

KING'S COLLEGE

Accounts

30 June 2016

KING'S COLLEGE

ACCOUNTS 2016

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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 Nick Atkins
Dr Amanda Barber
Dr John Barber
Professor Michael Bate
Professor Sir Patrick Bateson
Dr Andreas Bender
Dr Nathanaël Berestycki
Dr Mirjana Bozic
Dr Siobhan Braybrook
Dr Angela Breitenbach
Professor Sydney Brenner
Ms Julie Bressor (to 31.12.15)
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)
Mr Stephen Cleobury (Director of Music)
Dr Francesco Colucci
Dr Sarah Crisp
Professor Anne Davis
Professor Peter de Bolla
Dr Megan Donaldson (from 01.10.15)
Professor John Dunn
Professor David Dunne
Professor George Efstathiou
Professor Bradley Epps
Dr Aytek Erdil
Dr Elisa Faraglia
Professor James Fawcett
Professor Iain Fenlon
Dr Paul Figueras (to 30.09.15)
Dr Felix Fischer (to 30.09.15)
Dr Timothy Flack
Professor Robert Foley
Dr Stephen Fried
Dr Juan Garaycochea (from 1.10.15)
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 30.07.15)
Professor John Henderson
Dr Felipe Hernandez
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
Professor 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
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 (to 31.12.15)
Dr David Payne
Dr Ben Phalan

Professor Chris Prendergast
Dr Mezna Qato
Dr Oscar Randal-Williams
Dr Surabhi Ranganathan (from 01.10.15)
Professor Robert Rowthorn
Professor Paul Ryan
Professor Hamid Sabourian
Dr Paul Sagar
Dr Mark Smith
Dr Michael Sonenscher
Dr Sharath Srinivasan
Professor Gareth Stedman Jones
Dr Aleksandar Stevic
Dr David Stewart (to 30.09.15)
Dr John Stewart
Professor Yasir Suleiman
Professor Azim Surani
Dr Erika Swales
Dr James Taylor (from 01.10.15)
Dr Simone Teufel
Mr James Trevithick
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 (to 31.12.15)
Professor John Young
Professor Nicolette Zeeman

Members in statu pupillary
Barney McCay (to 30.09.15)
Lewis Mervin (to 31.12.15)
Andrew Munro (to 31.12.15)
George Turley (to 30.09.15)
Eleni Courea (from 01.10.15)
Gabriel Fleming (from 01.10.15)
Rebecca Love (from 01.01.16)
Ben Abrams (from 01.01.16)

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 John Barber (from 01.01.16)
Dr Siobhan Braybrook (to 31.12.15)
Dr Jude Browne (to 31.12.15)
Dr Matei Candea (to 31.12.15)
Rev'd Stephen Cherry
Professor John Dunn
Dr Felix Fischer (to 30.09.15)
Dr Timothy Flack (to 31.12.15)
Professor Barry Keverne (to 31.12.15)
Professor James Laidlaw (from 01.01.16)
Professor Nicholas Marston (to 31.12.15)
Professor Ashley Moffett
Professor Clement Mouhot (from 01.01.16)

Dr James Taylor (from 01.01.16)
Mr James Trevithick (from 01.01.16)
Dr Hanna Weibye (from 01.01.16)

Members in statu pupillary

Barney McCay (to 30.09.15)
Lewis Mervin (to 31.12.15)
Andrew Munro (to 31.12.15)
George Turley (to 30.09.15)
Eleni Courea (from 01.10.15)
Gabriel Fleming (from 01.10.15)
Rebecca Love (from 01.01.16)
Ben Abrams (from 01.01.16)

Senior Officers

Provost: Professor Michael Proctor
Vice Provost: Dr Rob Wallach (to 31.12.15)
Vice Provost: Professor Nicholas Marston (from 01.01.16)
First Bursar: Dr Keith Carne
Senior Tutor: Dr Perveez Mody
Senior Tutor: Professor Robin Osborne (from 1.4.16)
Domus Bursar: Mr Philip Isaac

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 2016 the College consisted of the Provost, 124 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 665 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 2015/16, 365 undergraduate students sat classified University examinations; 91% 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 2015/16, 35 graduate students successfully completed an MPhil or other one-year graduate course, 3 completed clinical studies and 40 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 2015/16, 637 financial awards were made to undergraduates and graduate students including studentships, scholarships, travel grants and prizes. This year, we welcomed 347 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 16,397, plus use inside the Library of 5,175 items from the total stock accessible via the online catalogue of 113,283 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, 263 readers (170 of them new) made 655 visits to the Archives reading room, 2,854 documents were retrieved for visitors and 2614 enquiries answered. 721 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 43 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 2015/16, 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, organised 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 16 scholarship awards to senior schools including 5 Academic, 8 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. Formal planning permission has been granted.

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 2016 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 2016 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 incorporate all of the activities of the College including those of the School, 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. The College has a new form of accounts in 2015/16 because of the adoption of Financial Reporting Standard 102. This change affects all Higher Education organisations including Cambridge Colleges. On page 18, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £12,634k (£8,011k in 2014/15). The SOCIE is a statement of all movements of the net assets of the College between one year and the next. Therefore, it reports all operating income and expenditure, investment gains and losses and other adjustments, e.g. total return and pension adjustments. The boxed section on page 18 is, in effect, the operating result as reported for the year. Therefore, the College reported a surplus of £254k for 2015/16 compared to a deficit of £1,176k for 2014/15. The difference between that result and the one reported on the old format of accounts is shown in note 23 of the accounts.

