



**DARWIN COLLEGE
CAMBRIDGE**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016**

DARWIN COLLEGE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016

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PRELIMINARY INFORMATION

Body Corporate:

The Master and Fellows of Darwin College in the University of Cambridge

Address:

Silver Street, Cambridge CB3 9EU

Charity Registration Number:

1141105

Charity Trustees:

The College's Trustees for Financial Year 2015-16 were:

Professor C M R Fowler	Master
Professor M K Jones	Vice-Master
Dr L E A Howe	Dean
Mr J T Dix	Bursar
Professor A M Pitts	
Dr D Needham	
Professor D J C Mackay	(to 14 April 2016)
Professor R P Cowburn	(from 1 October 2015)
Professor A C Ferguson-Smith	(from 1 June 2016)

Principal Advisers:

Auditors:

Peters, Elworthy & Moore
Salisbury House
Station Road
Cambridge CB1 2LA

Bankers:

Barclays Bank plc (Corporate Banking)
PO Box 885
Mortlock House
Histon, Cambridge CB4 9DE

Property Managers:

Cheffins, Chartered Surveyors
Clifton House
1 & 2 Clifton Road
Cambridge CB1 7EA

Investment Fund Managers:

Cazenove Capital Management Ltd
12 Moorgate
London EC2R 6DA

REPORT OF THE TRUSTEES

INTRODUCTION

The College

Darwin College was founded in 1964 as the first graduate college in the University of Cambridge. The College was created an Approved Foundation on 29 January 1965, and was incorporated by Royal Charter dated 9 June 1976 as a Body Politic and Corporate under the name and style of "The Master and Fellows of Darwin College in the University of Cambridge". The College is an educational charity. It enjoyed exemption from registration from its foundation until 2010 when changes in charity law required it to become registered with the Charity Commission, which it has been since 4 April 2011. The main College site is at Silver Street, Cambridge, CB3 9EU.

Aims and Objectives of the College

The College's principal object under its Charter is to advance education, learning and research in the University of Cambridge. It pursues this objective by:

- Promoting and fostering excellence in academic education and learning through providing a community of scholarship for its graduate students
- Creating and nurturing a vibrant and supportive research community for its fellows, graduate students, other members, and visitors.
- Maintaining and enhancing the endowment, benefactions, buildings, grounds, and facilities of the College for the continuing benefit of current and future generations of members.

The maintenance of the College's financial viability for the present and long term, and of its independence and autonomy within the collegiate university, are consistent with and necessary conditions for the fulfilment of its charitable purposes.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an educational and support base for over 680 post-graduate students, and very occasionally undergraduate-status students in specific disciplines; the education is recognised internationally as being of the very highest standard. The teaching and research challenges and develops students academically, fosters leadership qualities and interpersonal skills, and prepares them to play full and effective roles in society, whether in the UK or in the 80 other countries from which the membership is currently drawn. Although only half a century old, the College already numbers Nobel prize winners amongst its Fellows and alumni, the most recent in 2009.

In particular the College provides:

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- Physical and technical facilities supporting its students in their individual study regimes, as well as supporting teaching activities in the wider University, and for seminars and a public lecture series of international renown;
- Pastoral, administrative, and academic support for its students through the Deanery (tutorial), and mentoring systems provided by Fellows; and
- Social, cultural, sporting, musical and recreational facilities, enabling students to balance fully their academic and personal lives and potential whilst studying at the College.

The College advances research by:

- Providing currently over 50 research fellowships and post-doctoral positions to outstanding academics in the early stages of their careers; these appointments enable them to develop and focus intensively on their major doctoral and early post-doctoral research work, in that crucially formative period prior to their taking on academic duties in a full-time teaching post;
- Supporting the work of all its Fellows by creating and promoting international and interdisciplinary contact both informally and in seminars and lectures;
- Fostering academic networking, and access to and involvement in cutting-edge research, particularly by providing facilities for outstanding academics from other universities in the UK and overseas to make extended stays as Visiting Fellows and Visiting Scholars; and,
- Offering access to invaluable resources for all members of the College, particularly in the provision and maintenance of a Study Centre and Library, and extensive IT facilities.

Members of, and academic visitors to, the College, both students and Fellows, are the prime beneficiaries. They are directly engaged in education, learning and research and the College's students are the recipients of such direct financial support as the College is able to provide to those of limited financial means. More widely, other beneficiaries include students and academic staff from other Cambridge colleges and the University of Cambridge. Academics from other higher-education institutions and returning alumni members of the College are given opportunities to undertake interdisciplinary research and establish contacts, attend educational events at the College, and make extended use of its academic facilities; in parallel, the wider public is encouraged to attend certain educational activities provided by the College such as lectures, seminars and concerts. These activities serve to reinforce and underpin life-long learning. A particular example is the Annual Darwin Lecture Series, now in its 31st year, which runs for eight weeks each Lent Term, and attracts audiences of many hundreds drawn from the general public as well as the student and academic community. Since 2007 most of the lectures have been made available online for a global audience, and cumulative downloads number approximately 900,000 to date.

In fulfilling its charitable purposes of advancing education, learning and research, the College draws on its senior officers such as Master, Vice-Master, Dean, and Bursar who receive stipends. These serve with other Fellows as charity trustees through being members of the College Council. Any employment and/or remuneration of the Master and Fellows is undertaken with the intention of furthering the College's aims and such employment directly contributes to the fulfilment of those aims. The private benefit accruing to the Master and Fellows through stipends and related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the services of its Master and Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

ACHIEVEMENTS AND PERFORMANCE

Academic Results and Student Body Profile

College members graduating in 2015-16 achieved 78 PhDs and 199 Masters-level degrees (2015: 92 and 161 respectively) between them.

