

KING'S COLLEGE

Accounts

30 June 2018

KING'S COLLEGE

ACCOUNTS 2018

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KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Professor Michael Proctor

Fellows

Dr Ronojoy Adhikari
Dr Tess Adkins
Dr Sebastian Ahnert
Dr Mark Ainslie
Dr David Al-Attar
Dr Anna Alexandrova
Professor John Arnold
Dr Nick Atkins
Professor Gareth Austin
Professor William Baker
Dr Amanda Barber
Dr John Barber
Professor Michael Bate
Professor Sir Patrick Bateson (to 12.08.17)
Dr Andreas Bender
Professor Nathanaël Berestycki
Dr Alice Blackhurst
Professor Richard Bourke (from 24.04.18)
Dr Mirjana Bozic
Dr Siobhan Braybrook (to 01.09.17)
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
The Revd Dr Stephen Cherry (Dean)
Dr Stephen Cleobury (Director of Music)
Dr Francesco Colucci
Dr Sarah Crisp
Dr Laura Davies
Professor Anne Davis
Professor Peter de Bolla
Dr Megan Donaldson
Professor John Dunn
Professor David Dunne (to 30.09.17)
Professor George Efstathiou
Professor Bradley Epps
Dr AYTEK Erdil
Professor Khaled Fahmy (from 01.10.17)
Dr Elisa Faraglia
Professor James Fawcett
Professor Iain Fenlon
Dr Timothy Flack (Senior Tutor)
Professor Robert Foley
Dr Stephen Fried (to 30.06.18)
Dr Dejan Gajic (from 01.10.17)

Professor Matthew Gandy
Dr Juan Garaycochea
Dr Chryssi Giannitsarou
Lord Tony Giddens
Dr Ingo Gildenhard
Professor Christopher Gilligan
Professor Simon Goldhill
Dr David Good
Dr Caroline Goodson (from 01.01.18)
Professor Julian Griffin
Dr Tim Griffin
Professor Gillian Griffiths
Professor Ben Gripaios
Professor Mark Gross
Dr Henning Grosse Ruse-Khan
Dr Aline Guillermet (from 01.10.17)
Dr Cesare Hall
Ms Lorraine Headen
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
Professor Mark Johnson (from 01.01.18)
Mr Peter Jones (Librarian)
Dr Aileen Kelly
Professor Barry Keverne
Professor James Laidlaw
Professor Richard Lambert
Professor Charlie Loke
Professor Sarah Lummis
Professor Alan Macfarlane
Dr Marwa Mahmoud
Professor Nicholas Marston
Professor Jean Michel Massing
Dame Judith Mayhew Jonas
Professor Dan McKenzie
Professor Cam Middleton
Dr Valentina Migliori (to 30.09.17)
Dr Perveez Mody
Professor Geoff Moggridge
Dr Ken Moody
Professor Clement Mouhot
Dr David Munday
Dr Basim Musallam
Dr Rory O'Bryen
Dr Julienne Obadia (from 01.10.17)
Dr Rosanna Omitowoju
Professor Robin Osborne
Dr David Payne (to 07.01.18)
Dr Adriana Pesci (from 01.10.17)
Professor Chris Prendergast
Dr Mezna Qato

Dr Oscar Randal-Williams (to 30.09.17)
Dr Surabhi Ranganathan
Dr Marek Rei (from 01.10.17)
Professor Robert Rowthorn
Dr Paul Ryan
Professor Hamid Sabourian
Dr Paul Sagar
Professor Jason Sharman
Dr Mark Smith
Dr Michael Sonenscher
Dr Sharath Srinivasan
Professor Gareth Stedman Jones
Dr Aleksandar Stevic (to 30.08.17)
Professor Yasir Suleiman (to 30.09.17)
Dr Erika Swales
Dr James Taylor
Professor Simone Teufel (to 30.06.18)
Mr James Trevithick
Professor Caroline van Eck
Dr Bert Vaux
Dr Rob Wallach
Dr Hanna Weibye (to 30.09.17)
Dr Darin Weinberg
Dr Godela Weiss-Sussex
Dr Stephen Wertheim (to 30.09.17)
Dr Tom White
Professor John Young
Professor Nicolette Zeeman

Members in statu pupillari

Ms Anjalene Whittier (to 31.12.17)
Ms Maria Iossifidou (to 18.07.17)
Ms Niamh Mulcahy (from 03.10.17 to 31.12.17)
Ms Nina Grossfurthner (from 03.10.17 to 23.01.18)
Ms Alice Hawkins (from 03.10.17)
Mr Conor Bacon (from 01.01.18)
Ms Charlotte Payne (from 01.01.18)
Ms Claudia Joynt (from 06.02.18)

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 Mark Ainslie (from 01.01.18)
Dr John Barber
Rev'd Stephen Cherry
Dr Laura Davies
Dr Megan Donaldson (from 01.01.18)
Professor John Dunn (to 31.12.17)
Professor George Efstathiou
Professor Khaled Fahmy (from 01.01.18)
Ms Lorraine Headen
Professor Caroline Humphrey
Professor Clement Mouhot (to 31.12.17)
Dr Paul Sagar (to 31.12.17)
Dr James Taylor

Members in statu pupillari

Ms Anjalene Whittier (to 31.12.17)
Ms Maria Iossifidou (to 18.07.17)
Ms Niamh Mulcahy (from 03.10.17 to 31.12.17)
Ms Nina Grossfurthner (from 03.10.17 to
23.01.18)
Ms Alice Hawkins (from 03.10.17)
Mr Conor Bacon (from 01.01.18)
Ms Charlotte Payne (from 01.01.18)
Ms Claudia Joynt (from 06.02.18)

Senior Officers

Provost: Professor Michael Proctor
Vice Provost: Professor Nicholas Marston
First Bursar: Dr Keith Carne
Senior Tutor: Dr Tim Flack
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 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. So, its principal aims are to further education, religion, learning and research. 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 2018 the College consisted of the Provost, 124 Fellows, some 648 resident undergraduate and graduate students, 415 pupils in the School, and 333 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 manages the business of the College and reports to the Governing Body. It 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. 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 656 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. It devotes a major part of its resources, both financial and personal, to the task of selecting students from the widest range of backgrounds we can, and supporting them through their studies. 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 2017/18, 366

KING'S COLLEGE

REPORT OF THE COUNCIL

Aims and Objectives (Continued)

undergraduate students sat classified University examinations; 90.9% obtaining first or upper-second (or undivided second) class passes. This success in examinations is important to the College as part of the broader development and growth of our students.

