

KING'S COLLEGE

Accounts

30 June 2017

KING'S COLLEGE

ACCOUNTS 2017

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KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Professor Michael Proctor

Fellows

Dr Ronojoy Adhikari (from 02.05.17)
Dr Tess Adkins
Dr Sebastian Ahnert
Dr Mark Ainslie
Dr David Al-Attar
Dr Anna Alexandrova
Prof John Arnold (from 01.10.16)
Dr Nick Atkins
Prof Gareth Austin (from 01.10.16)
Dr Amanda Barber
Dr John Barber
Professor Michael Bate
Professor Sir Patrick Bateson
Dr Andreas Bender
Dr Nathanaël Berestycki
Dr Alice Blackhurst (from 01.10.16)
Dr Mirjana Bozic
Dr Siobhan Braybrook
Dr Angela Breitenbach
Professor Sydney Brenner
Dr Jude Browne
Professor Nick Bullock
Professor Bill Burgwinkle
Dr Matei Candea
Dr Keith Carne
Mr Richard Causton
Mr Nick Cavalla
Dr Goylette Chami (from 01.10.16)
The Revd Dr Stephen Cherry (Dean)
Mr Stephen Cleobury (Director of Music)
Dr Francesco Colucci
Dr Sarah Crisp
Dr Laura Davies (from 01.10.16)
Professor Anne Davis
Professor Peter de Bolla
Dr Megan Donaldson
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 Timothy Flack (Senior Tutor)
Professor Robert Foley
Dr Stephen Fried
Dr Juan Garaycochea
Dr Chryssi Giannitsarou
Lord Tony Giddens
Dr Ingo Gildenhard

Professor Christopher Gilligan
Dr Hadi Godazgar (to 30.09.16)
Dr Mahdi Godazgar (to 30.09.16)
Professor Simon Goldhill
Dr David Good
Prof Julian Griffin
Dr Tim Griffin
Professor Gillian Griffiths
Dr Ben Gripaios
Prof Mark Gross (from 01.10.16)
Dr Henning Grosse Ruse-Khan
Dr Cesare Hall
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
Prof James Laidlaw
Professor Richard Lambert
Professor Charlie Loke
Professor Sarah Lummis
Professor Alan Macfarlane
Dr Marwa Mahmoud (from 01.10.16)
Professor Nicholas Marston
Professor Jean Michel Massing
Dame Judith Mayhew Jonas
Dr Malachi McIntosh (to 30.09.16)
Professor Dan McKenzie
Professor Cam Middleton
Dr Valentina Migliori
Dr Perveez Mody
Professor Ashley Moffett
Prof Geoff Moggridge
Dr Ken Moody
Professor Clement Mouhot
Dr David Munday
Dr Basim Musallam
Dr Eva Nanopoulos (to 30.09.16)
Dr Rory O'Bryen
Dr Rosanna Omitowaju
Professor Robin Osborne
Dr David Payne
Dr Ben Phalan (to 30.09.16)
Professor Chris Prendergast
Dr Mezna Qato
Dr Oscar Randal-Williams
Dr Surabhi Ranganathan
Professor Robert Rowthorn
Professor Paul Ryan

Professor Hamid Sabourian
Dr Paul Sagar
Prof Jason Sharman (from 01.01.17)
Dr Mark Smith
Dr Michael Sonenscher
Dr Sharath Srinivasan
Professor Gareth Stedman Jones
Dr Aleksandar Stevic
Professor Yasir Suleiman
Professor Azim Surani
Dr Erika Swales
Dr James Taylor
Dr Simone Teufel
Mr James Trevithick
Prof Caroline van Eck (from 01.10.16)
Dr Bert Vaux
Dr Rob Wallach
Professor Hanna Weibye
Dr Darin Weinberg
Dr Godela Weiss-Sussex
Dr Stephen Wertheim
Dr Tom White
Professor John Young
Professor Nicolette Zeeman

Members in statu pupillary

Rebecca Love (to 22.11.16)
Ben Abrams (to 22.11.16)
Ceylon Hickman (to 13.06.17)
Amy Clark (to 13.06.17)
Anjalene Whittier (from 24.01.17)
Maria Iossifidou (from 24.01.17)

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
Rev'd Stephen Cherry
Dr Laura Davies (from 01.01.17)
Professor John Dunn
Professor George Efstathiou (from 01.01.17)
Ms Lorraine Headen (from 01.01.17)
Professor Caroline Humphrey (from 01.01.17)
Professor James Laidlaw (to 31.12.16)
Professor Ashley Moffett (to 31.12.16)
Professor Clement Mouhot
Dr Paul Sagar (from 01.01.17)

Dr James Taylor
Mr James Trevithick (to 31.12.16)
Dr Hanna Weibye (to 31.12.16)
Members in statu pupillary
Ben Abrams (to 31.12.16)
Amy Clark
Ceylon Hickman
Maria Iossifidou (from 01.01.17)
Rebecca Love (to 31.12.16)
Anjalene Whittier (from 01.01.17)

Senior Officers

Provost: Professor Michael Proctor
Vice Provost: Professor Nicholas Marston
First Bursar: Dr Keith Carne
Senior Tutor: Dr Perveez Mody
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

