr Stephen Hugh-Jones
Professor Dame Caroline Humphrey
Professor Herbert Huppert
Professor Martin Hyland
Mr Philip Isaac
Mr Peter Jones (Librarian)
Dr Aileen Kelly
Professor Barry Keverne
Dr James Laidlaw
Professor Richard Lambert
Professor Charlie Loke
Professor Sarah Lummis
Professor Alan Macfarlane
Dr Nicholas Marston
Professor Jean Michel Massing
Dame Judith Mayhew Jonas
Dr Malachi McIntosh
Professor Dan McKenzie
Dr Richard Merrill
Professor Cam Middleton
Dr Valentina Migliori
Dr Perveez Mody (Senior Tutor)
Professor Ashley Moffett
Dr Geoff Moggridge
Dr Ken Moody
The Revd Dr Jeremy Morris (Dean –
to 30.09.14)
Professor Clement Mouhot
Dr David Munday
Dr Basim Musallam
Dr Eva Nanopoulos
Dr Rory O'Bryen
Dr Rosanna Omitowaju
Professor Robin Osborne
Dr John Ottem
Dr David Payne
Dr Ben Phalan

Dr Anastasia Piliavsky (to
30.09.14)
Professor Chris Prendergast
Dr Mezna Qato (from 01.10.14)
Dr Oscar Randal-Williams
Dr Surabhi Ranganathan (to
31.12.14)
Professor Robert Rowthorn
Professor Paul Ryan
Professor Hamid Sabourian
Dr Paul Sagar (from 01.10.14)
Dr Suchitra Sebastian (to 30.09.14)
Dr Mark Smith (from 01.10.14)
Dr Michael Sonenscher
Dr Sharath Srinivasan
Professor Gareth Stedman Jones
Dr Aleksandar Stevic
Dr John Stewart
Dr David Stewart
Professor Yasir Suleiman
Professor Azim Surani
Dr Erika Swales
Dr Simone Teufel
Mr James Trevithick
Dr Stefan Uhlig (to 30.09.14)
Dr Bert Vaux
Dr Rob Wallach
Professor Hanna Weibye
Dr Darin Weinberg
Dr Godela Weiss-Sussex
Dr Stephen Wertheim (from
01.04.15)
Dr Tom White
Dr Flora Willson
Professor John Young
Dr Nicolette Zeeman

Members in statu pupillari

Ben Abrams (to 31.12.14)
Chad Allen (to 31.12.14)
Gideon Farrell (to 30.09.14)
Barney McCay (from 01.11.14)
Lewis Mervin (from 01.01.15)
Andrew Munro (from 01.01.15)
Ruairi O'Donoghue (to 31.10.14)
George Turley (from 01.11.14)

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 (to 31.12.14)
Dr Siobhan Braybrook
Dr Matei Candea
Professor John Dunn (from 01.01.15)
Dr Felix Fischer
Dr Timothy Flack
Mr Philip Isaac
Professor Barry Keverne
Dr Nicholas Marston
Prof Ashley Moffett (from 01.01.15)
The Rev'd Dr Jeremy Morris (to 30.09.14)

Rev'd Stephen Cherry (from 01.01.15)
Dr Rosanna Omitowaju (to 31.12.14)

Members in statu pupillary

Ben Abrams (to 31.12.14)
Ben Alexander-Dann (to 30.09.14)
Chad Allen (to 31.12.14)
Barney McCay (from 11.11.14)
Lewis Mervin (from 01.01.15)
Andrew Munro (from 01.01.15)
Ivan Tchernev (to 28.10.14)
George Turley (from 11.11.14)

Senior Officers

Provost: Professor Michael Proctor
Vice Provost: Dr Rob Wallach
First Bursar: Dr Keith Carne
Senior Tutor: Dr Perveez Mody

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

Barr Ellison
39 Parkside
Cambridge CB1 1PN

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 2015 the College consisted of the Provost, 126 Fellows, some 645 resident undergraduate and graduate students, 420 pupils in the School, and 320 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 657 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 2014/15, 353 undergraduate students sat classified University examinations; 83% obtaining first or upper-second (or undivided second) class passes.

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REPORT OF THE COUNCIL

Aims and Objectives (Continued)

The education of junior members reading for graduate degrees is chiefly the responsibility of Faculties and Departments, who appoint academic supervisors. The College receives reports from the academic supervisors and provides such academic and other support as the Senior Tutor and the Tutors for Graduate Studies consider appropriate. In 2014/15, 33 graduate students successfully completed an MPhil or other one-year graduate course, 5 completed clinical studies and 34 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 2014/15, 490 financial awards were made to undergraduates and graduate students including studentships, scholarships, travel grants and prizes. This year, we welcomed 392 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 17,937, plus use inside the Library of 6,090 items from the total stock accessible via the online catalogue of 111,522 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 (207 of them new) made 702 visits to the Archives reading room, 2,868 documents were retrieved for visitors and 2,519 enquiries answered. 380 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 40 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 2014/15, 1 non-stipendiary and 3 stipendiary Junior Research Fellows and 6 College Research Associates were appointed. 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 7 Academic, 11 Music, 1 Art, 1 Drama and 1 All Rounder).