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 2.7%. A 6% increase in the overseas undergraduate college fee and the 16% increase in the graduate college fee were offset by a 1.8% and 4.0% fall in undergraduate and graduate numbers respectively. The regulated home and EU undergraduate fee remained unchanged for students that commenced their studies from 2012/13 and there was a 2.9% increase in the home and EU fee for pre 2012/13 entry students. Support from the University and Isaac Newton Trust for the Cambridge Bursaries Scheme decreased by £50k in 2015/16. Student room rents were up 9.8%. This included a 2.6% increase in student room rents and there were additional rooms available in the year due to the completion of Grasshopper Lodge refurbishment project. College catering was up 3.5% due to an increase in bar and formal hall sales. Conference and private dining catering income increased by 7.6% that was partly offset by a 6.4% fall in conference accommodation as fewer 'room only' bookings were made during the year. Overall, income from residences, catering and conferences increased by 5.5%. Tourist admissions income rose by 9.4% in 2015/16 as tourist numbers continued to increase but this did not feed through to the College Shop where turnover increase by 2.9% in 2015/16. Endowment and investment income increased 11.6%. This was due to a 9.8% increase in the spending rule income which is calculated at 3.35% of the average endowment value for the previous three years. In addition the College received a £85k royalty payment in the year for the production of a Howards End film.

KING'S COLLEGE

REPORT OF THE COUNCIL

Choir tour and chapel events income was down 15.5% for 2015/16 due to a lighter programme compared to 2014/15. School income rose by 5.6% which included a 5.3% increase in school fees. College income donations were £683k for 2015/16, down from £1,112k in 2014/15 that included a £440k contribution from the National Heritage Fund for the purchase of Rupert Brooke papers.

There was also additional investment income from the long-term loan (see note 18) 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 £599k in 2015/16 (£421k in 2014/15).

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 fell by 3.4%. Staff costs fell by 2.8% that included a 5.8% increase in School wages (due to long-term sickness cover) and a 7.4% decrease in College wage costs. The fall in College wages was due to a £570k movement in the FRS 102 pension provision between 2014/15 and 2015/16 and a £242k reduction to the maintenance wages that were capitalised for staff time spent on the A staircase project during the year. This was partly offset by a 1% pay rise across the College for 2015/16. College operating expenditure (excluding the School) decreased by 6.3% with reductions to choir tour expenditure, catering food costs, general maintenance expenditure and graduate studentships. Operating expenditure also includes £242k 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 £1,179,695 in 2015/16 (£1,277,608 in 2014/15). This was due to a reduction in studentships paid to graduates because the restrictions on the use of some of the funds were not met during the year. In addition there was a reduction in the number of undergraduates that qualified for grants under the Cambridge Bursary Scheme that was £270,500 during the year (£338,476 in 2014/15). Chapel recording expenditure continued to be high at £113,060 for 2015/15 (£114,459 in 2014/15). The College hopes to recoup this expenditure through the sale of choir recordings over the next few years.

The College had its buildings professionally re-valued during the year and this has brought the most significant change to expenditure in the form of an increased depreciation charge. The revaluation was back-dated to 30 June 2014 and the total depreciation (excluding the School) was £2,619,647 in 2015/16 and a prior year adjustment was made to depreciation in 2014/15 increasing it from £1,210,565 to £2,469,766. Increased tourism, catering and endowment income, together with suitable controls over expenditure, has enabled the College to absorb this higher depreciation charge for 2015/16. The College will look to continue to at least break-even with the higher depreciation figure going forward that will adequately support the long term maintenance and preservation of its buildings. There are however many challenges ahead and the College hopes that its fundraising activities will increase the value of the endowment and so make a significant contribution to the College finances and enable us to develop imaginatively for the benefit of our members and the University as a whole.

Net Financial Performance

As in previous years, the College has continued to support its net spending on education of £3,857,592 (£4,185,601 in 2014/15) with its net endowment and investment income. The net cost of accommodation fell in 2015/16 to £1,368,663 (£1,789,612 in 2014/15) as a result of an increased number of student rooms available due to the completion of the Grasshopper Lodge refurbishment and a lower FRS 102 pension provision in 2015/16. There was a net surplus on catering of £166,258 in 2015/16 (£37,382 deficit in 2014/15) due to an increase in conference and private dining business and a reduction in food costs.

The School recorded a surplus of £392,223 for 2015/16 (£159,750 in 2014/15). In addition, the College provided funds for choristership bursaries and bank interest of £340,744 (£351,909 in 2014/15) and the School paid £270,939 in rent back to the College (£300,000 in 2014/15). A total of £462,028 has been transferred to the funds designated for the School within the College reserves (£211,659 in 2014/15).

Capital Expenditure

During the year, capital expenditure including heritage assets was £4,059,166 (£3,503,386 in 2014/15). This includes £996,935 towards the organ restoration, £22,098 for a compact tractor, £105,368 for a replacement IT storage area network, £2,627,282 for maintenance projects and £57,779 for new fire alarm systems. The College maintenance projects includes £565,741 for the refurbishment of A Staircase, £413,681 for four additional flats in 2 St Mary's, £209,718 for external works on the Gibbs Building, £643,354 towards the new boathouse and £503,000 preliminary costs for the Bodley's Court, Porters' Lodge, Whichcote House and Croft Garden projects. The School's capital expenditure of £177,724 includes £70,372 on IT, £15,427 for the new workshop, £17,048

KING'S COLLEGE

REPORT OF THE COUNCIL

for a hall stage, £17,973 for work on the dining hall, £10,941 on the rowing room, £8,595 on security and £8,995 for the housemaster's kitchen.