In 2015-16 there were 686 student members of the College (for all or part of the year). Of these 511 were fee-paying post-graduate students and 175 were post-graduate students writing up or under exam (from whom the College receives no fees). The College's fee income in the year under current arrangements is based on the number of fee-paying post-graduate students adjusted to a full-time equivalent, which for the year was 471. 58% of students were fully funded as to their combined graduate fees, 3% were partially funded, and 39% were self-funding.

Financial Overview

The College's income comprises academic fees, charges for student accommodation and catering services, investment income, and individual and corporate donations and bequests. Its expenditure comprises the costs of education, of providing and maintaining student residences and catering, of investment and property management, and of development fundraising and alumni relations; and expenditure includes all staff costs and depreciation. In the year to 30 June the College made an unrestricted surplus before other gains and losses of £515,564 (2015: £392,513), a restricted surplus before other gains and losses of £344,732 (2015: £908,871) and new endowments amounted to £236,215 (2015: £237,415).

Communal dining and the concomitant interdisciplinary academic exchange and discourse represent a core element of the College's mission. The College has over three years modernised and expanded its catering operation and in the last year both income and expenditure continued to rise as in previous years. Attracting greater numbers of students to its competitively priced quality meals enables the College to spread the fixed and other costs borne by the College over a wider base, and to realise more effectively the associated academic objectives referred to above.

The College has taken the opportunity in connection with the revision of Financial Reporting Standards (specifically FRS102) to review and revalue its operational land and buildings. A professional valuation was carried out by Gerald Eve LLP. This is a one-off rebasing of the historic asset costs and does not entail a commitment to an ongoing revaluation policy. The result is a stronger balance sheet, and future annual depreciation charges which will be more realistic when viewed against the costs of buildings maintenance and renewal. In this valuation the College attributes no value to the land comprising the College domus (i.e. all contiguous land on the College main site) as it is regarded as inalienable. The estate was valued as at 1 July 2014 and, with adjustment for acquisitions, disposals and depreciation since that date, these financial statements show the opening and closing values for the 2015-16 year. The revaluation exercise has resulted in an increase of the College's tangible fixed assets of £14,770,599. The value of the estate (excluding the domus land) at 30 June 2016 was £36,861,113 (2015: £36,980,471). The net assets of the College at 30 June 2016 stood at £64,697,108 (after the revaluation).

The College's restricted and endowment reserves rose by £411,215 to £23,732,104 from £22,320,889 (restated for the introduction of FRS102). The restricted reserves comprise £6,662,060 of restricted or trust funds for defined educational purposes, £134,717 unspent capital grants, and £15,935,327 of endowment funds or general corporate capital funds, the income from which is essential to fund the deficit which would otherwise arise on the College's academic activities and student services. The College's unrestricted reserves have increased by £652,735 to £41,965,004 from £41,312,269 (being the restated FRS102 prior year amount plus the reserve of £14,770,599 arising on the estate revaluation). This total includes the College's cash reserves and some investment assets, but the great majority of such funds are fixed assets in the form of the College's operational land and buildings as revalued. The College's total reserves are reduced by pension liabilities of £1,197,744. Note that the introduction of FRS102 and changes in the relevant accounting Statement of Recommended Practice have entailed both the presentation of the figures in a new format and changes to the terminology used.

Benefactions and Donations

The College is most grateful for donations and bequests (including of royalties), accruing from Darwinians and others, and it is mainly based upon such generosity that the College is able to contemplate extending and enhancing its support for students and its physical estate. During the year the focus of fundraising was the John Bradfield Court project for which an appeal was launched in February 2016 and under which £157,504 (including gift aid) was raised in the year, and £311,561 has been raised to date.

The College continues with its telephone fundraising campaign and the Darwin community continues to respond warmly and generously. Cash donations and pledges made and standing orders put in place will provide the College with a strong flow of funds over the coming years.

The College spent £95,538 on development fundraising and alumni relations in the year. These costs are incurred supporting a growing global alumni base and in seeking to ensure its long term financial health by mobilising those who share its aims and aspirations.

Endowment and Investment Performance

The College's investments are managed in three categories: the College's unrestricted Corporate Capital, a Trust Pool for the restricted funds, and a special fund with a strong property bias (for the investment of the £3m proceeds of the College's 2013 bond issue, pending the deployment of the proceeds for College purposes in due course).

The College's invested funds experienced a year overall in which, in line with markets, capital growth was not a feature. The total return reported was largely made up of income. The Corporate Capital fund returned 3.3%, the Trust Pool, 3.5% and the special fund 5.2%, for the year in each case, net of fees. No withdrawal of invested capital was required or made in the year. Dividends and income received on quoted securities fell year on year to £892,030 (2015: £997,789). All investment income received is applied in the pursuit of the charitable objects of the College.

The defining event for the investment year was the 23 June EU referendum. This occurred at the very end of the financial period and thus the closing reported position reflected the initial deep uncertainty in

the markets' response. In the first quarter of the 2016-17 financial year the fall in sterling has at least become one unpleasant certainty in the political fog obscuring the way forward. As a result the College's investments rose markedly in value as shares in UK listed companies with overseas earnings appreciated. This effect will benefit the College in the short term but the likely economic and political impact of Brexit on the country and on the higher education sector in particular over the medium and longer term will require a degree of greater caution by the College in the conduct of its financial affairs.