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 2017/18, 31 graduate students successfully completed an MPhil or other one-year graduate course, 3 completed clinical studies and 50 satisfied the requirement for the degree of PhD.

The Senior Tutor reports regularly to the Education Committee, 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. 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. This is done through the Cambridge Bursary scheme and through our own hardships funds. In addition, research studentships, undergraduate scholarships, and prizes are awarded on the basis of academic excellence. During 2017/18, 731 financial awards were made to undergraduates and graduate students including studentships, scholarships, travel grants and prizes. This year, we welcomed 341 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 13,604, plus use inside the Library of 3,344 items from the total stock accessible via the online catalogue of 115,608 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, 248 readers (147 of them new) made 575 visits to the Archives reading room, 2,671 documents were retrieved for visitors and 3,432 enquiries answered. 3,258 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 54 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

KING'S COLLEGE

REPORT OF THE COUNCIL

Aims and Objectives (Continued)

Research Fellows to stipendiary or non-stipendiary Fellowships. In 2017/18, 2 non-stipendiary and 3 stipendiary Junior Research Fellows and 8 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 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 415 boys and girls aged 4 to 13.

2017/18 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 31 scholarship awards to senior schools, including 8 for academic achievement, 13 for Music, 3 for Sport, 3 for Art and 4 for Drama.

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 2018 are set out on page 2.

KING'S COLLEGE

REPORT OF THE COUNCIL

Statement of Internal Control

1. The Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The systems of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2018 and up to the date of approval of the financial statements.
4. During the 2017/18 year the College, with four others, undertook an internal audit of its financial controls. This gave reassurance on the soundness of these controls and have led to proposals to strengthen them further.
5. The College maintains a Register of Interests and a Conflict of Interest policy to ensure that all decisions are made in the interests of the College.
6. 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. The most significant risks we face are those affecting the reputation of the College and we do all we can to maintain its high reputation. There are also major risks arising from the precariousness of our income coupled with growing demands. Over the past years, the College has tried to moderate those risks by developing our sources of income and planning how best to deal with volatility in the value of our endowment. These remain major concerns. There have also been increases in certain risks during the past year. In particular, the General Data Protection Regulations have encouraged us to strengthen the protection of private data. The maintenance and renovation of our historic buildings is demanding and we have undertaken detailed reviews to assess the risks and control them. The projects on those buildings will affect our income and our planning has reflected that too.
7. Of particular concern to the College and its School are the risks to children and vulnerable adults. Our policies on safeguarding are designed to ensure that appropriate care is taken to protect them.
8. 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 19, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £13,215k (£23,313k in 2016/17). 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 19 is, in effect, the operating result as reported for the year. Therefore, the College reported a surplus of £488k for 2017/18 compared to a surplus of £159k for 2016/17. It is this figure that the College controls through its annual budget. The College's finances have continued soundly during the year with good control of our expenditure and growing income. This reflects well on the skills and dedication of our staff. It permits us to continue devoting ourselves to supporting Education, Religion, Learning and Research. In particular, we have had the opportunity to explore different ways to support and encourage applicants from diverse backgrounds and to support them during their studies. This will be a continuing challenge in a very uncertain environment.

KING'S COLLEGE

REPORT OF THE COUNCIL

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. For the future, there is concern over the funding of Universities. The Government has yet to explain its intentions over research funding after withdrawal from the EU or its intentions over student fees. Moreover, we remain concerned about the need to support applications from a wide variety of backgrounds and support for those who are admitted to study here. King's College is proud of its ability to attract applicants and we provide good support, financial and pastoral, to those students. Nonetheless, this is an area that requires new and imaginative ways to ensure that we sustain the quality of our students and give them the opportunity to thrive. Already, a large proportion of our expenditure is devoted to that end and this amount is likely to increase further as we explore more effective and appropriate ways to fulfil our aims. This is also an area where the College has received very generous donations and continues to do so, allowing us to be imaginative in exploring different approaches.

The College has continued with efforts to increase income, particularly while the pressure on academic income continues. Academic fees were up overall by 2.0% due to a 1.4% increase in the number of Home/EU undergraduates (from 152 to 157), a 7.3% decrease in the privately funded and overseas undergraduates (from 44 to 41) and a 0.02% fall in the number of graduates (from 179 to 176). In addition the graduate fee increased 6.3% and for new undergraduate students in 2017/18 the fee increase for Home/EU and private funded/overseas was 2.8% and 5% respectively. Other Academic and Research Income decreased 13.6% in 2017/18 due to a fall in the receipts from the University in respect of the Cambridge Bursary Scheme.

Income from College Members Accommodation was up by 7.2% which included a 6.9% increase in undergraduate room rents and the fellows' service charge and a 6.6% increase in graduate rents. There was also an improved occupancy level. Third Party Accommodation increased by 29.1% due to a significant increase in 'room 'only' bookings as the catering office looked to fill empty rooms in light of the fall in conference bookings from the proposed building works. Third Party Catering (conferences and private dining) actually rose 2.3% due to an increase in private dining. Summer School income was down 5.2% in 2017/18 due to a fall in the student number for the PKP programme. College Members Catering (including internal sales) was up 2.1% and overall income from Residences, Catering and Conferences was up 5.5%, a £350k increase on 2016/17.