Going Concern

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. At 30 June 2016, 64% (66% at 30 June 2015) of the general investment fund was invested in UK and international equities and 24% (23% at 30 June 2015) 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 4.0% in 2015/16 (5.0% in 2014/15) or 5.0% after allowing for the £1.2 million that was withdrawn from the endowment to fund capital expenditure during the year. The FTSE All Share fell 1.5% in 2015/16 (0.8% fall in 2014/15) and the MSCI World Index rose 12.1% in 2015/16 (8.2% in 2014/15).

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 2015/16, all but £327,370 (£272,319 in 2014/15) 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. In total the College has £200,177,000 in unrestricted reserves, of which £177,822,000 is represented by fixed assets.

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
22 November 2016

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.

The Council in conjunction with the Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KING'S COLLEGE

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

Year Ended 30 June 2016

We have audited the financial statements of King's College for the year ended 30 June 2016 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changes in reserves, 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 the 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 Trustees' Responsibilities Statement set out on page 9, 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 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standard 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 Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial information and non-financial information in the Trustee's Report 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 2016 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: 22 November 2016

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 Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 10.

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.

Grant Income

Grants received from non-government sources (including research grants from non-government sources) are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Investment income and change in value of investment assets

Investment income and change in value of investment assets is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

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.

Cambridge Bursary Scheme

In 2015/6, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University.

However, to remain consistent with previous years' presentation as well as the system agreed for 2016/17 (where the College pays Cambridge Bursaries to eligible students, via the SLC, and receives a contribution from the University), for 2015/16 the College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges", although strictly speaking this was not a College transaction for this year.

The net payment of £104k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£167k
Expenditure	£271k

Foreign currency translation

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

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 (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income and Expenditure.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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 comprehensive income and expenditure.

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 Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Consolidated Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

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.

FIXED ASSETS

a. Land and buildings

College land and buildings used for operational purposes (to house College Members) are stated at depreciated replacement cost from 1 July 2014 following a revaluation review carried out by professional valuers, Gerald Eve. Freehold buildings are depreciated on a straight line basis over their expected useful economic lives with a range for the different buildings (excluding the chapel) between 45 years to 115 years. The Chapel is depreciated over 200 years. Freehold land is not shown separately and is not depreciated. Assets under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

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 Statement of Comprehensive Income and Expenditure as it is incurred.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

c. Plant, furniture, fittings and equipment

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

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

d. Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1st July 2006 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1st July 2006 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material

FOREIGN CURRENCIES

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

INVESTMENTS

a. Securities

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

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

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.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

CONTINGENT LIABILITIES AND ASSETS

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

RESERVES

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold to perpetuity.

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

TRANSITION TO THE 2015 RCCA

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 23.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

CRITICAL ACCOUNTING JUDGEMENTS

FRS102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Governing Body are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.

KING'S COLLEGE

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year ended 30 June 2016

	Note	Unrestricted £000	Restricted £000	Endowment £000	Total 2016 £000	Unrestricted £000	Restricted £000	Endowment £000	Total 2015 £000
INCOME									
Academic fees and charges	1	2,335	167	-	2,502	2,329	217	-	2,546
Residence, catering and conferences	2	5,568	-	-	5,568	5,278	-	-	5,278
School	3	5,706	-	-	5,706	5,398	-	-	5,398
Investment income	4	819	-	3,825	4,644	618	-	3,239	3,857
Endowment return transferred	4	2,404	1,928	(4,332)	-	2,260	1,733	(3,993)	-
Other income	5	2,083	-	-	2,083	1,949	-	-	1,949
Total income before donations and endowments		18,915	2,095	(507)	20,503	17,832	1,950	(754)	19,028
Donations		452	231	-	683	505	607	-	1,112
New endowments		-	4,292	49	4,341	-	3,767	50	3,817
Capital donations for assets		-	1,298	-	1,298	-	5	-	5
Total Income		19,367	7,916	(458)	26,825	18,337	6,329	(704)	23,962
EXPENDITURE									
Education	6	4,626	1,734	-	6,360	5,083	1,644	-	6,727
Residence, catering and conferences	7	6,715	56	-	6,771	7,061	44	-	7,105
School	8	5,318	-	-	5,318	5,222	-	-	5,222
Other expenditure	9	2,314	629	625	3,568	2,002	979	768	3,749
Contribution under Statute G,II		140	-	-	140	145	-	-	145
Total expenditure		19,113	2,419	625	22,157	19,513	2,667	768	22,948
Surplus/(deficit) before other gains and losses		254	5,497	(1,083)	4,668	(1,176)	3,662	(1,472)	1,014
Gain on investments		1,401	1,243	4,565	7,209	562	1,122	4,919	6,603
Surplus/(deficit) for the year		1,655	6,740	3,482	11,877	(614)	4,784	3,447	7,617
Other comprehensive income									
Actuarial gain in respect of pension schemes		757	-	-	757	394	-	-	394
Total comprehensive income/(expenditure) for the year		2,412	6,740	3,482	12,634	(220)	4,784	3,447	8,011

The notes on pages 22 to 40 form part of these accounts.

KING'S COLLEGE

STATEMENT OF CHANGES IN RESERVES

Year ended 30 June 2016

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2015	66,419	36,706	81,311	184,436
Prior year adjustments (see note 23)	129,505	-	-	129,505
Revised Balance at 1 July 2015	195,924	36,706	81,311	313,941
Surplus from income and expenditure statement	1,655	6,740	3,482	11,877
Other comprehensive income	757	-	-	757
Release of restricted capital funds spent in the year	1,841	(1,841)	-	-
Balance at 30 June 2016	<u>200,177</u>	<u>41,605</u>	<u>84,793</u>	<u>326,575</u>

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2014	64,650	31,922	77,864	174,436
Prior year adjustments (see note 23)	131,495	-	-	131,495
Revised Balance at 1 July 2014	196,145	31,922	77,864	305,931
Surplus/(deficit) from income and expenditure statement	(614)	4,784	3,447	7,617
Other comprehensive income	394	-	-	394
Balance at 30 June 2015	<u>195,925</u>	<u>36,706</u>	<u>81,311</u>	<u>313,942</u>

The notes on pages 22 to 40 form part of these accounts.