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. The School is in the process of fundraising for a new Sports Centre which will cost approximately £6 million, and formal planning permission is expected to be received in October 2015.

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 School offers a means tested bursary for pupils applying from local primary schools at age 7.

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.
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 2015 are set out on page 2.

KING'S COLLEGE

REPORT OF THE COUNCIL

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 2015 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 reviews 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, visitors, its invested endowments, and from donations and legacies.

The College has continued with efforts to increase income, particularly while the pressure on academic income continues. Academic fees were up by only 0.1%. A 5% increase in the overseas undergraduate college fee and the 2.1% increase in the graduate college fee were offset by a 1.3% and 7.8% fall in undergraduate and graduate numbers respectively. The regulated home/EU undergraduate fee remained unchanged for students that commenced their studies from 2012/13 and there was a 2.9% increase in the home/EU fee for pre 2012/13 entry students. Other academic income decreased 12.5% in 2014/15 due to a £8k reduction in the support from the Isaac Newton Trust for the Cambridge Bursaries Scheme. In addition, fewer grants were received for Junior Research Fellows in the year. Student room rents were down 5.6% due to the fall in graduate numbers. College catering was down 11.6% due to a drop in bar and coffee shop sales and a 4% reduction in income from the student kitchen fixed charge due to the lower student numbers. There was a significant increase in the level of conference business during the year. Conference accommodation income was up 40.7% as a result of the high standard of accommodation offered at 15 Bene't Street and the refurbished bedrooms in Keynes. Conference and private dining catering income was up 6.7%. Overall, income from residences, catering and conferences increased by 1.2%. Tourist admissions income rose by 2.8% in 2014/15 following a 19.5% increase in 2013/14. The high tourist numbers continued but this did not feed through to the College Shop where turnover fell by 13.1% in 2014/15 due to a refurbishment that closed the shop for six weeks during the year. Endowment and investment income increased 8.6%. This was due to a 4.6% increase in the spending rule income which is calculated at 3.35% of the average endowment value for the previous three years.

Choir tour and chapel events income was down 18.2% for 2014/15 due to a lighter programme compared to 2013/14. School income rose by 2.5% which included a 3.5% increase in school fees. Donations were up 105% due to a £440k contribution from the National Heritage Fund for the purchase of Rupert Brooke papers during the year. The papers cost £500,000 and were treated as capital expenditure but accounting rules require that the contribution is shown as a donation in the income and expenditure account.

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REPORT OF THE COUNCIL

There was also additional investment income from the long-term loan (see note 19) that the College took out in 2013-14 to fund future building work. The £15 million received from the loan was held in low risk assets during the year. Income from these investments was £421k in 2014/15 (£251k 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 2.1%. Staff costs rose by 3.1% including a 4.7% increase in School wages (due to long-term sickness cover). College wage costs increased by 2.1% which included a 2% pay rise across the College and additional staff for the development campaign. College operating expenditure (excluding the School) fell by 1.4% in 2014/15 and it included a full year's interest charge of £641k for the £15 million loan taken out in 2013/14 (see note 19). The interest charge for 2013-14 was £499k. Operating expenditure also includes £114k of expenditure for the development campaign and chapel 500th appeal. These costs are being met by a legacy fund that was established in 2012/13. Student support expenditure totalled £1,277,608 in 2014/15 (£1,209,693 in 2013/14). This included a 40% increase in the value of the prize paid to students from £250 to £350 and a 7.4% increase in payments made from student hardship funds. Student support also included £338,476 for Cambridge Bursary Scheme payments (£309,225 in 2013/14) for which the College received a refund from the Isaac Newton Trust of £217,014 (£223,407 in 2013/14). Chapel recording expenditure continued to be high at £114,459 for 2014/15 (£172,387 in 2013/14). The College hopes to recoup this expenditure through the sale of choir recordings over the next few years.

The College depreciation charge (excluding the School) rose 6.6% to £1,210,565 (£1,135,348 in 2013/14) due to the depreciation of the £782k final payment for 15 Bene't Street and £1.7 million of capital maintenance project that was spent in 2013/14. The College had its buildings professionally re-valued during the year and the new valuation will be brought into the 2015/16 accounts. The depreciation will increase to £2.5 million in 2015/16 as a result of this re-valuation and the College will look to absorb this 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 increase the value of the endowment and so 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 £2,887,231 (£2,767,116 in 2013/14) with its net endowment and investment income. The net cost of accommodation fell in 2014/15 to £569,410 (£681,333 in 2013/14) as a result of an increased number of conference bed nights during the year. The net surplus on catering rose slightly to £39,446 in 2014/15 (£29,453 in 2013/14).

The School recorded a surplus of £159,750 for 2014/15 (£330,312 in 2013/14). In addition, the College provided funds for choristership bursaries and bank interest of £351,909 (£358,101 in 2013/14) and the School paid £300,000 in rent back to the College. A total of £211,659 has been transferred to the funds designated for the School within the College reserves (£388,413 in 2013/14).