The College is advised, via the Finance and Investments Committees, by its fund managers and independent external members co-opted to the Investments Committee. The College encourages socially responsible investment and seeks not to invest in companies that are in conflict with its charitable objectives, nor will it hold shares in tobacco companies.

Reserves policy

As the College intends to continue to pursue its objectives in perpetuity, it views its investments strategically over the long term. The principle aim is to protect and maintain the real value of its permanent corporate and trust capital, and to continue to increase its unrestricted funds and reserves as much as possible over that extended period, whilst seeking an equitable funding balance between the interests and aspirations of present members and those yet to come, and the retention of an ability to cope with sudden unforeseen financial upheavals and opportunities. Any new donations or bequests to the College are added to the unrestricted funds unless the donor has made it clear that the funds are to be used for a specific purpose.

Capital Expenditure

There were no major capital projects undertaken by the College during the year. Funds were allocated and spent on routine refurbishment projects. The College progressed its plans, and incurred professional fees which have been capitalised, for the refurbishment of the Old Granary, the building of the John Bradfield Room, and the conversion to student accommodation of 51 Newnham Road.

Building Renewals and Maintenance

The College's buildings on its main site are mainly eighteenth and nineteenth century with modern additions, and adapted houses and purpose-built student hostels off-domus. The buildings are maintained according to a comprehensive long term rolling maintenance plan which seeks to ensure timely refurbishment, to a standard to minimise unplanned and costly remedial works, carried out within tight budget controls. No major renewal or maintenance works additional to those within the plan were undertaken during the year.

Pensions

The College has members of staff in two pension schemes: the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pension Scheme (CCFPS). Full actuarial details are included at Note 22 to the Accounts.

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The USS last underwent a full actuarial review in 2014, which is still subject to audit, and details of which are set out in Note 25a. Employer contributions increased from 16% to 18% from 1 April 2016. The College had 6 active USS members at 30 June 2016, although many Fellows will be USS members though their employment by the University. Significant changes to USS took effect during the year with the final salary section closing for future service and to new members, and members now accrue a Career Revalued Benefits pension which is salary-capped, with a Defined Contribution section available above the salary cap.

The latest actuarial review of the CCFPS was produced as at 30 June 2016. The College has an overall deficiency of £1,151,214 as at that date compared to a deficiency of £1,067,738 as at 30 June 2015. The Employees' contribution rate is 5%. The College maintains a voluntary salary sacrifice scheme for those in the pension scheme.

Principal Risks and Uncertainties

The College reviews risks at a corporate level and at an operational level. Major risks to which the College is or may be exposed from time to time are reviewed regularly by all College committees within their terms of reference, and reported to College Council and Governing Body. Systems are in place, or are then established, to remove or mitigate major risks as they are identified. Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control such risks.

The main risks and uncertainties facing the College are:

- External political and economic threats to the continuing attractiveness of the University to the diverse global academic elite, whether as applicant students or as faculty;
- Economic factors which might adversely affect the college's sources of income, particularly endowment income, donations, fees and rents;
- The escalating costs of providing buildings and accommodation which is of suitable quality and in the best locations to meet the needs of students.

Plans for the future

The College's plans for creating the John Bradfield Court advanced satisfactorily during the year. The project comprises a compact new build multi-purpose facility, to be known as the John Bradfield Room, behind the Old Granary and overlooking the lawn, and the much needed refurbishment and conservation of the Old Granary student accommodation. Drawings were developed by the College's architects for the scheme and since the year-end planning permission has been obtained. The project has the generous support of Trinity College. Fundraising achieved 50% of the target within six months of launch and is continuing. It is envisaged that works will commence in 2017 for completion in 2018.

A key strategic aim for the College is to improve the experience of its members, and ease the financial burden on them, by housing more students in College accommodation for more of their period of study in Cambridge. Several projects are under consideration. In time for the start of the 2017 academic year the College expects to take on lease a new hostel of 26 rooms in Newnham, and to complete the conversion of 51 Newnham Road to up to 11 student rooms. Two large projects offer a longer prospect of more accommodation provision; the Mount Pleasant scheme, and the redevelopment of the Old

Press/Mill Lane area by the University and the Millers Yard consortium of colleges. The Mount Pleasant scheme is led by St Edmund's College and during the year designs were finalised (for a somewhat smaller overall development than was originally conceived) and a planning application has now been made. The College's options for taking rooms on a short/medium lease or a long-term lease purchase are still under consideration. Discussions with the University regarding the Old Press/Mill Lane scheme have made progress although the complexity of the development means accommodation for the colleges on the site is unlikely to be delivered before 2022-3, and the scale and nature of the financial commitment which the College would need to make in due course will be the focus of work in the coming period. These two projects might however provide the College with c.150 additional student rooms.

The fundraising required for the above projects will take place alongside the ever present need to secure endowment funds to continue to provide and enhance financial support for bursaries and hardship support for student members and for research fellowships. The College is embarking upon fundraising for a research fellowship in memory of Professor Sir David Mackay FRS who died prematurely on 14 April 2016. Revenue funding for such a fellowship to be awarded in 2017 has been generously provided by the Isaac Newton Trust.

GOVERNANCE

Corporate Governance

The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the management of the College's resources and audit oversight.

The College is a registered charity (Registered Number 1141105) and subject to regulation by the Charity Commission for England and Wales. The College Council provides the trustees of the charity and they are responsible for ensuring compliance with charity law. The Trustees are advised in meeting those duties by a number of Committees, and internal and external professionally qualified advisers. Members of the College Council forming the Trustee Body during the year to 30 June 2016 are indicated at Page 1. The Principal Officers of the College are the Master, Vice-Master, Dean, and Bursar also identified on Page 1.