Tourist Admissions income rose by 10.8% to £1,723k in 2017/18. This is more than double the income received back in 2010/11 of £819k and tourist admission income has played an important role in the overall improvement of the College finances over the last 8 years. There has been a marked improvement under the direction of the Visitor Services team. They have managed visitors more effectively. Recently our income has grown despite numbers remaining steady and the visitors themselves now enjoy a much better experience of the College without causing any more disturbance. The College Shop (now the Visitor Centre) has also performed well over the year with turnover up 6.6% and a resulting net profit of £112k compared to a £45k profit for 2016/17. The profit is after paying a market rent of £48k to the College for the use of the premises at 13 King's Parade. Endowment and investment income increased 9.8% in 2017/18. This included a 9.1% increase in the spending rule income which is calculated at 3.35% of the average endowment value for the previous three years. Royalty income was up £50k on 2016/17 bringing it back in line with the amount received in 2015/16.

Other income was down 29% in 2017/18 due to a decrease in choir tour income from a quieter programme in 2017/18. Choir tour expenditure was also down and the profit on the tours came in at £11,045 for 2017/18 compared to £41,207 for 2016/17. School income rose by 2.5% which included a 4.0% 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 £398k in 2017/18 (£504k in 2016/17).

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. The College tries to maintain the real value of its endowment and to this end, the Investment Committee is asked to assess the expected real rate of return on our investments so we know what is available to spend. Their current assessment is that we can spend 3.35% of the endowment. This is averaged over three years to reduce variation. This amounted to £5.01 million in 2017/18 (£4.68 million in 2016/17).. As such, it represents a significant part of our overall expenditure of £23.3 million. The Investment Committee will consider this again, in the light of growing concern about investment prospects.

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REPORT OF THE COUNCIL

In this year, costs as a whole increased only 0.01%. Staff costs increased by 2.5% that included a 2.6% increase in School wages (due to a 2% cost of living rise and staff moving progression points) and a 2.4% increase in College wage costs. There was a 1.7% pay rise across the College for 2017/18 and additional costs from pay increases for some positions following a review of all College salaries in the year. College operating expenditure (excluding the School) decreased by 1.1% that included decreases in expenditure for the following departments; administration (9.1%), Choir Tour expenditure (62.3%), Recording expenditure (43.4%), Concert expenditure (13.7%), Development Office (4.1%), Fellowship (2.5%) and Rates and Utilities (8.7%). Student support expenditure totalled £1,509,904 in 2017/18 (£1,319,418 in 2016/17). This was due to an increase in studentships paid to graduates in 2017/18 because more of the restrictions on the use of some of the funds were met compared to the previous year. In addition there was an increase in the expenditure from funds supporting student clubs and societies including a £60k increase from the Boat Club fund for boat repairs and the purchase of new boats.

Capital expenditure, particularly on buildings, varies dramatically from year to year. This makes it challenging to account for such expenditure and to plan it effectively. We try to do this by setting a depreciation charge in our annual accounts that reflects the average real amount we expect to spend. We also prepare a building plan for the next decade to guide our preparation and delivery of major projects. 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 £2,629,765 for the year (£2,646,003 in 2016/17). This is very close to the expected average spend over the next decade as outlined in our 10-year plan. This depreciation charge reflects the costs we expect to face in renovating our existing buildings. There are, however, growing pressures on the College to erect new buildings or adapt existing ones to new purposes. For instance, there is a growing wish to house our graduate students because the rents in Cambridge have grown unaffordable. The depreciation charge will not meet those new needs and we will rely on philanthropic donations to enable us to do so.

Net Financial Performance

As in previous years, the College has continued to support its net spending on education of £3,920,922 (£3,857,288 in 2016/17) with its net endowment and investment income. The net cost of accommodation fell in 2017/18 to £1,178,668 (£1,478,285 in 2016/17) as a result of an increase in student rents and 'room only' conference bookings. There was a net deficit on catering at £63,291 (£1,126 surplus in 2016/17) due to the decrease in conference and private dining business and a rise in food costs.

The School recorded a surplus of £160,589 for 2017/18 (£204,893 in 2016/17). In addition, the College provided funds for choristership bursaries and bank interest of £377,631 (£322,033 in 2016/17) and the School paid £319,140 in rent back to the College (£270,525 in 2016/17). A total of £219,080 has been transferred to the funds designated for the School within the College reserves (£256,401 in 2016/17).

Capital Expenditure

During the year, capital expenditure including heritage assets was £8,509,473 (£3,182,546 in 2016/17). This includes £67,912 towards the chapel lighting project, £81,964 for IT including a new HR and payroll system. £125,210 for catering, gardens and shop expenditure, £4,022,151 for maintenance projects and £4,184,059 for the School. The College maintenance projects includes £195,210 for new boilers, £430,344 for Chetwynd Court, £314,341 for the Library roof, £726,236 towards the new buildings projects at Cranmer Road and Croft Gardens, £121,667 for repairs to Spalding Hostel, £843,560 for work on the Gatehouse and £404,027 on the Back Gate and card access around the College. The School's capital expenditure includes £34,010 on IT, £71,382 on the refurbishment of the Headmaster's House, and £4,020,971 on 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.

Fundraising

The College is fortunate to receive philanthropic support from our members and friends. Our Development and Alumni Relations Office communicates with members and friends, bringing our needs and aspirations to their attention. We do not use any external bodies to raise funds on our behalf, nor do we make appeals to the general public. The College has registered with the Fundraising Regulator. No complaints about its fundraising activities were received.