Petersfield LLP
20 Station Road
Cambridge CB1 2JD

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

Cazenove Capital
31 Gresham Street
London EC2V 7QA

Bankers

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

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 2017 the College consisted of the Provost, 127 Fellows, some 648 resident undergraduate and graduate students, 420 pupils in the School, and 330 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 648 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 2016/17, 348 undergraduate students sat classified University examinations; 87% 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 2016/17, 61 graduate students successfully completed an MPhil or other one-year graduate course, 8 completed clinical studies and 37 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 2016/17, 654 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 16,280, plus use inside the Library of 4,325 items from the total stock accessible via the online catalogue of 114,090 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, 252 readers (165 of them new) made 539 visits to the Archives reading room, 2,521 documents were retrieved for visitors and 3,188 enquiries answered. 1,545 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 34 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 2016/17, 1 non-stipendiary and 3 stipendiary Junior Research Fellows and 7 College Research Associates (CRAs) were appointed, and two existing CRAs were renewed for a further year. 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

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REPORT OF THE COUNCIL

Aims and Objectives (Continued)

her research. The College runs international conferences, workshops and seminars annually, organised by Fellows of the College.

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.

2016/17 proved to be another successful year for the School, with our children flourishing academically, as well as musically, artistically and in sports. Indeed, our Year 8 pupils achieved 18 scholarship awards to senior schools, including 8 for academic performance, 5 for Music, 2 for Sport, 1 for Art, 1 for Drama and 1 for all-round performance.

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. Work has now begun on a major 12-month project to construct our new £6 million Cultural and Sports Hall, which will have a transformative effect on the School's provision.

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. 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 2017 are set out on page 2.

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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 2017 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 brought in a new form of accounts in 2015/16 because of the adoption of Financial Reporting Standard 102. This change affected all Higher Education organisations including Cambridge Colleges. On page 18, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £23,313k (£12,634k in 2015/16). 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 £159k for 2016/17 compared to a surplus of £254k for 2015/16.

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 overall by 8.0% due to a 9.1% increase in the number of graduates (from 164 to 179) and a 26% increase in the privately funded and overseas undergraduates (from 35 to 44). This was further enhanced by a 15.5% increase in the proportion of the graduate fee paid to Colleges and a 5% increase in the private and overseas undergraduate fee. The regulated home/EU undergraduate student numbers fell by 1 (from 353 to 352) and the College fee remained unchanged at £4,500. Other Academic and Research Income decreased by 9.6% in 2016/17 due to a £15k reduction in the receipts from the University in respect of the Cambridge Bursary Scheme. In addition, there was no Research Income as there was no expenditure in the year on the one project in the name of the 'Centre for History and Economics' that is administered through the College.

Income from College Members Accommodation was up by 6.4% which included a 5.4% increase in student room rents and further increases in guest room and fellows service charge income. Third Party Accommodation decreased by 17.9% as conference numbers fell and there were fewer 'room 'only' bookings during the year. Third Party Catering (conferences and private dining) also fell 4.4% on the back of continued year on year increases since 2012/13. Summer School income was down 1.2% in 2016/17 due to a fall in the student numbers

KING'S COLLEGE

REPORT OF THE COUNCIL

for the PKP programme. College Members Catering was up 0.7% and overall income from Residences, Catering and Conferences was up 0.5%, a £30k increase on 2015/16.

Tourist admissions income rose by 23.7% in 2016/17 as tourist numbers continued to increase. The College Shop (now the Visitor Centre) also performed well over the year with turnover up 28.6% and a resulting net profit of £44,764 compared to a £5,660 loss for 2015/16. The profit is after paying a market rent of £45k to the College for the use of the premises at 13 King's Parade. Endowment and investment income increased 4.8% in 2016/17. This included a 6.0% increase in the spending rule income which is calculated at 3.35% of the average endowment value for the previous three years. However, royalty income was £50k down on the previous year when the College received an £85k royalty payment for the commissioning of a Howards End film.

Choir tour income was up 125% for 2016/17 due to a busier programme that included tours to the Far East and the States. Choir tour expenditure was also up and the profit on the tours came in at £38,691 for 2016/17 compared to £32,415 for 2015/16. School income rose by 1.1% which included a 4% increase in school fees that was partly offset by a fall in pupil numbers.

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 £504k in 2016/17 (£599k in 2015/16).

During the year the College sold Whichcote House, a graduate accommodation block on Springfield Road, Cambridge for £2.67 million. This resulted in a £735,000 gain on disposal of fixed assets in the Statement of Comprehensive Income and Expenditure. The proceeds from the sale will be used to help fund the building of new graduate accommodation at our Croft Gardens and Cranmer Road sites. Both these developments are currently going through the planning application process.