KING'S COLLEGE

**CONSOLIDATED AND COLLEGE BALANCE SHEETS
as at 30 June 2016**

	Note	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
NON-CURRENT ASSETS					
Tangible assets	12	177,822	177,644	176,672	176,471
Heritage assets	13	1,466	1,466	1,446	1,446
Investment assets	14	161,625	161,625	156,600	156,600
		<u>340,913</u>	<u>340,735</u>	<u>334,718</u>	<u>334,517</u>
CURRENT ASSETS					
Stocks - good for resale		2,401	50	2,158	44
Trade and other receivables	15	5,969	8,251	2,660	4,875
Cash and cash equivalents	16	2,270	2,073	2,477	2,275
		<u>10,640</u>	<u>10,374</u>	<u>7,295</u>	<u>7,194</u>
CREDITORS: amounts falling due within one year	17	<u>(4,898)</u>	<u>(4,529)</u>	<u>(7,148)</u>	<u>(6,921)</u>
NET CURRENT ASSETS		<u>5,742</u>	<u>5,845</u>	<u>147</u>	<u>273</u>
CREDITORS: amounts falling due after more than one year	18	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
Provisions					
Pension provisions	19	<u>(5,080)</u>	<u>(5,080)</u>	<u>(5,923)</u>	<u>(5,923)</u>
TOTAL NET ASSETS		<u>326,575</u>	<u>326,500</u>	<u>313,942</u>	<u>313,867</u>
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	20	84,793	84,793	81,311	81,311
Income and expenditure reserve – restricted reserve	21	41,605	41,605	36,706	36,706
		<u>126,398</u>	<u>126,398</u>	<u>118,017</u>	<u>118,017</u>
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted reserve		200,177	200,102	195,925	195,850
		<u>200,177</u>	<u>200,102</u>	<u>195,925</u>	<u>195,850</u>
TOTAL RESERVES		<u>326,575</u>	<u>326,500</u>	<u>313,942</u>	<u>313,867</u>

Approved by Council on 22 November 2016 and signed on their behalf by:

Dr T K Carne, First Bursar

The notes on pages 22 to 40 form part of these accounts.

KING'S COLLEGE

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2016

	2016	2015
	£000	£000
Surplus for the year	11,877	7,617
Adjustment for non-cash items		
Depreciation	2,889	2,724
Gain on endowments, donations and investment property	(13,079)	(11,032)
Pension scheme debit	(86)	433
Increase in stocks	(243)	(95)
Increase in debtors	(3,424)	(1,040)
(Decrease)/increase in creditors	(2,136)	6
Adjusting for investing or financing activities		
Investment income	(5,150)	(4,612)
Interest payable	666	667
Net cash flows from operating activities	<u>(8,686)</u>	<u>(5,332)</u>
Cash flows from investing activities		
Investment income	5,150	4,612
New endowments received	5,870	4,429
Withdrawal of deposits	4,215	(1,449)
Non-current investment disposal	3,510	25,291
Payments to acquire non-current fixed assets	(4,039)	(2,999)
Payments to acquire non-current heritage assets	(20)	(504)
Payments to acquire non-current investments	(5,541)	(25,088)
Net cash flows from investing activities	<u>9,145</u>	<u>4,292</u>
Cash flows from financing activities		
Interest paid	(666)	(667)
Decrease in cash and cash equivalents in the year	<u>(207)</u>	<u>(1,707)</u>
Cash and cash equivalents at beginning of year	2,477	4,184
Decrease in cash and cash equivalents in the year	(207)	(1,707)
Cash and cash equivalents at end of the year (note 16)	<u><u>2,270</u></u>	<u><u>2,477</u></u>

The notes on pages 22 to 40 form part of these accounts.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

1. ACADEMIC FEES AND CHARGES

	2016	2015
	£000	£000
College fees:		
Fee income received at the Regulated Undergraduate rate	1,587	1,585
Fee income received at the Unregulated Undergraduate rate	224	234
Fee income received at the Graduate rate	488	424
	<hr/>	<hr/>
Total fee income	2,299	2,243
Other academic income	24	28
Cambridge Bursary Scheme	167	217
Research income	12	58
	<hr/>	<hr/>
Total	<u>2,502</u>	<u>2,546</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2016	2015
	£000	£000
Accommodation		
College members	2,483	2,240
International programmes	292	334
Third parties	485	518
Catering		
College members	967	934
International programmes	95	94
Third parties	1,246	1,158
	<hr/>	<hr/>
Total	<u>5,568</u>	<u>5,278</u>

3. SCHOOL INCOME

	2016	2015
	£000	£000
Fees	5,578	5,287
Other income	128	110
Donations	-	1
	<hr/>	<hr/>
Total	<u>5,706</u>	<u>5,398</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

4. ENDOWMENT RETURN AND INVESTMENT INCOME

	2016 £000	2015 £000
4a. Analysis of Investment Income		
Income drawdown from endowment (note 4b)	4,332	3,993
Other investment income	599	421
Cash balances and shared equity properties	46	52
Royalties	174	145
	<u>5,151</u>	<u>4,611</u>
4b. Summary of Total Return		
<u>Income from:</u>		
Freehold land and buildings	1,328	1,309
Quoted securities and cash	2,497	1,930
	<u>3,825</u>	<u>3,239</u>
<u>Gains/(losses) on endowment assets:</u>		
Freehold land and buildings	1,537	1,803
Quoted securities and cash	5,672	4,800
	<u>7,209</u>	<u>6,603</u>
<u>Investment management costs in respect of:</u>		
Freehold land and buildings	(375)	(408)
Quoted securities and cash	(250)	(360)
	<u>(625)</u>	<u>(768)</u>
Total return for the year	10,409	9,074
Transfer to income and expenditure reserve (note 4a)	(4,332)	(3,993)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 22)	<u>6,077</u>	<u>5,081</u>