KING'S COLLEGE

REPORT OF THE COUNCIL

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 2018, 59% (58% at 30 June 2017) of the general investment fund was invested in UK and international equities and 23% (22% at 30 June 2017) 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 (including the cash transferred to the College in the year) rose 5.4% in 2017/18 (15.4% in 2016/17). The FTSE All Share rose 5% in 2017/18 (13.8% in 2016/17) and the MSCI World Index rose 9.3% in 2017/18 (19.3% in 2016/17).

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 2017/18, all but £291,976 (£291,355 in 2016/17) 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 £212,356,000 in unrestricted reserves, of which £181,776,000 is represented by fixed assets. Income from our free reserves is a vital part of our revenue expenditure. Hence we intend to maintain this level of free reserves, or to increase it to improve future income.

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
6th November 2018

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 2018 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 2018 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 Auditors' 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 Council and Governing Body are responsible for the other information. The other information comprises the information included in the Annual Report of the Trustees other than the financial statements and our auditors' report thereon. 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.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 auditors' 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's 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: 6th November 2018

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 £154k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£129k
Expenditure	£283k

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 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 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 2018

	Note	Unrestricted £000	Restricted £000	Endowment £000	Total 2018 £000	Unrestricted £000	Restricted £000	Endowment £000	Total 2017 £000
INCOME									
Academic fees and charges	1	2,563	129	-	2,692	2,516	152	-	2,668
Residence, catering and conferences	2	5,906	-	-	5,906	5,598	-	-	5,598
School	3	5,916	-	-	5,916	5,770	-	-	5,770
Investment income	4	624	-	4,908	5,532	682	-	3,910	4,592
Endowment return transferred	4	2,733	2,277	(5,010)	-	2,475	2,117	(4,592)	-
Other income	5	2,706	-	-	2,706	2,705	-	-	2,705
Total income before donations and endowments		20,448	2,406	(102)	22,752	19,746	2,269	(682)	21,333
Donations		245	477	-	722	577	325	-	902
New endowments		-	1,166	139	1,305	-	2,274	866	3,140
Capital donations for assets		-	3,020	-	3,020	-	859	-	859
Total Income		20,693	7,069	37	27,799	20,323	5,727	184	26,234
EXPENDITURE									
Education	6	4,860	1,755	-	6,615	4,834	1,693	-	6,527
Residence, catering and conferences	7	7,077	69	-	7,146	7,004	70	-	7,074
School	8	5,740	-	-	5,740	5,576	-	-	5,576
Other expenditure	9	2,370	663	585	3,618	2,608	674	516	3,798
Contribution under Statute G,II		158	-	-	158	142	-	-	142
Total expenditure		20,205	2,487	585	23,277	20,164	2,437	516	23,117
Surplus/(deficit) before other gains and losses		488	4,582	(548)	4,522	159	3,290	(332)	3,117
Gain on disposal of fixed assets		-	-	-	-	735	-	-	735
Gain on investments		2,313	1,504	4,335	8,152	4,255	4,019	10,966	19,240
Surplus for the year		2,801	6,086	3,787	12,674	5,149	7,309	10,634	23,092
Other comprehensive income									
Actuarial gain in respect of pension schemes		541	-	-	541	221	-	-	221
Total comprehensive income for the year		3,342	6,086	3,787	13,215	5,370	7,309	10,634	23,313

The notes on pages 23 to 40 form part of these accounts.

KING'S COLLEGE**STATEMENT OF CHANGES IN RESERVES****Year ended 30 June 2018**

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2017	205,714	48,747	95,427	349,888
Surplus from income and expenditure statement	2,801	6,086	3,787	12,674
Other comprehensive income	541	-	-	541
Transfer in year	2,176	(2,276)	100	-
Release of restricted capital funds spent in the year	1,124	(1,124)	-	-
Balance at 30 June 2018	<u>212,356</u>	<u>51,433</u>	<u>99,314</u>	<u>363,103</u>

	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>

The notes on pages 23 to 40 form part of these accounts.

KING'S COLLEGE

CONSOLIDATED AND COLLEGE BALANCE SHEETS as at 30 June 2018

	Note	Group 2018 £000	College 2018 £000	Group 2017 £000	College 2017 £000
NON-CURRENT ASSETS					
Tangible assets	12	181,776	181,638	176,175	176,014
Heritage assets	13	1,466	1,466	1,466	1,466
Investment assets	14	197,167	197,167	189,239	189,239
		<u>380,409</u>	<u>380,271</u>	<u>366,880</u>	<u>366,719</u>
CURRENT ASSETS					
Stocks - good for resale		3,116	44	2,707	46
Trade and other receivables	15	2,347	5,406	2,441	5,316
Cash and cash equivalents	16	4,198	3,993	3,215	2,844
		<u>9,661</u>	<u>9,443</u>	<u>8,363</u>	<u>8,206</u>
CREDITORS: amounts falling due within one year	17	<u>(6,069)</u>	<u>(5,798)</u>	<u>(5,600)</u>	<u>(5,362)</u>
NET CURRENT ASSETS		<u>3,592</u>	<u>3,645</u>	<u>2,763</u>	<u>2,844</u>
CREDITORS: amounts falling due after more than one year	18	<u>(16,789)</u>	<u>(16,789)</u>	<u>(15,000)</u>	<u>(15,000)</u>
Provisions					
Pension provisions	19	<u>(4,109)</u>	<u>(4,109)</u>	<u>(4,755)</u>	<u>(4,755)</u>
TOTAL NET ASSETS		<u>363,103</u>	<u>363,018</u>	<u>349,888</u>	<u>349,808</u>
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	20	99,314	99,314	95,427	95,427
Income and expenditure reserve – restricted reserve	21	51,433	51,433	48,747	48,747
		<u>150,747</u>	<u>150,747</u>	<u>144,174</u>	<u>144,174</u>
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted reserve		212,356	212,271	205,714	205,634
		<u>212,356</u>	<u>212,271</u>	<u>205,714</u>	<u>205,634</u>
TOTAL RESERVES		<u>363,103</u>	<u>363,018</u>	<u>349,888</u>	<u>349,808</u>

Approved by Council on 6th November 2018 and signed on their behalf by:

Dr T K Carne, First Bursar

The notes on pages 23 to 40 form part of these accounts.