Capital Expenditure

During the year, capital expenditure was £3,503,386 (£3,389,899 in 2013/14). This includes £160,979 towards the organ restoration, £500,000 for Rupert Brooke papers (for which a £440,000 contribution was received from the National Heritage Fund), £197,808 for refurbishment of the College shop, £2,146,488 for maintenance projects, £112,374 for new fire alarm systems, wireless access points and a sound system for the hall. The College maintenance projects includes £557,923 for the refurbishment of Grasshopper Lodge, Kingsfield and the Beves room, £389,117 for additional rooms in Spalding and 2 St Mary's, £193,972 for external works on the Gibbs Building, £111,824 to upgrade plant rooms and £714,609 preliminary costs for the Bodley's Court, Whichcote House and Croft Garden projects. The School's capital expenditure of £327,340 includes £33,837 for the new workshop, £58,181 for a Day surgery, £39,708 for the installation of a sign and electricity for the drive, and £72,081 towards the Sports Centre project.

Going Concern

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

Investments

The College's net assets (i.e. endowment including unspent restricted funds and reserves not otherwise invested) are held in a general investment fund. During the year £28 million was moved to the Cambridge University Endowment Fund. At 30 June 2015, 62% (68% at 30 June 2014) of the general investment fund was invested in

KING'S COLLEGE

REPORT OF THE COUNCIL

UK and international equities and 26% (25% at 30 June 2014) was invested in freehold land and buildings. The remaining funds were held in cash, in fixed interest securities or in unlisted equity investments. The capital value of the fund rose 5% in 2014/15 (9.4% in 2013/14). The FTSE All Share fell 0.8% in 2014/15 (9.4% rise in 2013/14) and the MSCI World Index rose 1.6% in 2014/15 (12.1% in 2013/14).

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 2014/15, all but £272,319 (£187,097 in 2013/14) 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
3 December 2015

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 2015 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council 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 2015 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: 3 December 2015

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 and investment management costs are charged against capital.

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 2015

	Note	2015 £000	2014 £000
INCOME			
Academic fees and charges	1	2,545	2,590
Residence, catering and conferences	2	5,278	5,216
School	3	5,398	5,264
Endowment and investment income	4	4,610	4,248
Donations	5	1,138	563
Other income	6	1,948	2,026
Total income		<u>20,917</u>	<u>19,907</u>
EXPENDITURE			
Education	8	5,433	5,357
Residence, catering and conferences	9	5,805	5,866
School	10	5,222	4,917
Other expenditure	11	3,410	3,314
Total expenditure		<u>19,870</u>	<u>19,454</u>
Surplus on continuing operations before Contribution under Statute G,II		1,047	453
University Contribution under Statute G,II		<u>(145)</u>	<u>(139)</u>
Surplus on continuing operations after Contribution under Statute G,II		902	314
Deficit/(surplus) for the year transferred from/(to) accumulated income in endowment funds		111	(20)
Surplus for the year retained within general reserves		<u><u>1,013</u></u>	<u><u>294</u></u>

All items dealt with in arriving at the surplus for 2015 and 2014 relate to continuing operations. The difference between the results as disclosed in the income and expenditure account and the result on an unmodified historical cost basis is not material.

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

KING'S COLLEGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 30 June 2015

	Note	Restricted 2015 £000	Unrestricted 2015 £000	2015 £000	2014 £000
Surplus for the year		-	1,013	1,013	294
(Over)/under spent endowment fund income		(111)	-	(111)	20
Total return not recognised in the income and expenditure account	4(b)	2,434	2,650	5,084	10,069
Actuarial losses on pension scheme	27	-	219	219	(678)
New endowments	22	3,816	-	3,816	3,247
Total recognised gains for the year		<u>6,139</u>	<u>3,882</u>	<u>10,021</u>	<u>12,952</u>
Reconciliation					
Opening reserves and endowments		59,402	113,880	173,282	160,330
Total recognised gains/(losses) for the year		<u>6,139</u>	<u>3,882</u>	<u>10,021</u>	<u>12,952</u>
Closing reserves and endowments		<u>65,541</u>	<u>117,762</u>	<u>183,303</u>	<u>173,282</u>