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 increased by 4.3%. Staff costs increased by 3.9% that included a 4.6% increase in School wages (due to a 2% cost of living rise and staff moving progression points) and a 3.5% increase in College wage costs. There was a 1.1% pay rise across the College for 2016/17 and additional costs include the appointment of new chefs to address the shortfall that arose from a number leaving the previous year. College operating expenditure (excluding the School) increased by 5.8% that included increases to catering food costs (5.4%), choir tour and recording expenditure (113%), gardens (24.5%), general maintenance (50.2%), student support (11.8%) and tourism (29%). Student support expenditure totalled £1,319,418 in 2016/17 (£1,179,695 in 2015/16). This was due to an increase in studentships paid to graduates in 2016/17 because more of the restrictions on the use of some of the funds were met compared to the previous year. In addition there was a small increase in the grants paid to undergraduates that qualified under the Cambridge Bursary Scheme that was £282,000 during the year (£270,500 in 2015/16). Chapel recording expenditure increased significantly at £191,858 for 2016/17 (£113,060 in 2015/16). 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 in 2015/16 and this has brought the most significant change to expenditure in the form of an increased depreciation charge. The total depreciation (excluding the School) was £2,646,003 for the year (£2,619,647 in 2015/16). This is more than double the £1,210,565 depreciation charge in 2014/15 before the revaluation was carried out. Increased tourism, catering and endowment income, together with suitable controls over expenditure, has enabled the College to absorb this higher depreciation charge for 2016/17 and 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 £3,857,288 (£3,857,592 in 2015/16) with its net endowment and investment income. The net cost of accommodation rose in 2016/17 to £1,478,285 (£1,368,663 in 2015/16) as a result of an increase in general maintenance expenditure and a fall in conference income. The net surplus on catering was also down at £1,126 (£166,258 in 2015/16) due to the decrease in conference and private dining business and a rise in food costs.

The School recorded a surplus of £204,893 for 2016/17 (£392,223 in 2015/16). In addition, the College provided funds for choristership bursaries and bank interest of £322,033 (£340,744 in 2015/16) and the School paid

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REPORT OF THE COUNCIL

£270,525 in rent back to the College (£270,939 in 2015/16). A total of £256,401 has been transferred to the funds designated for the School within the College reserves (£462,028 in 2015/16).

Capital Expenditure

During the year, capital expenditure including heritage assets was £3,182,546 (£4,059,166 in 2015/16). This includes £182,657 towards the organ restoration, £88,071 for catering, gardens, shop and audio visual equipment, £2,615,977 for maintenance projects and £295,841 for the School. The College maintenance projects includes £163,849 for the gatehouse, £417,507 for work on the Gibbs Building, £717,008 towards the new buildings projects at Cranmer Road and Croft Gardens, £124,731 for repairs to Spalding Hostel, £258,327 for work on Chetwynd Court and £160,584 on the Sportsground and Boathouse. The School's capital expenditure of £295,841 includes £49,740 on IT, £23,892 on furniture and equipment, £9,197 for the new workshop, £11,500 for matron's flat/sick bay and £192,224 towards the new Sports and Cultural Centre.

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 2017, 58% (64% at 30 June 2016) of the general investment fund was invested in UK and international equities and 22% (23% at 30 June 2016) 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 (excluding the donated shares) rose 15.4% in 2016/17 (4.0% in 2015/16). The FTSE All Share rose 13.8% in 2016/17 (1.5% fall in 2015/16) and the MSCI World Index rose 19.3% in 2016/17 (12.1% in 2015/16).

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 2016/17, all but £291,355 (£327,370 in 2015/16) 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.

Reserves

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 £205,714,000 in unrestricted reserves, of which £176,175,000 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
21 November 2017

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

Opinion

We have audited the financial statements of King's College (the 'College') for the year ended 30 June 2017 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report of the Trustees other than the financial statements and our auditor's report thereon. The Council and Governing Body are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of the Council and Governing Body

As explained more fully in the responsibilities of the Council and Governing Body statement set out on page 9, the Council and Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council and Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council and Governing Body are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

KING'S COLLEGE

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

Use of our report

This report is made solely to the College's Council and Governing Body as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our work has been undertaken so that we might state to the Council and Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Council and Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
Date:

Peters Elworthy & Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

The Cambridge Bursary Scheme (CBS) administration has changed for 2016/17;

- The Student Loan Company (SLC) assesses the students for CBS eligibility.
- The SLC pays the student direct for the CBS payment and then takes the money from the College by direct debit.
- At the end of term, the University provides the College with a list of students and a breakdown of the University and College contributions.

The College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges".

The net payment of £130k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£152k
Expenditure	£282k

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 Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College 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. As required by Section 28 of FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the College has entered into an agreement (the recovery plan) that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

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.

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.