The Governing Body, comprising the Master and Fellows under Titles A, C, D, and E, holds at least six meetings a year, with the November meeting being the Annual Meeting.

The College Council comprises the Master, Vice-Master, Dean, and Bursar ex-officio, and four Fellows elected at Annual Meetings of the Governing Body. The current Student Association President attends ex-officio, and two further student members are elected directly by the student body each year. The College Council meets on a regular basis throughout the year and is responsible for the everyday administration of the College in all matters not allocated by Statute to the Governing Body or the Finance Committee. The College Council makes regular reports to each meeting of the Governing Body.

The Finance (and Investments) Committee, composed of the Master, Vice-Master, and Bursar ex-officio, and three Fellows elected by the Governing Body to serve from the beginning of a given academic year, manages the College investments and, with a directly elected student representative, controls and

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administers the revenues and expenditures in accordance with College Statutes, Ordinances, and the Charities Act. When acting as the Investment Committee, the membership is reinforced by 2-3 external members, and the College's investment managers are in attendance.

It is the specified duty of the Finance Committee to keep under constant review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of external auditors; to give initial consideration to reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to make periodic formal Reports to the Trustees and Governing Body.

Registers of Interests in a form prescribed by the College's Conflicts of Interest Policy are maintained for the Trustees, and Related Party forms are obtained from the Trustees and Heads of College Departments as part of the annual audit. The declaration of interests is a formal agenda item at the beginning of every College meeting.

Statement on Internal Control

The Trustees are responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding public and other funds and assets for which the charity holds responsibility, in accordance with College Statutes and Ordinances, and the Charities Act 2006.

The systems of internal control are designed to identify the principal risks bearing on the achievement of aims, objectives and policies, to evaluate the nature and extent of those risks, and to ameliorate and control them efficiently, effectively and economically. The systems of internal control are structured realistically to identify and control most of the risks of failure to achieve aims, objectives and policies, rather than attempt to eliminate risk entirely; it therefore provides reasonable, but not absolute, assurance of effectiveness. These processes were in place for the year ended 30 June 2016 and throughout the period to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the systems of internal control. The Trustees' continual review of the effectiveness of the systems is informed by the work of the various Committees, the Bursar, and the College Officers who hold responsibility for the development and application of an internal control framework and for the investigation and resolution of any comments raised by the external auditors in their post audit and other reports.

General Responsibilities of the Trustees

The Trustees are responsible for the preparation of the Annual Report and financial statements in accordance with applicable law and having regard to United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College Statutes and Ordinances, and those of the University of Cambridge, require the Governing Body to prepare financial statements 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.

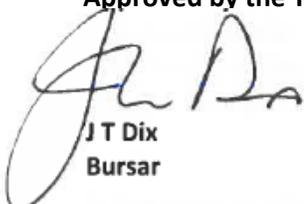
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In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 'going-concern' basis, unless inappropriate to presume that the College would continue in operation.

The Trustees are responsible for keeping accounting records which, at any time, disclose with reasonable accuracy the financial position of the College and 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.

Approved by the Trustees on 16 November 2016



J T Dix
Bursar

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DARWIN COLLEGE

Introduction

We have audited the financial statements of Darwin College for the year ended 30 June 2016 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with the College's Statutes, the Statutes of the University of Cambridge and with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and Governing Body and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on pages 10 and 11, the Council and Governing Body are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standard for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial information and non-financial information in the Trustee's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 30 June 2016 and of the income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge;
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

CAMBRIDGE

Date: *30 November 2016 .*

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 6.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties which are included at valuation.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Restricted 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.

Investment income and change in value of investment assets

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

Other income

Income is received from a range of activities including residences, catering conferences and other services rendered.

Tangible fixed assets

Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to 1 July 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 50 years. The main College site land value is not included.

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Buildings 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.

Furniture, Fittings and Equipment

Furniture, fittings and equipment in excess of £5,000 are capitalised and depreciated over their estimated useful lives.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Under FRS 15 and FRS 30 (Heritage Assets) heritage assets acquired before 1 July 1999 may not be capitalised if reliable estimates of cost or value are not available on a cost-benefit basis, and acquisitions are otherwise capitalised at cost or, in the case of donated assets, at expert valuation on receipt. In line with the accounting policy in respect of equipment, the threshold for capitalising assets is £5,000. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Currently all of the assets held in the College's collections were acquired prior to 1 July 1999. 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 no heritage assets have been included in the balance sheet.

Investments

Fixed asset investments are included in the balance sheet at fair value.

Stocks

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

Provisions

Provisions are recognised 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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

Taxation

The College is a registered charity (number 1141105) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

Contribution under Statute G, II

The College is liable to be assessed for Contribution under the provisions of Statute G, II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Pension costs

Universities Superannuation Scheme (USS)

The College participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period. Since the 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 the resulting expense in the Statement of Comprehensive Income and Expenditure.

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme and are accounted for on the basis of providing pensions over the period during which the College benefits from the employees' services.

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

Transition to the 2015 Recommended Cambridge College Accounts ("2015 RCCA")

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 21.

Application of first time adoption grants certain exemptions from the full requirements of 2015 RCCA in the transition period. The following exemptions have been taken into these financial statements:

Fair value or revaluation as deemed cost at 1 July 2014. Fair value has been used for deemed cost for properties measured at fair value.