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

KING'S COLLEGE

BALANCE SHEETS
30 June 2015

	Note			Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
FIXED ASSETS							
Tangible assets	13			47,216	47,015	44,112	44,106
Investment assets	14			38,638	38,638	40,079	40,079
				<u>85,854</u>	<u>85,653</u>	<u>84,191</u>	<u>84,185</u>
ENDOWMENT ASSETS	15			117,961	117,961	109,736	109,736
CURRENT ASSETS							
Stocks - good for resale				2,158	44	2,063	47
Debtors	16			2,660	4,874	1,621	3,733
Cash at bank and in hand	17			2,477	2,276	4,184	3,885
				<u>7,295</u>	<u>7,194</u>	<u>7,868</u>	<u>7,665</u>
CREDITORS: amounts falling due within one year	18			<u>(6,874)</u>	<u>(6,648)</u>	<u>(7,139)</u>	<u>(7,003)</u>
NET CURRENT ASSETS				<u>421</u>	<u>546</u>	<u>729</u>	<u>662</u>
CREDITORS: amounts falling due after more than one year	19			<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
NET ASSETS EXCLUDING PENSION LIABILITY				189,236	189,160	179,656	179,583
Net pension liability	20			<u>(4,795)</u>	<u>(4,795)</u>	<u>(5,215)</u>	<u>(5,215)</u>
NET ASSETS INCLUDING PENSION LIABILITY				<u>184,441</u>	<u>184,365</u>	<u>174,441</u>	<u>174,368</u>
Represented by:							
		Restricted Funds	Un-restricted Funds	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
DEFERRED CAPITAL GRANTS	21	1,138	-	1,138	1,138	1,159	1,159
ENDOWMENTS							
Expendable endowments	22	31,044	-	31,044	31,044	26,573	26,573
Permanent endowments	22	34,497	52,420	86,917	86,917	83,163	83,163
		<u>65,541</u>	<u>52,420</u>	<u>117,961</u>	<u>117,961</u>	<u>109,736</u>	<u>109,736</u>
RESERVES							
General reserves excluding pension reserve	23	-	70,137	70,137	70,061	68,761	68,688
Pension reserve	23	-	(4,795)	(4,795)	(4,795)	(5,215)	(5,215)
		<u>-</u>	<u>65,342</u>	<u>65,342</u>	<u>65,266</u>	<u>63,546</u>	<u>63,473</u>
TOTAL ENDOWMENTS AND RESERVES		<u>65,541</u>	<u>117,762</u>	<u>183,303</u>	<u>183,227</u>	<u>173,282</u>	<u>173,209</u>
TOTAL FUNDS		<u>66,679</u>	<u>117,762</u>	<u>184,441</u>	<u>184,365</u>	<u>174,441</u>	<u>174,368</u>

Approved by Council on 3 December 2015 and signed on their behalf by:

Dr T K Carne
First Bursar

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

KING'S COLLEGE

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2015

	2015	2014	
	£000	£000	
Surplus on continuing operations before university contribution	1,047	453	
Depreciation	1,465	1,373	
Deferred capital grants released to income	(26)	(23)	
Pension scheme credit	(201)	(163)	
Endowment and investment income	(4,610)	(4,248)	
Interest paid	667	500	
Increase in stocks	(95)	(182)	
Increase in debtors	(1,039)	(141)	
(Decrease)/increase in creditors	(274)	1,220	
Net cashflow from operating activities	<u>(3,066)</u>	<u>(1,211)</u>	
Returns on investments and servicing of finance			
Endowment and investment income received	3,090	3,345	
Profit from sale of investments	2,425	2,485	
Interest paid	(667)	(500)	
	<u>4,848</u>	<u>5,330</u>	
Contribution to Colleges fund	<u>(139)</u>	<u>(145)</u>	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(3,504)	(3,390)	
Net payments for investments	(6,546)	(10,492)	
New endowments received	3,823	3,322	
	<u>(6,227)</u>	<u>(10,560)</u>	
Financing			
Other loans	-	15,000	
(Decrease)/increase in cash	<u>(4,584)</u>	<u>8,414</u>	
Reconciliation of net cash flow to movement in funds			
Net funds at 1 July 2014	(1,752)	4,834	
Cash inflow from new loans	-	(15,000)	
(Decrease)/increase in cash	(4,584)	8,414	
Net funds at 30 June 2015	<u>(6,336)</u>	<u>(1,752)</u>	
	Beginning	End of year	
	of year at 1	at 30 June	
	July 2014	2015	
Analysis of changes to net debt			
Cash at bank	4,184	(1,707)	2,477
Cash held at investment managers	9,064	(2,877)	6,187
Debt:			
Debt falling due after more than one year	(15,000)	-	(15,000)
	<u>(1,752)</u>	<u>(4,584)</u>	<u>(6,336)</u>

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

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

1. ACADEMIC FEES AND CHARGES

	2015	2014
	£000	£000
Fee income paid on behalf of undergraduates at Publicly-funded Undergraduate rate (per capita fee £4,185 - £4,500 (2013/14: £4,068 - £4,500))	1,584	1,530
Privately-funded undergraduate fee income (per capita fee £5,475 - £5,988 (2013/14: £5,214 - £5,703))	234	260
Fee income received at the Graduate fee rate (per capita fee £2,474 (2013/14: £2,424))	424	450
	<hr/>	<hr/>
Total fee income	2,242	2,240
Other academic income	245	280
Research income	58	70
	<hr/>	<hr/>
Total academic fees and charges	<u>2,545</u>	<u>2,590</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2015	2014
	£000	£000
Accommodation		
College members	2,240	2,348
International programmes	334	264
Third parties	518	368
Catering		
College members	934	1,057
International programmes	94	94
Third parties	1,158	1,085
	<hr/>	<hr/>
Total	<u>5,278</u>	<u>5,216</u>

3. SCHOOL INCOME

	2015	2014
	£000	£000
Fees	5,287	5,136
Other income	110	123
Donations	1	5
	<hr/>	<hr/>
Total	<u>5,398</u>	<u>5,264</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