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 2017

	Note	Unrestricted £000	Restricted £000	Endowment £000	Total 2017 £000	Unrestricted £000	Restricted £000	Endowment £000	Total 2016 £000
INCOME									
Academic fees and charges	1	2,516	152	-	2,668	2,335	167	-	2,502
Residence, catering and conferences	2	5,598	-	-	5,598	5,568	-	-	5,568
School	3	5,770	-	-	5,770	5,706	-	-	5,706
Investment income	4	682	-	3,910	4,592	819	-	3,825	4,644
Endowment return transferred	4	2,475	2,117	(4,592)	-	2,404	1,928	(4,332)	-
Other income	5	2,705	-	-	2,705	2,083	-	-	2,083
Total income before donations and endowments		19,746	2,269	(682)	21,333	18,915	2,095	(507)	20,503
Donations		577	325	-	902	452	231	-	683
New endowments		-	2,274	866	3,140	-	4,292	49	4,341
Capital donations for assets		-	859	-	859	-	1,298	-	1,298
Total Income		20,323	5,727	184	26,234	19,367	7,916	(458)	26,825
EXPENDITURE									
Education	6	4,834	1,693	-	6,527	4,626	1,734	-	6,360
Residence, catering and conferences	7	7,004	70	-	7,074	6,715	56	-	6,771
School	8	5,576	-	-	5,576	5,318	-	-	5,318
Other expenditure	9	2,608	674	516	3,798	2,314	629	625	3,568
Contribution under Statute G,II		142	-	-	142	140	-	-	140
Total expenditure		20,164	2,437	516	23,117	19,113	2,419	625	22,157
Surplus/(deficit) before other gains and losses		159	3,290	(332)	3,117	254	5,497	(1,083)	4,668
Gain on disposal of fixed assets		735	-	-	735	-	-	-	-
Gain on investments		4,255	4,019	10,966	19,240	1,401	1,243	4,565	7,209
Surplus for the year		5,149	7,309	10,634	23,092	1,655	6,740	3,482	11,877
Other comprehensive income									
Actuarial gain in respect of pension schemes		221	-	-	221	757	-	-	757
Total comprehensive income for the year		5,370	7,309	10,634	23,313	2,412	6,740	3,482	12,634

The notes on pages 22 to 39 form part of these accounts.

KING'S COLLEGE**STATEMENT OF CHANGES IN RESERVES****Year ended 30 June 2017**

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2016	200,177	41,605	84,793	326,575
Surplus from income and expenditure statement	5,149	7,309	10,634	23,092
Other comprehensive income	221	-	-	221
Transfer in year	14	(14)	-	-
Release of restricted capital funds spent in the year	153	(153)	-	-
Balance at 30 June 2017	<u>205,714</u>	<u>48,747</u>	<u>95,427</u>	<u>349,888</u>

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
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>

The notes on pages 22 to 39 form part of these accounts.

KING'S COLLEGE

**CONSOLIDATED AND COLLEGE BALANCE SHEETS
as at 30 June 2017**

	Note	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
NON-CURRENT ASSETS					
Tangible assets	12	176,175	176,014	177,822	177,644
Heritage assets	13	1,466	1,466	1,466	1,466
Investment assets	14	189,239	189,239	161,625	161,625
		<u>366,880</u>	<u>366,719</u>	<u>340,913</u>	<u>340,735</u>
CURRENT ASSETS					
Stocks - good for resale		2,707	46	2,401	50
Trade and other receivables	15	2,441	5,316	5,969	8,251
Cash and cash equivalents	16	3,215	2,844	2,270	2,073
		<u>8,363</u>	<u>8,206</u>	<u>10,640</u>	<u>10,374</u>
CREDITORS: amounts falling due within one year	17	<u>(5,600)</u>	<u>(5,362)</u>	<u>(4,898)</u>	<u>(4,529)</u>
NET CURRENT ASSETS		<u>2,763</u>	<u>2,844</u>	<u>5,742</u>	<u>5,845</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>(4,755)</u>	<u>(4,755)</u>	<u>(5,080)</u>	<u>(5,080)</u>
TOTAL NET ASSETS		<u>349,888</u>	<u>349,808</u>	<u>326,575</u>	<u>326,500</u>
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	20	95,427	95,427	84,793	84,793
Income and expenditure reserve – restricted reserve	21	48,747	48,747	41,605	41,605
		<u>144,174</u>	<u>144,174</u>	<u>126,398</u>	<u>126,398</u>
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted reserve		205,714	205,634	200,177	200,102
		<u>205,714</u>	<u>205,634</u>	<u>200,177</u>	<u>200,102</u>
TOTAL RESERVES		<u>349,888</u>	<u>349,808</u>	<u>326,575</u>	<u>326,500</u>

Approved by Council on 21 November 2017 and signed on their behalf by:

Dr T K Carne, First Bursar

The notes on pages 22 to 39 form part of these accounts.

KING'S COLLEGE**CONSOLIDATED CASH FLOW STATEMENT**
Year ended 30 June 2017

	2017	2016
	£000	£000
Surplus for the year	23,092	11,877
Adjustment for non-cash items		
Depreciation	2,918	2,889
Gain on endowments, donations and investment property	(19,240)	(7,208)
Pension scheme debit	(104)	(86)
Increase in stocks	(306)	(243)
Increase in debtors	3,529	(3,424)
(Decrease)/increase in creditors	700	(2,136)
Adjusting for investing or financing activities		
Investment income	(4,593)	(5,150)
Interest payable	666	666
Profit on sale of non current assets	(735)	-
Net cash flows from operating activities	<u>5,927</u>	<u>(2,815)</u>
Cash flows from investing activities		
Investment income	3,051	5,150
Withdrawal of deposits	-	4,214
Non-current investment disposal	3,478	3,510
Proceeds from sales of non current fixed assets	2,647	-
Payments to acquire non-current fixed assets	(3,183)	(4,039)
Payments to acquire non-current heritage assets	-	(20)
Payments to acquire non-current investments	(10,309)	(5,541)
Net cash flows from investing activities	<u>(4,316)</u>	<u>3,274</u>
Cash flows from financing activities		
Interest paid	(666)	(666)
Increase/(decrease) in cash and cash equivalents in the year	<u>945</u>	<u>(207)</u>
Cash and cash equivalents at beginning of year	2,270	2,477
Increase/(decrease) in cash and cash equivalents in the year	945	(207)
Cash and cash equivalents at end of the year (note 16)	<u>3,215</u>	<u>2,270</u>