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 in 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.

DARWIN COLLEGE
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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Note	2016				2015			
		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		£	£	£	£	£	£	£	£
Income									
Academic fees & charges	1	1,354,387	-	-	1,354,387	1,155,889	-	-	1,155,889
Residences & catering	2	2,051,802	-	-	2,051,802	1,849,905	-	-	1,849,905
Endowment Income	3	789,449	208,276	-	997,725	851,524	245,951	-	1,097,475
Total income before donations & endowments		4,195,638	208,276	-	4,403,914	3,857,318	245,951	-	4,103,269
Donations		48,115	50,293	-	98,408	77,337	45,716	-	123,053
New endowments		-	-	28,215	28,215	-	-	5,415	5,415
Capital grant from Colleges Fund		-	-	208,000	208,000	-	-	232,000	232,000
Other capital grants for assets		-	200,128	-	200,128	-	734,693	-	734,693
Total income		4,243,753	458,697	236,215	4,938,665	3,934,655	1,026,360	237,415	5,198,430
Expenditure									
Education	4	1,426,716	113,965	-	1,540,681	1,350,100	117,489	-	1,467,589
Residences & catering	5	2,047,382	-	-	2,047,382	1,826,243	-	-	1,826,243
Other expenditure		254,091	-	-	254,091	365,799	-	-	365,799
Total Expenditure		3,728,189	113,965	-	3,842,154	3,542,142	117,489	-	3,659,631
Surplus/(deficit) before other gains and losses		515,564	344,732	236,215	1,096,511	392,513	908,871	237,415	1,538,799
Gains/(losses) on disposal of fixed assets					-				-
Gains/(losses) on investments		(20,274)	1,044	2,859	(16,371)	85,138	43,276	531,342	659,756
Surplus/(deficit) for the year		495,290	345,776	239,074	1,080,140	477,651	952,147	768,757	2,198,555
Other comprehensive income									
Actuarial (loss) in respect of pension schemes		(16,190)	-	-	(16,190)	118,525	-	-	118,525
Total comprehensive income for the year		479,100	345,776	239,074	1,063,950	596,176	952,147	768,757	2,317,080

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STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£	£	£	£
Balance at 1 July 2015	41,312,269	2,672,647	19,648,242	63,633,158
Surplus/(Deficit) from income and expenditure statement	495,290	345,776	239,074	1,080,140
Other comprehensive income	(16,190)			(16,190)
Release of restricted capital funds spent in year	173,635	(173,635)		-
Balance at 30 June 2016	41,965,004	2,844,788	19,887,316	64,697,108

	Income and Expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£	£	£	£
Balance at 1 July 2014	25,018,120	2,354,037	18,879,485	46,254,642
Prior year adjustment (note 21)	14,757,740	306,696	-	15,064,436
Balance at 1 July 2014	39,775,860	2,660,733	18,879,485	61,316,078
Surplus/(Deficit) from income and expenditure statement	477,651	952,147	768,757	2,198,555
Other comprehensive income	118,525			118,525
Release of restricted capital funds spent in year	940,233	(940,233)		-
Balance at 30 June 2015	41,312,269	2,672,647	19,648,242	63,633,158

DARWIN COLLEGE
ANNUAL REPORT AND ACCOUNTS
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BALANCE SHEET AS AT 30 JUNE 2016

	Note	2016 £	2015 £
Fixed Assets			
Tangible Assets	8	36,864,467	37,325,457
Investment Assets	9	28,199,525	26,661,626
		<u>65,063,992</u>	<u>63,987,083</u>
Current Assets			
Stock	10	50,001	40,674
Debtors	11	402,390	271,943
Cash	12	3,987,277	3,995,467
		<u>4,439,668</u>	<u>4,308,084</u>
Creditors	13	<u>608,808</u>	<u>547,861</u>
Net Current Assets/(Liabilities)		<u>3,830,860</u>	<u>3,760,223</u>
Creditors: more than one year	14	(3,000,000)	(3,000,000)
Provisions			
Pension provision	15	(1,197,744)	(1,114,148)
Net Assets		<u>64,697,108</u>	<u>63,633,158</u>
Restricted Reserves			
Income and expenditure reserve - endowment reserve	16	19,887,316	19,648,242
Income and expenditure reserve - restricted reserve	17	2,844,788	2,672,647
		<u>22,732,104</u>	<u>22,320,889</u>
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		41,965,004	41,312,269
		<u>41,965,004</u>	<u>41,312,269</u>
Total Reserves		<u>64,697,108</u>	<u>63,633,158</u>

These accounts were approved by the Trustees on 16 November 2016 and are signed on their behalf by:



.....
Professor C M R Fowler, Master

DARWIN COLLEGE
ANNUAL REPORT AND ACCOUNTS
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CASH FLOW STATEMENT

	Note	2016 £	2015 £
Net cash inflow from operating activities	18	546,515	1,099,131
Cash flows from investing activities	19	(687,609)	(189,224)
Cash flows from financing activities	20	132,904	128,383
Increase/(decrease) in cash and cash equivalents in the year		<u>(8,190)</u>	<u>1,038,290</u>
Cash and cash equivalents at beginning of the year		3,995,467	2,957,177
Cash and cash equivalents at end of the year	12	<u>3,987,277</u>	<u>3,995,467</u>

DARWIN COLLEGE
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NOTES TO THE ACCOUNTS