4. ENDOWMENT AND INVESTMENT INCOME

	2015 £000	2014 £000
4a. Analysis of Endowment Income		
Total return recognised in the income and expenditure account (note 4b)	3,992	3,815
Other investment income	421	251
Restrictive covenants	-	2
Cash balances and shared equity properties	52	63
Royalties	145	117
	<u>4,610</u>	<u>4,248</u>
4b. Summary of Total Return		
<u>Income from:</u>		
Freehold land and buildings	1,309	1,391
Quoted securities and cash	1,930	2,159
	<u>3,239</u>	<u>3,550</u>
<u>Gains/(losses) on Investment Assets:</u>		
Freehold land and buildings	1,805	4,495
Quoted securities and cash	4,800	6,475
	<u>6,605</u>	<u>10,970</u>
<u>Costs in respect of:</u>		
Freehold land and buildings	(408)	(291)
Quoted securities and cash	(360)	(345)
	<u>(768)</u>	<u>(636)</u>
Total return for the year	9,076	13,884
Transfer to income and expenditure account (note 4a)	(3,992)	(3,815)
Unapplied total return for year included within statement of total recognised gains and losses (see note 24)	<u>5,084</u>	<u>10,069</u>

5. DONATIONS

	2015 £000	2014 £000
Unrestricted donations	506	409
Restricted donations	606	131
Released from deferred capital grant	26	23
Total	<u>1,138</u>	<u>563</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2015

6. OTHER INCOME

	2015	2014
	£000	£000
Tourist admissions and shop sales	1,442	1,455
Chapel and choir	388	471
Other income	118	100
	<u>1,948</u>	<u>2,026</u>
Total	<u><u>1,948</u></u>	<u><u>2,026</u></u>

7. STAFF EXPENDITURE

	College fellows	Non-academic	School	Total 2015	Total 2014
	£000	£000	£000	£000	£000
Staff costs					
Salaries and wages	1,408	4,192	3,116	8,716	8,518
Social security costs	89	239	228	556	544
Pension contributions (see note 27)	153	451	404	1,008	910
	<u>1,650</u>	<u>4,882</u>	<u>3,748</u>	<u>10,280</u>	<u>9,972</u>
	<u><u>1,650</u></u>	<u><u>4,882</u></u>	<u><u>3,748</u></u>	<u><u>10,280</u></u>	<u><u>9,972</u></u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	99	206	114	419	418
	<u>99</u>	<u>206</u>	<u>114</u>	<u>419</u>	<u>418</u>
	<u><u>99</u></u>	<u><u>206</u></u>	<u><u>114</u></u>	<u><u>419</u></u>	<u><u>418</u></u>

All the 99 Fellows disclosed above are stipendiary (2013/14: 103).

The full-time equivalent number for non-academic and school employees is 272 (2013/14: 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 range were:

	2015	2014
£100,000-£109,999	2	1
	<u>2</u>	<u>1</u>

	2015	2014
	£000	£000
During the year emoluments paid to trustees in their capacity as College Fellows was:		
Aggregated emoluments	379	336
	<u>379</u>	<u>336</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 2015

8. EDUCATION EXPENDITURE

	2015	2014
	£000	£000
Teaching	2,042	2,065
Tutorial	498	510
Admissions - General	342	316
Admissions - Access and Widening Participation	681	623
Research	902	894
Scholarships and awards	606	590
Other educational facilities	362	359
	<hr/>	<hr/>
Total	5,433	5,357
	<hr/> <hr/>	<hr/> <hr/>

9. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2015	2014
	£000	£000
Accommodation		
College members	2,916	2,916
Third parties	743	743
Catering		
College members	1,239	1,327
Third parties	907	880
	<hr/>	<hr/>
Total	5,805	5,866
	<hr/> <hr/>	<hr/> <hr/>

10. SCHOOL EXPENDITURE

	2015	2014
	£000	£000
Staff costs	3,748	3,579
Other expenditure	1,220	1,101
Depreciation	254	237
	<hr/>	<hr/>
Total	5,222	4,917
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

11. OTHER EXPENDITURE

	2015	2014
	£000	£000
Investment management costs	104	203
Loan interest	643	395
Tourist admission and shop expenditure	332	375
Chapel expenditure	1,454	1,577
Development	716	601
Other expenditure	161	163
	<hr/>	<hr/>
Total	3,410	3,314
	<hr/> <hr/>	<hr/> <hr/>
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	26	25
Fees payable to the College's auditors for the audit of the College's subsidiaries pursuant to legislation	5	5
	<hr/>	<hr/>
Total fees payable	31	30
	<hr/> <hr/>	<hr/> <hr/>

12. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2014/15				
Education	2,482	2,667	284	5,433
Residences, catering and conferences	2,889	2,051	865	5,805
School	3,748	1,220	254	5,222
Other	1,161	2,187	62	3,410
	<hr/>	<hr/>	<hr/>	<hr/>
	10,280	8,125	1,465	19,870
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
	9,972	8,109	1,373	19,454
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above expenditure includes £617,417 as the cost of fundraising (2013/14: £442,907).