5. OTHER INCOME

	2016 £000	2015 £000
Tourist admissions and shop sales	1,596	1,441
Chapel and choir	324	387
Other income	163	121
Total	<u>2,083</u>	<u>1,949</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

6. EDUCATION EXPENDITURE

	2016	2015
	£000	£000
Teaching	2,397	2,485
Tutorial	591	643
Admissions - General	375	399
Admissions - Access and Widening Participation	655	708
Research	1,129	1,107
Scholarships and awards	723	878
Other educational facilities	490	507
	<hr/>	<hr/>
Total	6,360	6,727
	<hr/> <hr/>	<hr/> <hr/>

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2016	2015
	£000	£000
Accommodation		
College members	3,688	3,894
Third parties	940	988
Catering		
College members	1,182	1,271
Third parties	961	952
	<hr/>	<hr/>
Total	6,771	7,105
	<hr/> <hr/>	<hr/> <hr/>

8. SCHOOL EXPENDITURE

	2016	2015
	£000	£000
Staff costs	3,967	3,748
Other expenditure	1,082	1,220
Depreciation	269	254
	<hr/>	<hr/>
Total	5,318	5,222
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

9. OTHER EXPENDITURE

	2016	2015
	£000	£000
Investment management costs	731	899
Loan interest	666	643
Tourist admission and shop expenditure	383	332
Chapel expenditure	1,467	1,546
Development	168	143
Other expenditure	153	186
	<hr/>	<hr/>
Total	3,568	3,749
	<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	27	26
Fees payable to the College's auditors for the audit of the College's subsidiaries	5	5
	<hr/>	<hr/>
Total fees payable	32	31
	<hr/> <hr/>	<hr/> <hr/>

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2015/16				
Education	2,758	2,988	614	6,360
Residences, catering and conferences	2,937	1,966	1,868	6,771
School	3,967	1,082	269	5,318
Other	938	2,492	138	3,568
Contribution under Statute G,II	-	140	-	140
	<hr/>	<hr/>	<hr/>	<hr/>
	10,600	8,668	2,889	22,157
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2014/15				
Education	2,982	3,168	577	6,727
Residences, catering and conferences	3,235	2,109	1,761	7,105
School	3,748	1,220	254	5,222
Other	948	2,669	132	3,749
Contribution under Statute G,II	-	145	-	145
	<hr/>	<hr/>	<hr/>	<hr/>
	10,913	9,311	2,724	22,948
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above expenditure includes £725,318 as the cost of fundraising (2014/15: £617,417).

This expenditure includes the costs of alumni relations.

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2016

11. STAFF EXPENDITURE

	College fellows £000	Non- academic £000	School £000	Total 2016 £000	Total 2015 £000
Staff costs					
Salaries and wages	1,335	4,360	3,226	8,921	8,715
Social security costs	85	265	264	614	554
Pension contributions (see note 26)	187	401	477	1,065	1,644
	<u>1,607</u>	<u>5,026</u>	<u>3,967</u>	<u>10,600</u>	<u>10,913</u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	<u>105</u>	<u>200</u>	<u>116</u>	<u>421</u>	<u>419</u>

All the 105 Fellows disclosed above are stipendiary (2014/15: 99).

The full-time equivalent number for non-academic and school employees is 274 (2014/15: 272).

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:

	2016	2015
£100,000-£109,999	1	2
£110,000-£119,999	1	-

	2016 £000	2015 £000
During the year emoluments paid to key management personnel in their capacity as College Fellows were:		
Key management personnel aggregated emoluments	<u>429</u>	<u>379</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and include the trustees, the Provost, the First Bursar and the Senior Tutor. Trustees receive no emoluments in their role as trustees of the charity. The emoluments paid to trustees were as follows.

	2016 £000	2015 £000
Trustees aggregated emoluments	<u>321</u>	<u>271</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

12. FIXED ASSETS

a) CONSOLIDATED

	<u>Freehold land and buildings</u>	<u>Asset in Course of Construction</u>	<u>Plant, Furniture and equipment</u>	<u>Computer Equipment</u>	Group 2016 £000	Group 2015 £000
Cost						
At 1 July 2015	140,538	965	40,149	1,265	182,917	59,488
Revaluation at 1 July 2014	-	-	-	-	-	119,390
Additions	2,534	1	1,328	176	4,039	2,999
Disposals	-	-	-	-	-	(25)
Transfer from assets in construction	278	(278)	-	-	-	-
Transfer from investment properties	-	-	-	-	-	1,065
At 30 June 2016	143,350	688	41,477	1,441	186,956	182,917
Depreciation						
At 1 July 2015	2,585	-	2,649	1,011	6,245	16,318
Revaluation at 1 July 2014	-	-	-	-	-	(12,772)
Charge for the year	975	-	1,757	157	2,889	2,724
Eliminated on disposals	-	-	-	-	-	(25)
At 30 June 2016	3,560	-	4,406	1,168	9,134	6,245
Net book value – Group	139,790	688	37,071	273	177,822	176,672
Net book value is represented by;						
College	133,550	688	36,772	141	171,151	169,910
School	6,240	-	299	132	6,671	6,762
Total	139,790	688	37,071	273	177,822	176,672