The notes on pages 22 to 39 form part of these accounts.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

1. ACADEMIC FEES AND CHARGES

	2017	2016
	£000	£000
College fees:		
Fee income received at the Regulated Undergraduate rate	1,582	1,587
Fee income received at the Unregulated Undergraduate rate	315	224
Fee income received at the Graduate rate	587	488
	<hr/>	<hr/>
Total fee income	2,484	2,299
Other academic income	32	24
Cambridge Bursary Scheme	152	167
Research income	-	12
	<hr/>	<hr/>
Total	<u>2,668</u>	<u>2,502</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2017	2016
	£000	£000
Accommodation		
College members	2,642	2,483
International programmes	287	292
Third parties	398	485
Catering		
College members	985	967
International programmes	95	95
Third parties	1,191	1,246
	<hr/>	<hr/>
Total	<u>5,598</u>	<u>5,568</u>

3. SCHOOL INCOME

	2017	2016
	£000	£000
Fees	5,651	5,578
Other income	114	128
Donations	5	-
	<hr/>	<hr/>
Total	<u>5,770</u>	<u>5,706</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

4. ENDOWMENT RETURN AND INVESTMENT INCOME

	2017 £000	2016 £000
4a. Analysis of Investment Income		
Income drawdown from endowment (note 4b)	4,592	4,332
Other investment income	504	599
Cash balances and shared equity properties	54	46
Royalties	124	174
	<u>5,274</u>	<u>5,151</u>
4b. Summary of Total Return		
<u>Income from:</u>		
Freehold land and buildings	1,425	1,328
Quoted securities and cash	2,485	2,497
	<u>3,910</u>	<u>3,825</u>
<u>Gains/(losses) on endowment assets:</u>		
Freehold land and buildings	866	1,537
Quoted securities and cash	18,374	5,672
	<u>19,240</u>	<u>7,209</u>
<u>Investment management costs in respect of:</u>		
Freehold land and buildings	(195)	(375)
Quoted securities and cash	(321)	(250)
	<u>(516)</u>	<u>(625)</u>
Total return for the year	22,634	10,409
Transfer to income and expenditure reserve (note 4a)	(4,592)	(4,332)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 22)	<u>18,042</u>	<u>6,077</u>

5. OTHER INCOME

	2017 £000	2016 £000
Tourist admissions and shop sales	1,991	1,596
Chapel and choir	567	324
Other income	147	163
Total	<u>2,705</u>	<u>2,083</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

6. EDUCATION EXPENDITURE

	2017	2016
	£000	£000
Teaching	2,434	2,397
Tutorial	591	591
Admissions - General	407	375
Admissions - Access and Widening Participation	596	655
Research	1,116	1,129
Scholarships and awards	881	723
Other educational facilities	502	490
	<hr/>	<hr/>
Total	6,527	6,360
	<hr/> <hr/>	<hr/> <hr/>

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2017	2016
	£000	£000
Accommodation		
College members	3,829	3,688
Third parties	975	940
Catering		
College members	1,303	1,182
Third parties	967	961
	<hr/>	<hr/>
Total	7,074	6,771
	<hr/> <hr/>	<hr/> <hr/>

8. SCHOOL EXPENDITURE

	2017	2016
	£000	£000
Staff costs	4,149	3,967
Other expenditure	1,155	1,082
Depreciation	272	269
	<hr/>	<hr/>
Total	5,576	5,318
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

9. OTHER EXPENDITURE

	2017	2016
	£000	£000
Investment management costs	615	731
Loan interest	666	666
Tourist admission and shop expenditure	681	383
Chapel expenditure	1,513	1,467
Development	159	168
Other expenditure	164	153
	<hr/>	<hr/>
Total	3,798	3,568
	<hr/> <hr/>	<hr/> <hr/>
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	26	27
Fees payable to the College's auditors for the audit of the College's subsidiaries	5	5
	<hr/>	<hr/>
Total fees payable	31	32
	<hr/> <hr/>	<hr/> <hr/>

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2016/17				
Education	2,788	3,119	620	6,527
Residences, catering and conferences	3,054	2,134	1,886	7,074
School	4,149	1,155	272	5,576
Other	1,027	2,631	140	3,798
Contribution under Statute G,II	-	142	-	142
	<hr/>	<hr/>	<hr/>	<hr/>
	11,018	9,181	2,918	23,117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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/>

The above expenditure includes £766,805 as the cost of fundraising (2015/16: £725,318).