KING'S COLLEGE**CONSOLIDATED CASH FLOW STATEMENT**
Year ended 30 June 2018

	2018	2017
	£000	£000
Surplus for the year	12,674	23,092
Adjustment for non-cash items		
Depreciation	2,908	2,918
Gain on endowments, donations and investment property	(8,152)	(19,240)
Pension scheme debit	(105)	(104)
Increase in stocks	(409)	(306)
Increase in debtors	93	3,529
Increase in creditors	257	700
Adjusting for investing or financing activities		
Investment income	(5,634)	(4,593)
Interest payable	666	666
Profit on sale of non current assets	-	(735)
Net cash flows from operating activities	<u>2,298</u>	<u>5,927</u>
Cash flows from investing activities		
Investment income	3,344	3,051
Withdrawal of deposits	-	-
Non-current investment disposal	5,081	3,478
Proceeds from sales of non current fixed assets	-	2,647
Payments to acquire non-current fixed assets	(8,509)	(3,183)
Payments to acquire non-current investments	(2,565)	(10,309)
Net cash flows from investing activities	<u>(2,649)</u>	<u>(4,316)</u>
Cash flows from financing activities		
Interest paid	(666)	(666)
School bank loan	2,000	-
	<u>1,334</u>	<u>(666)</u>
Increase in cash and cash equivalents in the year	<u>983</u>	<u>945</u>
Cash and cash equivalents at beginning of year	3,215	2,270
Increase in cash and cash equivalents in the year	983	945
Cash and cash equivalents at end of the year (note 16)	<u>4,198</u>	<u>3,215</u>

The notes on pages 23 to 40 form part of these accounts.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

1. ACADEMIC FEES AND CHARGES

	2018	2017
	£000	£000
College fees:		
Fee income received at the Regulated Undergraduate rate	1,620	1,582
Fee income received at the Unregulated Undergraduate rate	308	315
Fee income received at the Graduate rate	605	587
	<hr/>	<hr/>
Total fee income	2,533	2,484
Other academic income	30	32
Cambridge Bursary Scheme	129	152
Research income	-	-
	<hr/>	<hr/>
Total	<u>2,692</u>	<u>2,668</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2018	2017
	£000	£000
Accommodation		
College members	2,832	2,642
International programmes	268	287
Third parties	513	398
Catering		
College members	979	985
International programmes	95	95
Third parties	1,219	1,191
	<hr/>	<hr/>
Total	<u>5,906</u>	<u>5,598</u>

3. SCHOOL INCOME

	2018	2017
	£000	£000
Fees	5,817	5,651
Other income	99	114
Donations	-	5
	<hr/>	<hr/>
Total	<u>5,916</u>	<u>5,770</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

4. ENDOWMENT RETURN AND INVESTMENT INCOME

	2018 £000	2017 £000
4a. Analysis of Investment Income		
Income drawdown from endowment (note 4b)	5,010	4,592
Other investment income	398	504
Cash balances and shared equity properties	52	54
Royalties	174	124
	<u>5,634</u>	<u>5,274</u>
4b. Summary of Total Return		
<u>Income from:</u>		
Freehold land and buildings	1,623	1,425
Quoted securities and cash	3,285	2,485
	<u>4,908</u>	<u>3,910</u>
<u>Gains/(losses) on endowment assets:</u>		
Freehold land and buildings	263	866
Quoted securities and cash	7,889	18,374
	<u>8,152</u>	<u>19,240</u>
<u>Investment management costs in respect of:</u>		
Freehold land and buildings	(240)	(195)
Quoted securities and cash	(345)	(321)
	<u>(585)</u>	<u>(516)</u>
Total return for the year	12,475	22,634
Transfer to income and expenditure reserve (note 4a)	(5,010)	(4,592)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 22)	<u>7,465</u>	<u>18,042</u>

5. OTHER INCOME

	2018 £000	2017 £000
Tourist admissions and shop sales	2,188	1,991
Chapel and choir	368	567
Other income	150	147
Total	<u>2,706</u>	<u>2,705</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

6. EDUCATION EXPENDITURE

	2018	2017
	£000	£000
Teaching	2,412	2,434
Tutorial	627	591
Admissions - General	435	407
Admissions - Access and Widening Participation	623	596
Research	1,094	1,116
Scholarships and awards	912	881
Other educational facilities	512	502
	<hr/>	<hr/>
Total	6,615	6,527
	<hr/> <hr/>	<hr/> <hr/>

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2018	2017
	£000	£000
Accommodation		
College members	3,819	3,829
Third parties	972	975
Catering		
College members	1,364	1,303
Third parties	991	967
	<hr/>	<hr/>
Total	7,146	7,074
	<hr/> <hr/>	<hr/> <hr/>

8. SCHOOL EXPENDITURE

	2018	2017
	£000	£000
Staff costs	4,257	4,149
Other expenditure	1,205	1,155
Depreciation	278	272
	<hr/>	<hr/>
Total	5,740	5,576
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

9. OTHER EXPENDITURE

	2018	2017
	£000	£000
Investment management costs	694	615
Loan interest	666	666
Tourist admission and shop expenditure	667	681
Chapel expenditure	1,273	1,513
Development	153	159
Other expenditure	165	164
	<u>3,618</u>	<u>3,798</u>
Total	<u>3,618</u>	<u>3,798</u>
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	28	26
Fees payable to the College's auditors for the audit of the College's subsidiaries	5	5
	<u>33</u>	<u>31</u>
Total fees payable	<u>33</u>	<u>31</u>