b) COLLEGE

	<u>Freehold land and buildings</u>	<u>Asset in Course of Construction</u>	<u>Plant, Furniture and equipment</u>	<u>Computer Equipment</u>	College 2016 £000	College 2015 £000
Cost						
At 1 July 2015	140,538	965	39,987	1,189	182,679	59,449
Revaluation at 1 July 2014	-	-	-	-	-	119,390
Additions	2,534	1	1,323	176	4,034	2,800
Disposals	-	-	-	-	-	(25)
Transfer from assets in construction	278	(278)	-	-	-	-
Transfer from investment properties	-	-	-	-	-	1,065
At 30 June 2016	143,350	688	41,310	1,365	186,713	182,679
Depreciation						
At 1 July 2015	2,585	-	2,631	992	6,208	16,285
Revaluation at 1 July 2014	-	-	-	-	-	(12,772)
Charge for the year	975	-	1,741	145	2,861	2,720
Eliminated on disposals	-	-	-	-	-	(25)
At 30 June 2016	3,560	-	4,372	1,137	9,069	6,208
Net book value - College	139,790	688	36,938	228	177,644	176,471

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

12. FIXED ASSETS (continued)

Net book value is represented by;

College	133,550	688	36,639	96	170,973	169,709
School	6,240	-	299	132	6,671	6,762
Total	<u>139,790</u>	<u>688</u>	<u>36,938</u>	<u>228</u>	<u>177,644</u>	<u>176,471</u>

- c) The insured value of freehold land and buildings as at 30 June 2016 was £261 million (£242 million at 30 June 2015).

13. 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:

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Balance at beginning of year	1,446	942	942	942	942	919
Acquisitions purchased with specific donations	-	500	-	-	-	-
Acquisitions purchased with College funds	20	4	-	-	-	23
Total cost of acquisitions purchased	<u>20</u>	<u>504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>
Balance at end of year	<u>1,466</u>	<u>1,446</u>	<u>942</u>	<u>942</u>	<u>942</u>	<u>942</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

14. INVESTMENTS ASSETS

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Balance at beginning of year	156,599	156,599	149,815	149,815
Additions	5,540	5,540	31,722	31,722
Disposals	(6,799)	(6,799)	(25,171)	(25,171)
Gain/(loss)	7,143	7,143	4,176	4,176
Decrease in cash balances held	(858)	(858)	(2,877)	(2,877)
Transfer to operational buildings	-	-	(1,065)	(1,065)
	<u>161,625</u>	<u>161,625</u>	<u>156,600</u>	<u>156,600</u>
Represented by:				
Quoted securities and unit trusts	102,904	102,904	101,247	101,247
Quoted securities – fixed interest	4,362	4,362	4,831	4,831
Freehold land and buildings	37,622	37,622	34,855	34,855
Investment in subsidiary undertakings	-	-	-	-
Unlisted securities	8,430	8,430	5,875	5,875
Cash with fund managers	5,328	5,328	6,186	6,186
College joint equity scheme	2,231	2,231	2,858	2,858
Literary royalties	748	748	748	748
	<u>161,625</u>	<u>161,625</u>	<u>156,600</u>	<u>156,600</u>

Subsidiary Undertakings

At 30 June 2016, 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

15. TRADE AND OTHER RECEIVABLES

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Members of the College	57	57	61	61
Trade debtors	1,118	833	584	277
Amounts due from subsidiary companies	-	2,671	-	2,560
Other debtors	4,794	4,690	2,015	1,977
	<u>5,969</u>	<u>8,251</u>	<u>2,660</u>	<u>4,875</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

16. CASH AND CASH EQUIVALENTS

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Short-term money market investments	219	219	717	717
Bank deposits	1,548	1,548	1,491	1,491
Current accounts	497	301	263	62
Cash in hand	6	5	6	5
	<u>2,270</u>	<u>2,073</u>	<u>2,477</u>	<u>2,275</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Members of the College	111	111	105	105
Trade creditors	534	445	425	374
Accruals and deferred income	1,098	928	984	850
Social security, pension and taxes	218	218	229	229
University fees	92	92	985	985
Contribution to Colleges fund	140	140	145	145
Other creditors	2,705	2,595	4,275	4,233
	<u>4,898</u>	<u>4,529</u>	<u>7,148</u>	<u>6,921</u>

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

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Other loans	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

In 2015 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 2016

19. PENSION PROVISIONS

	CCFPS	USS	Total	Total
	£000	£000	2016	2015
			£000	£000
Balance at beginning of year	(4,795)	(1,128)	(5,923)	(5,884)
Movement in year:				
Current service cost	(23)	-	(23)	(24)
Contributions paid by the College	158	-	158	270
Change in expected contribution	-	160	160	(634)
Finance cost	(178)	(31)	(209)	(45)
Actuarial gains recognised in statement of comprehensive income and expenditure	757	-	757	394
Balance at end of year	<u>(4,081)</u>	<u>(999)</u>	<u>(5,080)</u>	<u>(5,923)</u>

20. ENDOWMENTS

	Restricted	Unrestricted	Total	Total
	Permanent	Permanent		
	Endowments	Endowments		
Group and College	2016	2016	2016	2015
	£000	£000	£000	£000
Balance at beginning of year:				
Capital	28,891	52,420	81,311	77,864
New donations and endowments	49	-	49	50
Increase in market value of investments	1,327	2,106	3,433	3,397
Balance at end of year	<u>30,267</u>	<u>54,526</u>	<u>84,793</u>	<u>81,311</u>
Analysis by type of purpose:				
Student support	20,629	-	20,629	19,653
Fellowship	4,216	-	4,216	4,026
Chapel and choir	1,769	-	1,769	1,694
Other funds	3,653	-	3,653	3,518
General endowments	-	54,526	54,526	52,420
	<u>30,267</u>	<u>54,526</u>	<u>84,793</u>	<u>81,311</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2016