This expenditure includes the costs of alumni relations.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

11. STAFF EXPENDITURE

	College fellows £000	Non- academic £000	School £000	Total 2017 £000	Total 2016 £000
Staff costs					
Salaries and wages	1,446	4,444	3,332	9,222	8,921
Social security costs	94	304	319	717	614
Pension contributions (see note 25)	177	404	498	1,079	1,065
	<u>1,717</u>	<u>5,152</u>	<u>4,149</u>	<u>11,018</u>	<u>10,600</u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	<u>122</u>	<u>211</u>	<u>119</u>	<u>452</u>	<u>421</u>

All the 122 Fellows disclosed above are stipendiary (2015/16:105).

The full-time equivalent number for non-academic and school employees is 284 (2015/16: 274).

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:

	2017	2016
£100,000-£109,999	1	1
£110,000-£119,999	1	1

	2017 £000	2016 £000
During the year emoluments paid to key management personnel in their capacity as College Fellows were:		
Key management personnel aggregated emoluments	<u>484</u>	<u>429</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.

	2017 £000	2016 £000
Trustees aggregated emoluments	<u>340</u>	<u>321</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2017

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 2017 £000	Group 2016 £000
Cost						
At 1 July 2016	142,970	1,068	41,477	1,441	186,956	182,917
Additions	1,444	1,124	565	50	3,183	4,039
Disposals	(1,815)	-	(160)	-	(1,975)	-
Transfer from assets in construction	53	(214)	161	-	-	-
At 30 June 2017	<u>142,652</u>	<u>1,978</u>	<u>42,043</u>	<u>1,491</u>	<u>188,164</u>	<u>186,956</u>
Depreciation						
At 1 July 2016	3,560	-	4,406	1,168	9,134	6,245
Charge for the year	985	-	1,767	166	2,918	2,889
Eliminated on disposals	(31)	-	(32)	-	(63)	-
At 30 June 2017	<u>4,514</u>	<u>-</u>	<u>6,141</u>	<u>1,334</u>	<u>11,989</u>	<u>9,134</u>
Net book value – Group	<u>138,138</u>	<u>1,978</u>	<u>35,902</u>	<u>157</u>	<u>176,175</u>	<u>177,822</u>
Net book value is represented by:						
College	132,410	1,398	35,638	34	169,480	171,151
School	5,728	580	264	123	6,695	6,671
Total	<u>138,138</u>	<u>1,978</u>	<u>35,902</u>	<u>157</u>	<u>176,175</u>	<u>177,822</u>

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 2017 £000	College 2016 £000
Cost						
At 1 July 2016	142,970	1,068	41,310	1,365	186,713	182,679
Additions	1,444	1,124	554	50	3,172	4,034
Disposals	(1,815)	-	(160)	-	(1,975)	-
Transfer from assets in construction	53	(214)	161	-	-	-
At 30 June 2017	<u>142,652</u>	<u>1,978</u>	<u>41,865</u>	<u>1,415</u>	<u>187,910</u>	<u>186,713</u>
Depreciation						
At 1 July 2016	3,560	-	4,372	1,137	9,069	6,208
Charge for the year	985	-	1,750	155	2,890	2,861
Eliminated on disposals	(31)	-	(32)	-	(63)	-
At 30 June 2017	<u>4,514</u>	<u>-</u>	<u>6,090</u>	<u>1,292</u>	<u>11,896</u>	<u>9,069</u>
Net book value - College	<u>138,138</u>	<u>1,978</u>	<u>35,775</u>	<u>123</u>	<u>176,014</u>	<u>177,644</u>
Net book value is represented by:						
College	132,410	1,398	35,511	-	169,319	170,973
School	5,728	580	264	123	6,695	6,671
Total	<u>138,138</u>	<u>1,978</u>	<u>35,775</u>	<u>123</u>	<u>176,014</u>	<u>177,644</u>

c) The insured value of freehold land and buildings as at 30 June 2017 was £256 million (£261 million at 30 June 2016).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

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 five years were as follows:

	2017	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000	£000
Balance at beginning of year	1,466	1,446	942	942	942	942
Acquisitions purchased with specific donations	-	-	500	-	-	-
Acquisitions purchased with College funds	-	20	4	-	-	-
Total cost of acquisitions purchased	-	20	504	-	-	-
Balance at end of year	<u>1,466</u>	<u>1,466</u>	<u>1,446</u>	<u>942</u>	<u>942</u>	<u>942</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

14. INVESTMENTS ASSETS

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Balance at beginning of year	161,625	161,625	156,599	156,599
Additions	14,480	14,480	5,540	5,540
Disposals	(20,320)	(20,320)	(6,799)	(6,799)
Gain/(loss)	19,242	19,242	7,143	7,143
Decrease in cash balances held	14,212	14,212	(858)	(858)
Balance at end of year	<u>189,239</u>	<u>189,239</u>	<u>161,625</u>	<u>161,625</u>
Represented by:				
Quoted securities and unit trusts	109,111	109,111	102,904	102,904
Quoted securities – fixed interest	4,745	4,745	4,362	4,362
Freehold land and buildings	42,360	42,360	37,622	37,622
Investment in subsidiary undertakings	-	-	-	-
Unlisted securities	10,424	10,424	8,430	8,430
Cash with fund managers	19,540	19,540	5,328	5,328
College joint equity scheme	2,311	2,311	2,231	2,231
Literary royalties	748	748	748	748
Total	<u>189,239</u>	<u>189,239</u>	<u>161,625</u>	<u>161,625</u>