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2017/18				
Education	2,836	3,163	616	6,615
Residences, catering and conferences	3,160	2,111	1,875	7,146
School	4,257	1,205	278	5,740
Other	1,041	2,438	139	3,618
Contribution under Statute G,II	-	158	-	158
	<u>11,294</u>	<u>9,075</u>	<u>2,908</u>	<u>23,277</u>
	<u>11,294</u>	<u>9,075</u>	<u>2,908</u>	<u>23,277</u>
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
	<u>11,018</u>	<u>9,181</u>	<u>2,918</u>	<u>23,117</u>
	<u>11,018</u>	<u>9,181</u>	<u>2,918</u>	<u>23,117</u>

The above expenditure includes £430k as the cost of fundraising (2016/17: £484k).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

11. STAFF EXPENDITURE

	College fellows £000	Non- academic £000	School £000	Total 2018 £000	Total 2017 £000
Staff costs					
Salaries and wages	1,470	4,571	3,350	9,391	9,222
Social security costs	102	340	363	805	717
Pension contributions (see note 25)	150	404	544	1,098	1,079
	<u>1,722</u>	<u>5,315</u>	<u>4,257</u>	<u>11,294</u>	<u>11,018</u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	<u>112</u>	<u>213</u>	<u>120</u>	<u>445</u>	<u>452</u>

All the 112 Fellows disclosed above are stipendiary (2016/17:122).

The full-time equivalent number for non-academic and school employees is 284 (2016/17: 284).

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:

	2018	2017
£100,000-£109,999	-	1
£110,000-£119,999	3	1
	<u>3</u>	<u>1</u>

	2018 £000	2017 £000
During the year emoluments paid to key management personnel in their capacity as College Fellows were:		
Key management personnel aggregated emoluments	<u>537</u>	<u>484</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.

	2018 £000	2017 £000
Trustees aggregated emoluments	<u>408</u>	<u>340</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2018

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 2018 £000	Group 2017 £000
Cost						
At 1 July 2017	142,652	1,978	42,043	1,491	188,164	186,956
Additions	2,462	5,020	919	108	8,509	3,183
Disposals	-	-	-	-	-	(1,975)
Transfer from assets in construction	218	(218)	-	-	-	-
At 30 June 2018	<u>145,332</u>	<u>6,780</u>	<u>42,962</u>	<u>1,599</u>	<u>196,673</u>	<u>188,164</u>
Depreciation						
At 1 July 2017	4,514	-	6,141	1,334	11,989	9,134
Charge for the year	1,020	-	1,810	78	2,908	2,918
Eliminated on disposals	-	-	-	-	-	(63)
At 30 June 2018	<u>5,534</u>	<u>-</u>	<u>7,951</u>	<u>1,412</u>	<u>14,897</u>	<u>11,989</u>
Net book value – Group	<u>139,798</u>	<u>6,780</u>	<u>35,011</u>	<u>187</u>	<u>181,776</u>	<u>176,175</u>
Net book value is represented by;						
College	134,326	2,159	34,602	88	171,175	169,480
School	5,472	4,621	409	99	10,601	6,695
Total	<u>139,798</u>	<u>6,780</u>	<u>35,011</u>	<u>187</u>	<u>181,776</u>	<u>176,175</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 2018 £000	College 2017 £000
Cost						
At 1 July 2017	142,652	1,978	41,865	1,415	187,910	186,713
Additions	2,462	5,020	913	109	8,504	3,172
Disposals	-	-	-	-	-	(1,975)
Transfer from assets in construction	218	(218)	-	-	-	-
At 30 June 2018	<u>145,332</u>	<u>6,780</u>	<u>42,778</u>	<u>1,524</u>	<u>196,414</u>	<u>187,910</u>
Depreciation						
At 1 July 2017	4,514	-	6,090	1,292	11,896	9,069
Charge for the year	1,020	-	1,794	66	2,880	2,890
Eliminated on disposals	-	-	-	-	-	(63)
At 30 June 2018	<u>5,534</u>	<u>-</u>	<u>7,884</u>	<u>1,358</u>	<u>14,776</u>	<u>11,896</u>
Net book value - College	<u>139,798</u>	<u>6,780</u>	<u>34,894</u>	<u>166</u>	<u>181,638</u>	<u>176,014</u>
Net book value is represented by;						
College	134,326	2,159	34,485	67	171,037	169,319
School	5,472	4,621	409	99	10,601	6,695
Total	<u>139,798</u>	<u>6,780</u>	<u>34,894</u>	<u>166</u>	<u>181,638</u>	<u>176,014</u>

c) The insured value of freehold land and buildings as at 30 June 2018 was £264 million (£256 million at 30 June 2017).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

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:

	2018	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000	£000
Balance at beginning of year	1,466	1,466	1,446	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>1,466</u>	<u>1,446</u>	<u>942</u>	<u>942</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

14. INVESTMENTS ASSETS

	Group 2018 £000	College 2018 £000	Group 2017 £000	College 2017 £000
Balance at beginning of year	189,239	189,239	161,625	161,625
Additions	13,615	13,615	14,480	14,480
Disposals	(10,309)	(10,309)	(20,320)	(20,320)
Gain/(loss)	7,765	7,765	19,242	19,242
Decrease in cash balances held	(3,143)	(3,143)	14,212	14,212
Balance at end of year	<u>197,167</u>	<u>197,167</u>	<u>189,239</u>	<u>189,239</u>
Represented by:				
Quoted securities and unit trusts	122,491	122,491	109,111	109,111
Quoted securities – fixed interest	8,846	8,846	4,745	4,745
Freehold land and buildings	44,675	44,675	42,360	42,360
Investment in subsidiary undertakings	-	-	-	-
Unlisted securities	11,042	11,042	10,424	10,424
Cash with fund managers	6,497	6,497	19,540	19,540
College joint equity scheme	2,402	2,402	2,311	2,311
Literary royalties	1,214	1,214	748	748
Total	<u>197,167</u>	<u>197,167</u>	<u>189,239</u>	<u>189,239</u>