This expenditure includes the costs of alumni relations.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

13. TANGIBLE FIXED ASSETS

a) Buildings and equipment – Group		<u>Plant,</u>				
		<u>Freehold</u>	<u>Furniture</u>	<u>Computer</u>	<u>Heritage</u>	Group
Cost	<u>land and</u>	<u>and</u>	<u>Equipment</u>	<u>Assets</u>	2015	Group
	<u>buildings</u>	<u>equipment</u>			£000	2014
At 1 July 2014	54,699	3,680	1,111	942	60,432	57,041
Additions	2,171	671	158	504	3,504	3,391
Disposals	-	(25)	-	-	(25)	-
Transfer from investment properties	1,065	-	-	-	1,065	-
At 30 June 2015	<u>57,935</u>	<u>4,326</u>	<u>1,269</u>	<u>1,446</u>	<u>64,976</u>	<u>60,432</u>
Depreciation						
At 1 July 2014	13,232	2,152	936	-	16,320	14,947
Charge for the year	1,190	200	75	-	1,465	1,373
Eliminated on disposals	-	(25)	-	-	(25)	-
At 30 June 2015	<u>14,422</u>	<u>2,327</u>	<u>1,011</u>	<u>-</u>	<u>17,760</u>	<u>16,320</u>
Net book value – Group	<u>43,513</u>	<u>1,999</u>	<u>258</u>	<u>1,446</u>	<u>47,216</u>	<u>44,112</u>
Net book value is represented by:						
College	37,202	1,665	140	1,446	40,453	37,437
School	6,311	334	118	-	6,763	6,675
Total	<u>43,513</u>	<u>1,999</u>	<u>258</u>	<u>1,446</u>	<u>47,216</u>	<u>44,112</u>
b) Buildings and equipment - College		<u>Plant,</u>				
		<u>Freehold</u>	<u>Furniture</u>	<u>Computer</u>	<u>Heritage</u>	College
Cost	<u>land and</u>	<u>and</u>	<u>Equipment</u>	<u>Assets</u>	2015	College
	<u>buildings</u>	<u>equipment</u>			£000	2014
At 1 July 2014	54,699	3,658	1,093	942	60,392	57,001
Additions	2,171	532	101	504	3,308	3,391
Disposals	-	(25)	-	-	(25)	-
Transfer from investment properties	1,065	-	-	-	1,065	-
At 30 June 2015	<u>57,935</u>	<u>4,165</u>	<u>1,194</u>	<u>1,446</u>	<u>64,740</u>	<u>60,392</u>
Depreciation						
At 1 July 2014	13,231	2,133	922	-	16,286	14,916
Charge for the year	1,191	198	75	-	1,464	1,370
Eliminated on disposals	-	(25)	-	-	(25)	-
At 30 June 2015	<u>14,422</u>	<u>2,306</u>	<u>997</u>	<u>-</u>	<u>17,725</u>	<u>16,286</u>
Net book value - College	<u>43,513</u>	<u>1,859</u>	<u>197</u>	<u>1,446</u>	<u>47,015</u>	<u>44,106</u>
Net book value is represented by:						
College	37,202	1,525	79	1,446	40,252	37,431
School	6,311	334	118	-	6,763	6,675
Total	<u>43,513</u>	<u>1,859</u>	<u>197</u>	<u>1,446</u>	<u>47,015</u>	<u>44,106</u>

c) The insured value of freehold land and buildings as at 30 June 2015 was £242 million (£201 million at 30 June 2014).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

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:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Acquisitions purchased with specific donations	440	-	-	-	-
Acquisitions purchased with College funds	64	-	-	-	23
Total cost of acquisitions purchased	504	-	-	-	23
Value of acquisitions by donation	-	-	-	-	-
Total acquisitions capitalised	504	-	-	-	23

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

14. INVESTMENTS ASSETS

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Balance at beginning of year	40,079	40,079	25,597	25,597
Additions	6,247	6,247	9,395	9,395
Disposals	(226)	(226)	(229)	(229)
Appreciation on disposal or revaluation	123	123	4	4
(Decrease)/increase in cash balances held	(5,909)	(5,909)	5,912	5,912
Movement in College expendable investments	(1,676)	(1,676)	(600)	(600)
Balance at end of year	<u>38,638</u>	<u>38,638</u>	<u>40,079</u>	<u>40,079</u>
Represented by:				
Quoted securities and unit trusts	15,569	15,569	9,498	9,498
Freehold land and buildings	2,857	2,857	2,783	2,783
Cash with fund managers	2	2	5,912	5,912
College expendable investments	19,462	19,462	21,138	21,138
Literary royalties	748	748	748	748
Total	<u>38,638</u>	<u>38,638</u>	<u>40,079</u>	<u>40,079</u>

Subsidiary Undertakings

At 30 June 2015, 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 2015

15. ENDOWMENT ASSETS

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Investments at beginning of year	109,736	109,736	97,908	97,908
Additions	25,475	25,475	44,828	44,828
Disposals	(24,946)	(24,946)	(43,499)	(43,499)
Appreciation on disposal or revaluation	4,053	4,053	8,488	8,488
Movement in amount due from expendable capital	1,676	1,676	600	600
Transfer to operational buildings	(1,065)	(1,065)	-	-
Increase in cash balance held at fund managers	3,032	3,032	1,411	1,411
	<u>117,961</u>	<u>117,961</u>	<u>109,736</u>	<u>109,736</u>
Balance at end of year				
Represented by:				
Quoted securities – equities	85,676	85,676	88,450	88,450
Quoted securities – fixed interest	4,831	4,831	5,937	5,937
Freehold land and buildings	34,856	34,856	32,225	32,225
Unlisted securities	5,874	5,874	1,110	1,110
Cash with fund manager	6,186	6,186	3,152	3,152
College expendable investments	<u>(19,462)</u>	<u>(19,462)</u>	<u>(21,138)</u>	<u>(21,138)</u>
Total	<u>117,961</u>	<u>117,961</u>	<u>109,736</u>	<u>109,736</u>