Subsidiary Undertakings

At 30 June 2017, 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 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Members of the College	56	56	57	57
Trade debtors	602	430	1,118	833
Amounts due from subsidiary companies	-	3,079	-	2,671
Other debtors	1,783	1,751	4,794	4,690
	<u>2,441</u>	<u>5,316</u>	<u>5,969</u>	<u>8,251</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

16. CASH AND CASH EQUIVALENTS

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Short-term money market investments	-	-	219	219
Bank deposits	1,784	1,784	1,548	1,548
Current accounts	1,425	1,055	497	301
Cash in hand	6	5	6	5
	<u>3,215</u>	<u>2,844</u>	<u>2,270</u>	<u>2,073</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Members of the College	117	117	111	111
Trade creditors	803	755	534	445
Accruals and deferred income	1,607	1,523	1,098	928
Social security, pension and taxes	245	245	218	218
University fees	62	62	92	92
Contribution to Colleges fund	142	142	140	140
Other creditors	2,624	2,518	2,705	2,595
	<u>5,600</u>	<u>5,362</u>	<u>4,898</u>	<u>4,529</u>

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

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Other loans	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

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

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

19. PENSION PROVISIONS

	CCFPS £000	USS £000	Total 2017 £000	Total 2016 £000
Balance at beginning of year	(4,081)	(999)	(5,080)	(5,923)
Movement in year:				
Current service cost	(34)	-	(34)	(23)
Contributions paid by the College	157	69	226	158
Change in expected contribution	-	45	45	160
Finance cost	(114)	(18)	(132)	(209)
Actuarial gains recognised in statement of comprehensive income and expenditure	220	-	220	757
Balance at end of year	<u>(3,852)</u>	<u>(903)</u>	<u>(4,755)</u>	<u>(5,080)</u>

20. ENDOWMENTS

Group and College	Restricted Permanent Endowments 2017 £000	Unrestricted Permanent Endowments 2017 £000	Total 2017 £000	Total 2016 £000
	Balance at beginning of year:			
Capital	30,267	54,526	84,793	81,311
New donations and endowments	866	-	866	49
Increase in market value of investments	3,777	5,991	9,768	3,433
Balance at end of year	<u>34,910</u>	<u>60,517</u>	<u>95,427</u>	<u>84,793</u>
Analysis by type of purpose:				
Student support	23,308	-	23,308	20,629
Fellowship	4,755	-	4,755	4,216
Chapel and choir	2,808	-	2,808	1,769
Other funds	4,039	-	4,039	3,653
General endowments	-	60,517	60,517	54,526
	<u>34,910</u>	<u>60,517</u>	<u>95,427</u>	<u>84,793</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2017

20. ENDOWMENTS (continued)

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Total 2017 £000	Total 2016 £000
Analysis by asset:				
Property	8,241	14,285	22,526	21,006
Investments	23,064	39,983	63,047	60,979
Cash	3,605	6,249	9,854	2,808
	<u>34,910</u>	<u>60,517</u>	<u>95,427</u>	<u>84,793</u>

21. RESTRICTED RESERVES

Group and College	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2017 £000	Total 2016 £000
Balance at beginning of year	294	5,992	35,319	41,605	36,706
Comprising:					
Capital	-	-	35,319	35,319	30,260
Unspent income	294	5,992	-	6,286	6,446
Balance at beginning of year	294	5,992	35,319	41,605	36,706
New grants	859	-	-	859	1,298
New donations	-	176	2,274	2,450	4,523
Endowment return transferred	-	1,072	1,046	2,118	1,928
Other income	-	-	153	153	167
Increase in market value of investments	-	168	3,851	4,019	1,243
Expenditure	-	(842)	(1,448)	(2,290)	(2,419)
Capital grants utilised	(153)	-	-	(153)	(1,841)
Transfer to unrestricted reserves	149	(6)	(157)	(14)	-
Balance at end of year	<u>1,149</u>	<u>6,560</u>	<u>41,038</u>	<u>48,747</u>	<u>41,605</u>
Comprising:					
Capital	-	-	41,038	41,038	35,319
Unspent income	1,149	6,560	-	7,709	6,286
Balance at end of year	<u>1,149</u>	<u>6,560</u>	<u>41,038</u>	<u>48,747</u>	<u>41,605</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

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 2017 £000	Total 2016 £000
Student support	-	5,182	13,252	18,434	15,805
Fellowship	-	844	5,292	6,136	5,536
Chapel and choir	-	353	15,562	15,915	13,236
Buildings	1,149	-	1,650	2,799	1,781
Other funds	-	181	5,282	5,463	5,247
	<u>1,149</u>	<u>6,560</u>	<u>41,038</u>	<u>48,747</u>	<u>41,605</u>

22. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2017 £000	2016 £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	70,083	64,006
Unapplied total return for the year (note 4b)	<u>18,042</u>	<u>6,077</u>
Unapplied total return at end of year	<u>88,125</u>	<u>70,083</u>

23. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £790k at 30 June 2017 for works on the Library, Bodley's, Spalding Hostel and the Porters' Lodge (£570k at 30 June 2016). In addition the College has committed to invest a further £1 million in Private Equity funds.