Subsidiary Undertakings

At 30 June 2018, 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 2018 £000	College 2018 £000	Group 2017 £000	College 2017 £000
Members of the College	60	60	56	56
Trade debtors	553	315	602	430
Amounts due from subsidiary companies	-	3,490	-	3,079
Other debtors	1,734	1,541	1,783	1,751
	<u>2,347</u>	<u>5,406</u>	<u>2,441</u>	<u>5,316</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

16. CASH AND CASH EQUIVALENTS

	Group 2018 £000	College 2018 £000	Group 2017 £000	College 2017 £000
Bank deposits	2,886	2,886	1,784	1,784
Current accounts	1,305	1,101	1,425	1,055
Cash in hand	7	6	6	5
	<u>4,198</u>	<u>3,993</u>	<u>3,215</u>	<u>2,844</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £000	College 2018 £000	Group 2017 £000	College 2017 £000
Bank loan	211	211	-	-
Members of the College	118	118	117	117
Trade creditors	828	588	803	755
Accruals and deferred income	1,654	1,538	1,607	1,523
Social security, pension and taxes	250	250	245	245
University fees	21	21	62	62
Contribution to Colleges fund	158	158	142	142
Amounts due to subsidiary companies	-	91	-	-
Other creditors	2,829	2,823	2,624	2,518
	<u>6,069</u>	<u>5,798</u>	<u>5,600</u>	<u>5,362</u>

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

	Group 2018 £000	College 2018 £000	Group 2017 £000	College 2017 £000
Project Tintagel loan	15,000	15,000	15,000	15,000
School bank loan	1,789	1,789	-	-
	<u>16,789</u>	<u>16,789</u>	<u>15,000</u>	<u>15,000</u>

In 2014 the College borrowed from institutional investors (Project Tintagel loan), 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.

During the year the College took out a bank loan of £2 million on behalf of the School to help fund the building of the Sports Centre. The loan is to be repaid over 10 years at a fixed interest rate of 2.99%. The balance falling due after more than one year at 30 June 2018 was £1,789,474.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

19. PENSION PROVISIONS

	CCFPS £000	USS £000	Total 2018 £000	Total 2017 £000
Balance at beginning of year	(3,852)	(903)	(4,755)	(5,080)
Movement in year:				
Current service cost	(35)	-	(35)	(34)
Contributions paid by the College	157	65	222	226
Change in expected contribution	-	37	37	45
Finance cost	(100)	(19)	(119)	(132)
Actuarial gains recognised in statement of comprehensive income and expenditure	541	-	541	220
Balance at end of year	<u>(3,289)</u>	<u>(820)</u>	<u>(4,109)</u>	<u>(4,755)</u>

20. ENDOWMENTS

Group and College	Restricted Permanent Endowments 2018 £000	Unrestricted Permanent Endowments 2018 £000	Total 2018 £000	Total 2017 £000
	Balance at beginning of year:			
Capital	34,910	60,517	95,427	84,793
New donations and endowments	139	-	139	866
Increase in market value of investments	1,430	2,218	3,648	9,768
Transfer from General Reserves	100	-	100	-
Balance at end of year	<u>36,579</u>	<u>62,735</u>	<u>99,314</u>	<u>95,427</u>
Analysis by type of purpose:				
Student support	24,318	-	24,318	23,308
Fellowship	4,957	-	4,957	4,755
Chapel and choir	3,122	-	3,122	2,808
Other funds	4,182	-	4,182	4,039
General endowments	-	62,735	62,735	60,517
	<u>36,579</u>	<u>62,735</u>	<u>99,314</u>	<u>95,427</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2018

20. ENDOWMENTS (continued)

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Total 2018 £000	Total 2017 £000
Analysis by asset:				
Property	8,635	14,809	23,444	22,526
Investments	24,167	41,448	65,615	63,047
Cash	3,777	6,478	10,255	9,854
	<u>36,579</u>	<u>62,735</u>	<u>99,314</u>	<u>95,427</u>

21. RESTRICTED RESERVES

Group and College	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2018 £000	Total 2017 £000
Balance at beginning of year	1,149	6,560	41,038	48,747	41,605
Comprising:					
Capital	-	-	41,038	41,038	35,319
Unspent income	1,149	6,560	-	7,709	6,286
Balance at beginning of year	1,149	6,560	41,038	48,747	41,605
New grants	3,020	-	-	3,020	859
New donations	-	373	1,166	1,539	2,450
Endowment return transferred	-	1,186	1,090	2,276	2,118
Other income	-	-	129	129	153
Increase in market value of investments	-	73	1,432	1,505	4,019
Expenditure	-	(933)	(1,450)	(2,383)	(2,290)
Capital grants utilised	-	-	-	-	(153)
Transfer to unrestricted reserves	(1,124)	-	(2,276)	(3,400)	(14)
Balance at end of year	<u>3,045</u>	<u>7,259</u>	<u>41,129</u>	<u>51,433</u>	<u>48,747</u>
Comprising:					
Capital	-	-	41,129	41,129	41,038
Unspent income	3,045	7,259	-	10,304	7,709
Balance at end of year	<u>3,045</u>	<u>7,259</u>	<u>41,129</u>	<u>51,433</u>	<u>48,747</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