20. ENDOWMENTS (continued)

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Total 2016 £000	Total 2015 £000
Analysis by asset:				
Property	7,499	13,507	21,006	18,185
Investments	21,766	39,213	60,979	59,899
Cash	1,002	1,806	2,808	3,227
	<u>30,267</u>	<u>54,526</u>	<u>84,793</u>	<u>81,311</u>

21. RESTRICTED RESERVES

Group and College	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2016 £000	Total 2015 £000
Balance at beginning of year	840	5,606	30,260	36,706	31,922
Comprising:					
Capital	-	-	30,260	30,260	26,623
Unspent income	840	5,606	-	6,446	5,299
Balance at beginning of year	840	5,606	30,260	36,706	31,922
New grants	1,298	-	-	1,298	5
New donations	-	231	4,292	4,523	4,374
Endowment return transferred	-	1,030	898	1,928	1,733
Other income	-	-	167	167	217
Increase in market value of investments	-	46	1,197	1,243	1,122
Expenditure	-	(921)	(1,498)	(2,419)	(2,667)
Capital grants utilised	(1,841)	-	-	(1,841)	-
Transfer between reserves	(3)	-	3	-	-
Balance at end of year	<u>294</u>	<u>5,992</u>	<u>35,319</u>	<u>41,605</u>	<u>36,706</u>
Comprising:					
Capital	-	-	35,319	35,319	31,135
Unspent income	294	5,992	-	6,286	5,571
Balance at end of year	<u>294</u>	<u>5,992</u>	<u>35,319</u>	<u>41,605</u>	<u>36,706</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2016

21. RESTRICTED RESERVES (continued)

Analysis of other restricted funds/donations by type of purpose:	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2016 £000	Total 2015 £000
Student support	-	4,684	11,121	15,805	14,664
Fellowship	-	816	4,720	5,536	5,260
Chapel and choir	-	291	12,945	13,236	9,392
Buildings	294	-	1,487	1,781	2,265
Other funds	-	201	5,046	5,247	5,125
	<u>294</u>	<u>5,992</u>	<u>35,319</u>	<u>41,605</u>	<u>36,706</u>

22. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2016 £000	2015 £000
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Within reserves the following amounts represent the Unapplied Total Return of the College:

Unapplied total return at the beginning of year	64,006	58,925
Unapplied total return for the year (note 4b)	<u>6,077</u>	<u>5,081</u>
Unapplied total return at end of year	<u>70,083</u>	<u>64,006</u>

23. TRANSITION TO 2015 RCCA

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the 2015 RCCA. The accounting policies set out in Note 1 have been applied in preparing the comparative information for the year ended 30th June 2015 and the opening financial position at 1st July 2014 resulting in a restatement of these figures.

	30 June 2015 £000
In accordance with FRS 102 a reconciliation of opening balances is provided here	
Surplus for the year as previously stated	1,014
Adjustment for transfer from restricted funds	(110)
Revised treatment of deferred capital	(26)
Adjustment for studentship committed accrual	(271)
Adjustment for movement in pension deficit funding provision of USS	(459)
Adjustment for movement in pension deficit funding of CCFPS	(175)
Adjustment for the increased depreciation charge from the revaluation of fixed assets	<u>(1,259)</u>
	c/fwd (1,286)

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

23. TRANSITION TO 2015 RCCA (continued)

Adjustment for gains previously recognised in the Statement of Recognised Gains and Losses;	b/fwd	(1,286)
Unapplied total return transferred to Endowment	5,081	
New Endowments	3,817	
Other capital grants for fixed assets	5	
Actuarial profit in respect of pension schemes	394	9,297
Total comprehensive income as restated		8,011
	1 July	30 June
	2014	2015
Reconciliation of reserves and balances	£000	£000
Reserve balance as previously stated	174,436	184,437
Pension deficit funding provision	(668)	(1,127)
Revaluation of fixed assets to fair value on transition	132,163	132,163
Adjustment for the increased depreciation charge from the revaluation of fixed assets	-	(1,260)
Adjustment for the studentship commitment accrual	-	(271)
	131,495	129,505
Reserve balances restated	305,931	313,942

24. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £570k at 30 June 2016 for works on the Gibbs building, Spalding Hostel and the chapel organ (£1,985k at 30 June 2015). In addition the College has committed to invest a further £1 million in Private Equity funds.

25. FINANCIAL COMMITMENTS

At 30 June 2016 and 2015 the College had no annual commitments under non-cancellable operating leases.

26. 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:

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

26. PENSION SCHEMES (continued)

	2016	2015
	£000	£000
University Superannuation Scheme (includes FRS 102)	432	1,072
Cambridge Colleges' Federated Pension Scheme (includes FRS 102)	237	231
Teachers' Pension Scheme	308	255
Church of England Funded Pension Scheme	18	16
NOW: Pensions	70	70
	<hr/>	<hr/>
	1,065	1,644
	<hr/> <hr/>	<hr/> <hr/>

University Superannuation Scheme (USS)

The total cost charged to the statement of comprehensive income and expenditure is £432k (2014/15 £1,073k). This includes £70,658 (2014/15 £71,619) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

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 98% of S1NA ["light"] YoB tables – No age rating

Female members' mortality 99% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

26. PENSION SCHEMES (USS continued)

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme	£8.5bn	£11.1bn
deficit FRS 102 total	85%	82%
funding level		

Cambridge Colleges Federation Pension Scheme (CCFPS)

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2014 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

	2016	2015
	% p.a.	% p.a.
Discount rate	2.8	3.7
Increase in salaries	n/a*	2.75**
RPI assumption	2.9	3.25
CPI assumption	1.9	2.25

*The last active Member left service prior to the year end

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

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2015 future improvement factors and a long-term rate of future improvement of 1% p.a. (2015: same base table with CMI_2014 future improvement factors and a long-term future improvement rate of 1% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years.
- Female age 65 now has a life expectancy of 23.9 years.
- Male age 45 now and retiring in 20 years has a life expectancy of 23.2 years.
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years.