16. DEBTORS

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Members of the College	61	61	44	44
Trade debtors	583	277	380	251
Amounts due from subsidiary companies	-	2,560	-	2,253
Other debtors	2,016	1,976	1,197	1,185
	<u>2,660</u>	<u>4,874</u>	<u>1,621</u>	<u>3,733</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

17. CASH AND BANK BALANCES

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Short-term money market investments	717	717	714	714
Bank deposits	1,491	1,491	3,014	3,014
Current accounts	263	63	450	152
Cash in hand	6	5	6	5
	<u>2,477</u>	<u>2,276</u>	<u>4,184</u>	<u>3,885</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Members of the College	105	105	104	104
Trade creditors	425	374	622	581
Accruals and deferred income	983	848	952	883
Social security, pension and taxes	229	229	204	204
University fees	985	985	30	30
Contribution to Colleges fund	145	145	139	139
Other creditors	4,002	3,962	5,088	5,062
	<u>6,874</u>	<u>6,648</u>	<u>7,139</u>	<u>7,003</u>

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

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Other loans	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

In 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 2015

20. PENSION LIABILITIES

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Balance at beginning of year	(5,215)	(5,215)	(4,700)	(4,700)
Movement in year:				
Current service cost	(24)	(24)	(28)	(28)
Contributions paid by the College	270	270	272	272
Finance cost	(45)	(45)	(81)	(81)
Actuarial losses recognised in statement of total recognised gains and losses	219	219	(678)	(678)
Balance at end of year	<u>(4,795)</u>	<u>(4,795)</u>	<u>(5,215)</u>	<u>(5,215)</u>

21. DEFERRED CAPITAL GRANTS

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Balances at beginning of year:				
Buildings	1,159	1,159	1,107	1,107
Donations received:				
Buildings	5	5	75	75
Released to income and expenditure account:				
Buildings	(26)	(26)	(23)	(23)
Balances at end of year:				
Buildings	<u>1,138</u>	<u>1,138</u>	<u>1,159</u>	<u>1,159</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2015

22. ENDOWMENTS

	Un- restricted Permanent 2015 £000	Restricted Permanent 2015 £000	Total Permanent 2015 £000	Restricted Expend- able 2015 £000	Total 2015 £000	Total 2014 £000
Balance at beginning of year:	50,334	32,829	83,163	26,573	109,736	97,908
Comprising:						
Capital	50,334	27,616	77,950	26,573	104,523	92,815
Unspent income	-	5,213	5,213	-	5,213	5,093
	<u>50,334</u>	<u>32,829</u>	<u>83,163</u>	<u>26,573</u>	<u>109,736</u>	<u>97,908</u>
New endowments received	-	50	50	3,766	3,816	3,247
Income receivable from endowment asset investments	1,487	957	2,444	774	3,218	3,054
Expenditure	(1,487)	(686)	(2,173)	(1,156)	(3,329)	(3,034)
Net transfer from/(to) income and expenditure account	-	271	271	(382)	(111)	20
Increase in market value of investments	2,086	1,347	3,433	1,087	4,520	8,577
Transfer to reserves	-	-	-	-	-	(16)
Balance at end of year	<u>52,420</u>	<u>34,497</u>	<u>86,917</u>	<u>31,044</u>	<u>117,961</u>	<u>109,736</u>
Comprising:						
Capital	52,420	29,011	81,431	31,044	112,475	104,523
Unspent income	-	5,486	5,486	-	5,486	5,213
Balance at end of year	<u>52,420</u>	<u>34,497</u>	<u>86,917</u>	<u>31,044</u>	<u>117,961</u>	<u>109,736</u>
Representing:						
Student support	-	24,032	24,032	10,284	34,316	32,624
Fellowship	-	4,784	4,784	4,502	9,286	8,883
Chapel and choir	-	1,965	1,965	9,121	11,086	9,463
Buildings	-	-	-	1,425	1,425	1,165
Other funds	-	3,716	3,716	5,712	9,428	7,267
General endowments	52,420	-	52,420	-	52,420	50,334
	<u>52,420</u>	<u>34,497</u>	<u>86,917</u>	<u>31,044</u>	<u>117,961</u>	<u>109,736</u>

KING'S COLLEGE**NOTES TO THE ACCOUNTS**
Year ended 30 June 2015**23. RESERVES**

	General Reserves £000	School Reserve £000	Pension Reserve £000	Total 2015 £000	Total 2014 £000
GROUP					
Balance at beginning of year	59,494	9,267	(5,215)	63,546	62,422
Surplus retained for the year	653	159	201	1,013	294
Actuarial losses	-	-	219	219	(678)
Increase in market value of investments	564	-	-	564	1,492
Transfer from endowment	-	-	-	-	16
Transfer between reserves	(52)	52	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>60,659</u>	<u>9,478</u>	<u>(4,795)</u>	<u>65,342</u>	<u>63,546</u>
COLLEGE					
Balance at beginning of year	59,421	9,267	(5,215)	63,473	62,347
Surplus retained for the year	650	159	201	1,010	296
Actuarial losses	-	-	219	219	(678)
Increase in market value of investments	564	-	-	564	1,492
Transfer from endowment	-	-	-	-	16
Transfer between reserves	(52)	52	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>60,583</u>	<u>9,478</u>	<u>(4,795)</u>	<u>65,266</u>	<u>63,473</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

24. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2015 £000	2014 £000
Within reserves the following amounts represent the Unapplied Total Return of the College:		
Unapplied total return at the beginning of year	58,929	48,860
Unapplied total return for the year (note 4b)	5,084	10,069
	<hr/>	<hr/>
Unapplied total return at end of year	<u>64,013</u>	<u>58,929</u>

25. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £1,985k at 30 June 2015 for works on the Gibbs building, the Boathouse, 2 St Mary's and the chapel organ (£205k at 30 June 2014). In addition the College has committed to invest a further £1 million in Private Equity funds.