1 Academic fees and charges	2016	2015
	£	£
Colleges fees:		
Fee income received at the Regulated undergraduate rate	-	-
Fee income received at the Unregulated rate	27,300	25,530
Fee income received at the Graduate fee rate	1,330,496	1,122,783
Other income	(3,409)	7,576
Total	<u>1,354,387</u>	<u>1,155,889</u>
2 Income from Residences and Catering	2016	2015
	£	£
Accommodation College members	1,522,879	1,436,699
Catering College members	528,923	413,206
Total	<u>2,051,802</u>	<u>1,849,905</u>
3 Endowment return and investment income	2016	2015
	£	£
Income from:		
Land and buildings	86,640	71,589
Quoted securities	892,030	997,789
Other interest receivable	19,055	28,097
Total	<u>997,725</u>	<u>1,097,475</u>
4 Education expenditure	2016	2015
	£	£
Teaching	89,145	87,188
Tutorial	266,831	276,283
Admissions	406,612	399,783
Research	241,047	239,995
Scholarships and awards	71,752	64,214
Other educational facilities	465,294	400,126
Total (Note 6)	<u>1,540,681</u>	<u>1,467,589</u>

DARWIN COLLEGE
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5 Residences and Catering Expenditure	2016	2015
	£	£
Accommodation College members	1,150,521	1,047,909
Catering College members	896,861	778,334
Total (Note 6)	<u>2,047,382</u>	<u>1,826,243</u>

6a Analysis of 2015/2016 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education	664,154	669,308	207,219	1,540,681
Residences and catering	902,152	760,395	384,835	2,047,382
Other	76,945	177,146	-	254,091
Total	<u>1,643,251</u>	<u>1,606,849</u>	<u>592,054</u>	<u>3,842,154</u>

Expenditure includes fundraising costs of £95,538. This expenditure includes the costs of alumni relations.

6b Analysis of 2014/2015 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education	687,924	572,446	207,219	1,467,589
Residences, catering and conferences	774,408	667,000	384,835	1,826,243
Other	107,107	258,692	-	365,799
Total	<u>1,569,439</u>	<u>1,498,138</u>	<u>592,054</u>	<u>3,659,631</u>

Expenditure includes fundraising costs of £121,113. This expenditure includes the costs of alumni relations.

6c Auditors' remuneration	2016	2015
	£	£
Other operating expenses include:		
Audit fees payable to the College's external auditors	17,240	16,800

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7 Staff costs

	College Fellows	Academics	Non- Academic	2016 Total	2015 Total
	£	£	£	£	£
Staff costs:					
Emoluments	218,044	-	1,074,905	1,292,949	1,237,230
Social security costs	16,810	-	74,773	91,583	88,062
Other pension costs	28,704	-	230,015	258,719	244,147
	<u>263,558</u>	<u>-</u>	<u>1,379,693</u>	<u>1,643,251</u>	<u>1,569,439</u>
Average staff numbers (full-time equivalents):					
Academic				-	-
Non-academic				48	48
Total				<u>48</u>	<u>48</u>

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This comprises the Trustees of 8 Fellows, of which 4 are stipendiary officers of the College and received remuneration of £150,828 (2015: £111,182). The Trustees receive no emoluments in their role as trustees of the charity.

DARWIN COLLEGE
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8 Fixed assets

Tangible fixed assets

	College Buildings and Site	Assets Under Construction	Fixtures, Fittings & Equipment	2016 Total	2015 Total
	£	£	£	£	£
Cost or valuation					
At beginning of year	35,998,880	1,908,563	16,783	37,924,226	36,997,251
Additions at cost	5,409	125,655	-	131,064	926,975
Disposal at cost	-	-	-	-	-
At end of year	<u>36,004,289</u>	<u>2,034,218</u>	<u>16,783</u>	<u>38,055,290</u>	<u>37,924,226</u>
Depreciation					
At beginning of year	588,697	-	10,072	598,769	6,715
Charge for the year	588,697	-	3,357	592,054	592,054
Written back on disposal	-	-	-	-	-
At end of year	<u>1,177,394</u>	<u>-</u>	<u>13,429</u>	<u>1,190,823</u>	<u>598,769</u>
Net book value					
At end of year	<u>34,826,895</u>	<u>2,034,218</u>	<u>3,354</u>	<u>36,864,467</u>	<u>37,325,457</u>
At beginning of year	<u>35,410,183</u>	<u>1,908,563</u>	<u>6,711</u>	<u>37,325,457</u>	<u>36,990,536</u>

The insured value of freehold land and buildings as at 30 June 2016 (prior to the revaluation) was £27,378,233 (2015: £26,424,930).

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9 Investments

	2016	2015
	£	£
Balance at beginning of year	26,661,626	25,642,146
Additions	6,439,342	6,419,509
Disposals	(5,080,884)	(5,018,281)
Gain/(Loss)	(16,371)	659,756
Increase/(decrease) in cash balances held at fund managers	195,812	(1,041,504)
Balance at end of year	<u>28,199,525</u>	<u>26,661,626</u>

Represented by:

Property	1,826,697	1,826,697
Quoted securities - equities	20,646,503	21,346,300
Hedge Funds	657,336	634,592
Fixed interest securities	2,370,576	1,559,701
Cash in hand at investment managers	2,108,747	497,512
Multi-Asset Funds	-	409,957
Other	10,000	10,000
Portfolio funds	579,666	376,867
	<u>28,199,525</u>	<u>26,661,626</u>