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 2018 £000	Total 2017 £000
Student support	-	5,754	13,899	19,653	18,434
Fellowship	-	847	5,536	6,383	6,136
Chapel and choir	-	464	16,908	17,372	15,915
Buildings	3,045	-	1,711	4,756	2,799
Other funds	-	194	3,075	3,269	5,463
	<u>3,045</u>	<u>7,259</u>	<u>41,129</u>	<u>51,433</u>	<u>48,747</u>

22. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2018 £000	2017 £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	88,125	70,083
Unapplied total return for the year (note 4b)	<u>7,465</u>	<u>18,042</u>
Unapplied total return at end of year	<u>95,590</u>	<u>88,125</u>

23. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £4,656k at 30 June 2018 for works on Bodley's, Chetwynd Court, Croft Gardens, Cranmer Road, Keynes and the Chapel (£790k at 30 June 2017). In addition the College has committed to invest a further £1.75 million in Private Equity funds.

24. FINANCIAL COMMITMENTS

At 30 June 2018 and 2017 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 2018

25. PENSION SCHEMES (continued)

	2018	2017
	£000	£000
University Superannuation Scheme (includes FRS 102)	482	486
Cambridge Colleges' Federated Pension Scheme (includes FRS 102)	135	149
Teachers' Pension Scheme	326	320
Church of England Funded Pension Scheme	19	19
NOW: Pensions	136	105
	<u>1,098</u>	<u>1,079</u>

University Superannuation Scheme (USS)

The total cost charged to the statement of comprehensive income and expenditure is £482k (2016/17 £486k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed. Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section 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. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the Scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018.

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuations. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post-retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	98% of SAPS S1NA "light" YOB unadjusted for males 99% of SAPS S1NA "light" YOB with a -1 year adjusted for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5%pa.

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NOTES TO THE ACCOUNTS Year ended 30 June 2018

25. PENSION SCHEMES (US\$ continued)

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit FRS 102 total funding level	£8.4bn 88%	£17.5bn 77%

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:

	2018 % p.a.	2017 % p.a.
Discount rate	2.70	2.60
RPI assumption	3.25	3.35
CPI assumption	2.25	2.35

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2017: S2PA with CMI_2016 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 22.1 years).
- Female age 65 now has a life expectancy of 23.8 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.3 years (previously 23.5 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

25. PENSION SCHEMES (CCFPS continued)

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2018 (with comparative figures as at 30 June 2017) are as follows:

	2018	2017
	£000	£000
Present value of plan liabilities	(15,949)	(16,476)
Market value of plan assets	12,659	12,623
	<u> </u>	<u> </u>
Net defined benefit asset/(liability)	<u>(3,290)</u>	<u>(3,853)</u>

The amounts to be recognised in Profit and Loss for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows.

	2018	2017
	£000	£000
Current service cost & ongoing expenses	21	21
Interest on net defined benefit (asset)/liability	100	115
	<u> </u>	<u> </u>
Total	<u>121</u>	<u>136</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
	£000	£000
Present value of plan liabilities at beginning of period	16,476	15,520
Current service cost (including Employee contributions)	-	-
Benefits paid	(556)	(489)
Interest on plan liabilities	421	428
Actuarial (gains)/losses	(392)	1,017
	<u> </u>	<u> </u>
Present value of plan liabilities at end of period	<u>15,949</u>	<u>16,476</u>

Changes in the fair value of the plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
	£000	£000
Market value of plan assets at beginning of period	12,623	11,439
Contributions paid by the College	157	157
Employee contributions	-	-
Benefits paid	(591)	(523)
Interest on plan assets	321	313
Return on assets, less interest included in Profit & Loss	149	1,237
	<u> </u>	<u> </u>
Market value of plan assets at end of period	<u>12,659</u>	<u>12,623</u>
	<u> </u>	<u> </u>
Actual return on plan assets (including interest)	<u>470</u>	<u>1,550</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

25. PENSION SCHEMES (CCFPS continued)

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
Equities	64%	67%
Bonds & Cash	30%	27%
Property	6%	6%
Total	100%	100%

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 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
	£000	£000
Actual return less expected return on plan assets	149	1,237
Experience gains and losses arising on plan liabilities	(182)	408
Changes in assumptions underlying the present value of plan liabilities	560	(1,438)
Actuarial gain/(loss) recognised in OCI	<u>527</u>	<u>207</u>

Movement in surplus/(deficit) during the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018	2017
	£000	£000
Surplus/(deficit) in plan at beginning of year	(3,853)	(4,081)
Recognised in Profit and Loss	(121)	(136)
Contributions paid by the College	157	157
Actuarial gain/(loss) recognised in OCI	527	207
Surplus/(deficit) in plan at the end of the year	<u>(3,290)</u>	<u>(3,853)</u>

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 2017. 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 2018 and are as follows:

- Annual contributions of not less than £136,777 p.a. payable for the period from 1 July 2018 to 30 September 2024.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

25. PENSION SCHEMES (continued)

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 2017 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 £326,000 (2016/17 £320,000).

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 2019 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 2016 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2018

25. PENSION SCHEMES (CEFPS continued)

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.

	2017 £'000	2016 £'000
Balance sheet liability at 1 July	54	56
Deficit contribution paid	(7)	(7)
Interest cost	1	1
Remaining change to the balance sheet liability*	-	4
Balance sheet liability at 30 June	48	54

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

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:

	2017 % p.a.	2016 % p.a.	2015 % p.a.
Discount rate	1.4	1.5	2.5
Price inflation	3.0	3.1	2.4
Increase to total pensionable payroll	1.5	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 £136,000 (2016/17 £105,000).

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 (£6.5 million in 2017/18 and £6.4 million in 2016/17) 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 £102,813 in 2017/18 (£90,802 in 2016/17) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.