26. FINANCIAL COMMITMENTS

At 30 June 2015 and 2014 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:

	2015 £000	2014 £000
University Superannuation Scheme	664	637
Cambridge Colleges' Federated Pension Scheme	3	5
Teachers' Pension Scheme	255	245
Church of England Funded Pension Scheme	16	8
NOW: Pensions	70	15
	<hr/>	<hr/>
	<u>1,008</u>	<u>910</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 College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

27. PENSION SCHEMES (USS continued)

The total cost charged to the income and expenditure account is £664,000 (2013/14 £637,000). This includes £71,619 (2013/14 £80,240) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

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

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

FRS 17 liability numbers have been produced for the using the following assumptions:

	30 June 2015	30 June 2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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

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

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	30 June 2015	30 June 2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	30 June 2015	30 June 2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

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 2015 was £3,000 (2014: £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.

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

	30 June 2015	30 June 2014
Discount rate	3.7%	4.2%
Expected long-term rate of return on scheme assets	3.7%	6.2%
Salary inflation assumption	2.75%**	2.8%*
Inflation assumption (RPI)	3.25%	3.3%
Inflation assumption (CPI)	2.25%	2.3%
Pension increases (inflation linked)	3.25%	3.1%

* 1.5% in 2014 to 2016; 2.8% thereafter

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

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI 2014 projection and a target long-term improvement rate of 1.0% p.a. (2014: same base tables and an allowance for improvements using the CMI_2013 projection table with a long term improvement rate of 1.0% p.a.). This results in the following life expectancies:

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

	Long term rate of return expected at 30 June 2015	Value at 30 June 2015 £000	Long term rate of return expected at 30 June 2014	Value at 30 June 2014 £000
Equities and hedge funds		6,926		6,350
Cash, bonds and net current assets		2,509		2,087
Property		602		635
Total market value of assets	3.7%	10,037	6.2%	9,072

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2015

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	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Opening defined benefit obligation	(14,287)	(13,474)	9,072	8,774	(5,215)	(4,700)
Service cost	(27)	(32)	-	-	(27)	(32)
Employer contributions	-	-	270	272	270	272
Expected return on scheme assets	-	-	545	528	545	528
Contribution by members	-	-	3	4	3	4
Interest cost	(590)	(609)	-	-	(590)	(609)
Actuarial (losses)/gains	(474)	(679)	693	1	219	(678)
Benefits and expenses paid	546	507	(546)	(507)	-	-
Closing defined benefit obligation	<u>(14,832)</u>	<u>(14,287)</u>	<u>10,037</u>	<u>9,072</u>	<u>(4,795)</u>	<u>(5,215)</u>

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

	30 June 2015 £000	30 June 2014 £000
In staff costs:		
Current service cost	24	28
	<u>24</u>	<u>28</u>
In other expenditure:		
Interest cost	590	609
Expected return on pension scheme assets	(545)	(528)
	<u>45</u>	<u>81</u>
Net return		
Actual return on pension scheme assets	1,238	529
	<u>1,238</u>	<u>529</u>

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

	30 June 2015 £000	30 June 2014 £000
Actual return less expected return on scheme assets	693	1
Experience gains and losses arising on scheme liabilities	91	38
Changes in assumptions underlying the present value of scheme liabilities	(565)	(717)
	<u>219</u>	<u>(678)</u>

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NOTES TO THE ACCOUNTS Year ended 30 June 2015

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 2015 £000	30 June 2014 £000
Opening cumulative actuarial loss	(5,694)	(5,016)
Recognised during the year	219	(678)
	<u>(5,475)</u>	<u>(5,694)</u>

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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(14,832)	(14,287)	(13,474)	(12,081)	(11,577)
Scheme assets	10,037	9,072	8,774	8,033	9,288
	<u>(4,795)</u>	<u>(5,215)</u>	<u>(4,700)</u>	<u>(4,048)</u>	<u>(2,289)</u>
Experience gain/(loss) arising on scheme liabilities	91	38	33	(183)	(144)
Actual return less expected return on scheme assets	693	1	498	(1,641)	645
Change in assumptions underlying present value of scheme liabilities	(565)	(717)	(1,307)	(109)	115

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 £255,000 (2013/14 £245,000)

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 2 members of the Scheme (2013/14: 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 2015

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 £70,000 (2013/14 £15,000).

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 (£5.2 million in 2014/15 and £4.5 million in 2013/14) 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 £92,503 in 2014/15 (£87,920 in 2013/14) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.