10 Stocks

	2016	2015
	£	£
Goods for resale	50,001	40,674

11 Trade and other receivables

	2016	2015
	£	£
Members of the College	271,627	143,053
Other receivables	2,114	1,578
Prepayments and accrued income	128,649	127,312
	<u>402,390</u>	<u>271,943</u>

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12 Cash and cash equivalents

	2016	2015
	£	£
Short-term money market investments	1,655,375	1,645,655
Bank deposits	2,335,168	2,368,252
Current accounts	(4,495)	(19,159)
Cash in hand	1,229	719
	<u>3,987,277</u>	<u>3,995,467</u>

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	166,366	125,507
Members of the College	115,716	99,290
University fees	99,352	160,337
Other creditors	46,534	34,704
Accruals and deferred income	180,840	128,023
	<u>608,808</u>	<u>547,861</u>

14 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Private Placement	<u>3,000,000</u>	<u>3,000,000</u>

During 2013-14, the College borrowed from institutional investors, collectively with other Colleges, the College's share being £3 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets and has been in compliance with the covenant at all times since incurring the debt.

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15 Pension provisions

	CCFPS	USS	2016	2015
	£	£	Total	Total
			£	£
Balance at beginning of year	1,067,738	46,410	1,114,148	1,108,780
Movement in year:				
Current service cost including life assurance	201,591	30,352	231,943	215,261
Contributions	(134,305)	(31,903)	(166,208)	(92,489)
Other finance (income)/cost		1,671	1,671	1,121
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	16,190		16,190	(118,525)
Balance at end of year	<u>1,151,214</u>	<u>46,530</u>	<u>1,197,744</u>	<u>1,114,148</u>

16 Endowment funds

	Restricted permanent endowments	Unrestricted permanent endowments	2016	2015
	£	£	Total	Total
			£	£
Balance at beginning of year:				
Capital	3,920,915	15,727,327	19,648,242	18,879,485
New donations and endowments	28,215	208,000	236,215	237,415
Increase/(decrease) in market value of investments	2,859		2,859	531,342
Balance at end of year	<u>3,951,989</u>	<u>15,935,327</u>	<u>19,887,316</u>	<u>19,648,242</u>

Analysis by type of purpose

Fellowship Funds	2,288,519		2,288,519	2,287,235
Scholarship Funds	782,441		782,441	774,723
Bursary Funds	527,001		527,001	526,705
Travel Grant Funds	181,823		181,823	181,721
Other Funds	172,205		172,205	150,531
General endowments		15,935,327	15,935,327	15,727,327
	<u>3,951,989</u>	<u>15,935,327</u>	<u>19,887,316</u>	<u>19,648,242</u>

Analysis by asset

Property			1,826,697	1,826,697
Investments			18,053,653	17,801,044
Cash			6,966	20,501
			<u>19,887,316</u>	<u>19,648,242</u>

DARWIN COLLEGE
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17 Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants unspent	Permanent unspent & other restricted income	Restricted expendable endowment	2016 Total	2015 Total
	£	£	£	£	£
Balance at beginning of year:	108,224	2,406,023	158,400	2,672,647	2,660,733
New grants					
New donations	200,128	3,624	46,669	250,421	780,409
Endowment return transferred					
Other investment income		199,520	756	200,276	245,951
Increase/(decrease) in market value of investments		1,044		1,044	43,276
Expenditure	(173,635)	(96,565)	(9,400)	(279,600)	(117,489)
Capital grants utilised					(940,233)
Balance at end of year	<u>134,717</u>	<u>2,513,646</u>	<u>196,425</u>	<u>2,844,788</u>	<u>2,672,647</u>

Analysis of other restricted funds/donations by type of purpose

Fellowship Funds		1,046,450	196,425	1,242,875	1,160,857
Scholarship Funds		1,000,339		1,000,339	954,269
Bursary Funds		398,857		398,857	386,212
Travel Grant Funds		22,836		22,836	21,915
Other Funds		45,164		45,164	41,170
General	134,717			134,717	108,224
	<u>134,717</u>	<u>2,513,646</u>	<u>196,425</u>	<u>2,844,788</u>	<u>2,672,647</u>

Analysis by asset

Property				-	-
Investments				1,995,150	1,967,614
Cash				849,638	705,033
				<u>2,844,788</u>	<u>2,672,647</u>

DARWIN COLLEGE
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18 Reconciliation of surplus for the year to net cash inflow from operating activities

	2016	2015
	£	£
Surplus/(deficit) for the year	1,063,950	2,317,080
Adjustment for non-cash items		
Depreciation	592,054	592,054
Investment income		
(Loss)/gain on endowments	16,371	(659,756)
(Increase)/Decrease in stocks	(9,327)	(1,037)
(Increase)/Decrease in trade and other receivables	(130,447)	(7,043)
Increase/(Decrease) in creditors	60,947	78,323
Pension costs less contributions payable	83,596	5,368
Adjustment for investing or financing activities		
Investment income	(997,725)	(1,097,475)
Interest payable	(132,904)	(128,383)
Net cash inflow from operating activities	<u>546,515</u>	<u>1,099,131</u>

19 Cash flows from investing activities

	2016	2015
	£	£
Non-current investment disposal	5,080,884	5,018,281
Investment income	997,725	1,097,475
Endowment funds invested	(6,439,342)	(6,419,509)
Increase/(decrease) in cash balances held at fund managers	(195,812)	1,041,504
Purchase of tangible fixed assets	(131,064)	(926,975)
Total cash flows from investing activities	<u>(687,609)</u>	<u>(189,224)</u>

20 Cash flows from financing activities

	2016	2015
	£	£
Interest paid	132,904	128,383
Total cash flows from financing activities	<u>132,904</u>	<u>128,383</u>

DARWIN COLLEGE
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21 Transition to 2015 RCCA

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

In accordance with FRS 102 a reconciliation of opening balances is provided here.