24. FINANCIAL COMMITMENTS

At 30 June 2017 and 2016 the College had no annual commitments under non-cancellable operating leases.

25. 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 2017

25. PENSION SCHEMES (continued)

	2017	2016
	£000	£000
University Superannuation Scheme (includes FRS 102)	486	432
Cambridge Colleges' Federated Pension Scheme (includes FRS 102)	149	237
Teachers' Pension Scheme	320	308
Church of England Funded Pension Scheme	19	18
NOW: Pensions	105	70
	<u>1,079</u>	<u>1,065</u>

University Superannuation Scheme (USS)

The total cost charged to the statement of comprehensive income and expenditure is £486k (2015/16 £432k). This includes £73,043 (2015/16 £70,658) 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:

	2017	2016
Discount rate	2.6%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.4%	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:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

25. PENSION SCHEMES (USS continued)

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit FRS 102 total funding level	£17.5bn 77%	£8.5bn 85%

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 2017 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:

	2017 % p.a.	2016 % p.a.
Discount rate	2.6	2.8
RPI assumption	3.35	2.9
CPI assumption	2.35	1.9

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2016 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2016: S2PA with CMI_2015 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 22.1 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 23.9 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.5 years (previously 23.2 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2017 (with comparative figures as at 30 June 2016) are as follows:

	2017 £000	2016 £000
Present value of plan liabilities	(16,476)	(15,520)
Market value of plan assets	12,623	11,439
Net defined benefit asset/(liability)	<u>(3,853)</u>	<u>(4,081)</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

25. PENSION SCHEMES (CCFPS continued)

The amounts to be recognised in Profit and Loss for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows.

	2017	2016
	£000	£000
Current service cost & ongoing expenses	21	23
Interest on net defined benefit (asset)/liability	115	178
	<u> </u>	<u> </u>
Total	<u>136</u>	<u>201</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Present value of plan liabilities at beginning of period	15,520	14,832
Current service cost (including Employee contributions)	-	-
Benefits paid	(489)	(462)
Interest on plan liabilities	428	540
Actuarial (gains)/losses	1,017	610
	<u> </u>	<u> </u>
Present value of plan liabilities at end of period	<u>16,476</u>	<u>15,520</u>

Changes in the fair value of the plan assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Market value of plan assets at beginning of period	11,439	10,037
Contributions paid by the College	157	158
Employee contributions	-	-
Benefits paid	(523)	(495)
Interest on plan assets	313	362
Return on assets, less interest included in Profit & Loss	1,237	1,377
	<u> </u>	<u> </u>
Market value of plan assets at end of period	<u>12,623</u>	<u>11,439</u>
	<u> </u>	<u> </u>
Actual return on plan assets (including interest)	<u>1,550</u>	<u>1,739</u>

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
Equities	67%	59%
Bonds & Cash	27%	35%
Property	6%	6%
Total	100%	100%

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

25. 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 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Actual return less expected return on plan assets	1,237	1,377
Experience gains and losses arising on plan liabilities	408	455
Changes in assumptions underlying the present value of plan liabilities	(1,438)	(1,075)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in OCI	207	757
	<hr/> <hr/>	<hr/> <hr/>

Movement in surplus/(deficit) during the year ending 30 June 2017 (with comparative figures for the year ending 30 June 2016) are as follows:

	2017	2016
	£000	£000
Surplus/(deficit) in plan at beginning of year	(4,081)	(4,795)
Recognised in Profit and Loss	(136)	(201)
Contributions paid by the College	157	158
Actuarial gain/(loss) recognised in OCI	207	757
	<hr/>	<hr/>
Surplus/(deficit) in plan at the end of the year	(3,853)	(4,081)
	<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 and career average, 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 16.48% of teachers' gross salary for those in the scheme while employee contributions are tiered and as from April 2016 the range was 7.4% to 11.7%.

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 £320,000 (2015/16 £308,000).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2017

25. 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 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2015 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement.
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets.
- RPI inflation of 3.2% p.a. (and pension increases consistent with this).
- Increase in pensionable stipends of 3.2% p.a.
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below. Contributions since 2015 are shown for reference.

	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

For senior office holders, the pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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	56	62
Deficit contribution paid	(7)	(6)
Interest cost	1	1
Remaining change to the balance sheet liability*	4	(1)
Balance sheet liability at 30 June	54	56

* 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 2017

25. 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	1.5	2.5
Price inflation	3.1	2.4
Increase to total pensionable payroll	1.6	0.9

The legal structure of the scheme is such that if another employer fails, the College could become responsible for paying a share of that employer's pension liabilities.

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 £105,000 (2015/16 £70,000).

26. CONTINGENT LIABILITIES

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.

27. 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 (£6.4 million in 2016/17 and £5.7 million in 2015/16) 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 £90,802 in 2016/17 (£84,482 in 2015/16) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.