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2016 (with comparative figures as at 30 June 2015) are as follows:

	2016	2015
	£000	£000
Present value of plan liabilities	(15,520)	(14,832)
Market value of plan assets	11,439	10,037
Net defined benefit asset/(liability)	<u>(4,081)</u>	<u>(4,795)</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

26. PENSION SCHEMES (CCFPS continued)

The amounts to be recognised in Profit and Loss for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows.

	2016	2015
	£000	£000
Current service cost & ongoing expenses	23	24
Interest on net defined benefit (asset)/liability	178	220
	<hr/>	<hr/>
Total	201	244
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the plan liabilities for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016	2015
	£000	£000
Present value of plan liabilities at beginning of period	14,832	14,287
Current service cost (including Employee contributions)	23	27
Benefits paid	(495)	(546)
Interest on plan liabilities	540	590
Actuarial (gains)/losses	620	474
	<hr/>	<hr/>
Present value of plan liabilities at end of period	15,520	14,832
	<hr/> <hr/>	<hr/> <hr/>

Changes in the fair value of the plan assets for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016	2015
	£000	£000
Market value of plan assets at beginning of period	10,037	9,072
Contributions paid by the College	158	270
Employee contributions	0	3
Benefits paid	(495)	(546)
Interest on plan assets	362	370
Return on assets, less interest included in Profit & Loss	1,377	868
Market value of plan assets at end of period	11,439	10,037
	<hr/>	<hr/>
Actual return on plan assets	1,739	1,238
	<hr/> <hr/>	<hr/> <hr/>

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016	2015
Equities	59%	69%
Bonds & Cash	35%	25%
Property	6%	6%
Total	100%	100%

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

26. PENSION SCHEMES (CCFPS continued)

The plan has no investments in property occupied by, assets used by or financial instruments issued by the College.

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016	2015
	£000	£000
Actual return less expected return on plan assets	1,377	868
Experience gains and losses arising on plan liabilities	455	91
Changes in assumptions underlying the present value of plan liabilities	(1,075)	(565)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in OCI	757	394
	<hr/> <hr/>	<hr/> <hr/>

Movement in surplus/(deficit) during the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows:

	2016	2015
	£000	£000
Surplus/(deficit) in plan at beginning of year	(4,795)	(5,215)
Recognised in Profit and Loss	(201)	(244)
Contributions paid by the College	158	270
Actuarial gain/(loss) recognised in OCI	757	394
	<hr/>	<hr/>
Surplus/(deficit) in plan at the end of the year	(4,081)	(4,795)
	<hr/> <hr/>	<hr/> <hr/>

Funding Policy

Funding valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102.

The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 3 June 2015 and are as follows:

- Annual contributions of not less than £136,777 p.a. payable for the period from 1 July 2015 to 31 March 2034.

These payments are subject to review following the next funding valuation, due as at 31 March 2017.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme. This is a statutory, contributory, final salary, unfunded scheme and as such it is not possible to identify the College's share of the underlying assets and liabilities of the scheme. The College contributes 14.1% of teachers' gross salary for those in the scheme while since January 2007 members have contributed 6.4%. From April 2012, this changed to a tiered pension scheme, with employees paying between 6.4% and 8.8%, and from April 2013, these tiers became 6.4% to 11.2%.

For schemes such as the Teachers' Pension Scheme, FRS102 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 £308,000 (2014/15 £255,000)

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

26. PENSION SCHEMES (continued)

Church of England Funded Pensions Scheme (CEFPS)

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- 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 two thirds by 31 December 2029, with the balance in return-seeking assets.
 - A 100% allocation to return-seeking assets for investments backing liabilities prior to retirement.
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities.
- RPI inflation of 3.2% p.a. (and pension increases consistent with this).
- Increase in pensionable stipends of 3.2% p.a.
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future 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 females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
Total contribution rate	<u>38.2%</u>	<u>39.9%</u>

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below. The provision has not been included in the accounts.

	2016 £'000	2015 £'000
Balance sheet liability at 1 July	62	36
Deficit contribution paid	(6)	(4)
Interest cost	1	1
Remaining change to the balance sheet liability*	(1)	29
Balance sheet liability at 30 June	<u>56</u>	<u>62</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year ends.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2016

26. PENSION SCHEMES (CEFPS continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2016	2015
	% p.a.	% p.a.
Discount rate	2.5	2.3
Price inflation	2.4	2.7
Increase to total pensionable payroll	0.9	1.2

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 (2014/15 £70,000).

27. CONTINGENT LIABILITIES

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

28. RELATED PARTY TRANSACTIONS

As described in the report of the Governing Body, the University provides the majority of the Fellows with their primary employment, teaches jointly and examines the undergraduate students and provides research facilities for the graduate students. The University pays fees to the College from the public money it receives for students who are based in the United Kingdom and the European Union for the College's role in admitting students, teaching them and ensuring their welfare. University tuition fees are billed to students by the College acting as the University's agent, and therefore these amounts (£5.3 million in 2015/16 and £5.2 million in 2014/15) 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 £84,482 in 2015/16 (£92,503 in 2014/15) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.