	£	30 June 2015 £
Surplus (Deficit) for the year as previously stated		684,363
Revised treatment of deferred capital		734,693
Accrual of employee holiday compensation		
Adjustment for movement in pension deficit funding provision of USS		(9,051)
Increase in depreciation based on fixed asset revaluation		(68,790)
Adjustment for gains(losses) previously recognised in the Statement of Recognised Gains and losses:		
New endowments	5,415	
Capital Grant from Colleges Fund	232,000	
Gains/(losses) on investments	659,756	
Actuarial profit (loss) in respect of pension schemes	78,694	
	<u> </u>	<u>975,865</u>
Total Comprehensive Income (expenditure) as restated		<u>2,317,080</u>
	1 July 2014 £	30 June 2015 £
Reconciliation of reserves and balances		
Reserve balances as previously stated	46,251,642	47,911,870
Revised treatment of deferred capital	306,696	1,041,389
Accrual of employee holiday compensation	(20,599)	(20,599)
Pension deficit funding provision	(37,359)	(46,410)
Revaluation of fixed assets to fair value on transition	14,815,698	14,815,698
Increase in depreciation based on fixed asset revaluation	-	(68,790)
Reserve balances restated	<u>61,316,078</u>	<u>63,633,158</u>

22 Pensions

The College participates in two defined benefit schemes, the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pensions Scheme (CCFPS). The assets of the schemes are held in separate trustee-administered funds. The total pension cost for the 12 months to 30 June 2016 was £150,314 (2015: £106,077).

22a Universities' Superannuation Scheme

The total cost charged to the profit and loss account is £31,903 (2015: £29,418).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the College cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

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

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

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

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

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Existing benefits	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£13.9bn
FRS 102 total funding level	85%	82%

22b Cambridge Colleges' Federated Pension Scheme

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

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

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

	2016	2015
	% p.a.	% p.a.
Discount rate	2.8	3.7
Increase in salaries	2.4*	2.75**
RPI assumption	2.9	3.25
CPI assumption	1.9	2.25
Pension increases in payment (RPI Max 5% p.a.)	2.7	3.05
Pension Increases in payment (CPI Max 2.5% p.a.)	1.7	n/a

*1.5% in 2016, 2.4% thereafter

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

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

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

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Employee Benefit Obligations

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

	2016	2015
	£	£
Present value of plan liabilities	(3,922,573)	(3,341,658)
Market value of plan assets	2,771,359	2,273,920
Net defined benefit asset/(liability)	(1,151,214)	(1,067,738)

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ending 30 June 2016 (with comparative figures for the year ending 30 June 2015) are as follows.

	2016	2015
	£	£
Current service cost	201,591	177,912
Interest on net defined benefit (asset)/liability	39,997	45,514
(Gain)/loss on plan changes	0	0
Curtailement (gain)/loss	0	0
Total	241,588	223,426

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

	2016	2015
	£	£
Present value of plan liabilities at beginning of period	3,341,658	3,008,993
Current service cost (including Employee contributions)	218,494	190,493
Benefits paid	(79,131)	(50,904)
Interest on plan liabilities	126,543	129,456
Actuarial (gains)/losses	315,009	63,620
(Gain)/loss on plan changes	0	0
Curtailement (gain)/loss	0	0
Present value of plan liabilities at end of period	3,922,573	3,341,658

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

	2016	2015
	£	£
Market value of plan assets at beginning of period	2,273,920	1,937,572
Contributions paid by the College	174,302	108,584
Employee contributions	16,903	12,581
Benefits paid	(79,131)	(50,904)
Interest on plan assets	86,546	83,942
Return on assets, less interest included in the Statement of Comprehensive Income and Expenditure	298,819	182,145
Market value of plan assets at end of period	<u>2,771,359</u>	<u>2,273,920</u>
Actual return on plan assets	385,365	266,087

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

	2016	2015
Equities	59%	69%
Bonds & Cash	35%	25%
Property	6%	6%
Total	<u>100%</u>	<u>100%</u>

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

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

	2016	2015
	£	£
Actual return less expected return on plan assets	298,819	182,145
Experience gains and losses arising on plan liabilities	17,960	46,400
Changes in assumptions underlying the present value of plan liabilities	(332,969)	(110,020)
Actuarial gain/(loss) recognised in OCI	<u>(16,190)</u>	<u>118,525</u>

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

	2016	2015
	£	£
Surplus/(deficit) in plan at beginning of year	(1,067,738)	(1,071,421)
Recognised in the Statement of Comprehensive Income and Expenditure	(241,588)	(223,426)
Contributions paid by the College	174,302	108,584
Actuarial gain/(loss) recognised in OCI	(16,190)	118,525
Surplus/(deficit) in plan at the end of the year	<u>(1,151,214)</u>	<u>(1,067,738)</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 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

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

- Annual contributions of not less than £23,772 p.a. payable for the period from 1 July 2015 to 31 March 2034.
- These payments are subject to review following the next funding valuation, due as at 31 March 2017.

23 Related Party Transactions

Owing to the nature of the College's operations and the composition of its Trustees, it is possible that transactions will take place with organisations in which a Trustee has an interest. All transactions involving organisations in which a Trustee may have an interest are conducted at arm's length and in accordance with the College's normal procedures.