

**The President and Fellows of Murray Edwards College, founded as
New Hall, in the University of Cambridge**

Annual Report and Financial Statements

Year Ended 30 June 2016

Charity Registration number 1137530



**Murray Edwards
College**
University of Cambridge

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016**

Index

Administrative Details	1
Operating and Financial Review	3
Introduction	3
Scope of the financial statements	3
Aims and objectives of the College	3
Public benefit	4
Achievements and performance 2015-2016	5
Strategic direction	5
Operational management	6
Academic community	6
Widening access and supporting academic and future careers	7
Financial Review	8
Funding	8
Staff costs and pensions	9
Maintenance of buildings	10
Other operating expenditure	10
Endowment and investment performance	10
Capital expenditure	11
Cash flow	11
Reserves policy	11
Principal risks and uncertainties	12
Plans for the future	12
Corporate Governance	14
Statement of Corporate Governance	14
Statement of Internal Controls	16
Transactions between College and members of the Governing Body	16
Financial management and control	16
Statement of Trustees' Responsibilities	16
Independent Auditor's Report to the Trustees of Murray Edwards College	18
Statement of Principal Accounting Policies	20
Consolidated Statement of Comprehensive Income and Expenditure	25
Statement of Changes in Reserves	26
Consolidated Balance Sheet	27
Consolidated Cash Flow Statement	28
Notes to the Accounts	29

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Administrative Details

Address

Murray Edwards College, New Hall, Huntingdon Road, Cambridge, CB3 0DF

Charity registration number

1137530

Senior officers

President	Dame Barbara Stocking DBE
Vice-president	Dr Ruchi Sinnatamby
Bursar	Mr Robert Gardiner
Senior Tutor	Dr Juliet Foster

Principal advisors

Auditors (internal)	Peters Elworthy & Moore	Salisbury House, Station Road Cambridge CB1 2LA
Auditors (external)	Critchleys LLP	Greyfriars Court, Paradise Square, Oxford OX1 1BE
Bankers	Barclays Bank PLC	Mortlock House Histon Cambridge CB24 9DE
Investment Managers	SandAire Limited	105 Wigmore Street London W1U 1QY
	Ruffer LLP	80 Victoria Street London SW1E 5JL
	CCLA Investment Management Limited Cambridge University Endowment Fund	Senator House, 85 Queen Victoria Street, London, EC4V 4ET Daedalus House, 1st Floor 26-30 Station Road, Cambridge CB1 2RE
Investment Advisers	Cambridge Associates Ltd	Cardinal Place 80 Victoria Street London SW1E 5JL
Legal Advisers	Mills & Reeve	Botanic House 100 Hills Road Cambridge CB2 1PH
	Taylor Vinters	Merlin Place Milton Road Cambridge CB4 0DP

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016**

Trustees of the charity – Council members

President, Dame Barbara Stocking DBE

Vice-President, Dr Ruchi Sinnatamby

Bursar, Mr Robert Gardiner

Senior Tutor, Dr Juliet Foster

Dr R Polonsky

Dr O Saxton (retired 30.09.16)

Dr L Mellor (appointed 01.10.15, retired 30.09.16)

Dr P Filippucci (retired 30.09.15, reappointed 01.10.16)

Dr S Turenne (retired 30.09.15, reappointed 01.10.16)

Dr H Bateman (retired 30.09.16)

Dr A Kumar

Dr K Peters (retired 30.09.16)

Dr S Horrell

Ms F Duffy (appointed 01.10.15)

Mrs N Cavaleri (appointed 01.10.15, retired 30.09.16)

Miss E Craig-Geen (appointed 21.04.15, retired 18.04.16)

Miss C Swanson (appointed 22.10.2015)

Miss K Karpenko (appointed 19.04.2016)

Professor M Roland (appointed 01.10.16)

Dr L Delap (appointed 01.10.16)

Dr R Lyne (appointed 01.10.16)

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Operating and Financial Review

Introduction

The College was founded on 11th March 1954 as an unincorporated association to promote a third foundation for women in the University of Cambridge. It was incorporated as New Hall, Cambridge, a company limited by guarantee, on 20th April 1954. On 3rd November 1965, the University granted recognition to New Hall as an approved foundation within the University. A royal charter of incorporation in the name of “The President and Fellows of New Hall in the University of Cambridge” was granted on 28th June 1972. College Statutes provide for the constitution and government of the College including the membership and responsibilities of the Governing Body and the College Council.

In June 2008 the College announced a donation of £30m from Ros Smith (New Hall 1981) and her husband Steve Edwards. The donation was made with the purpose of permanently endowing the College to enable it to pursue its objects of learning, education and research as an independent institution within the University of Cambridge. The income from this transformational endowment also enhanced specific areas including widening access and participation, supporting early career stage academics, improving conditions for college teaching officers, employing a full-time schools’ liaison officer and initiating the Gateway Programme of study skills and professional development for students.

On 14th June 2011 a Supplemental Charter was granted by HM the Queen, changing of the name to “The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge”. The name honours in perpetuity both the first President, Dame Rosemary Murray, and the Edwards family.

Scope of the financial statements

The consolidated financial statements cover the activities of the College and its two subsidiary companies. These undertake activities which, for legal or commercial reasons, are more appropriately carried out by limited companies.

Aims and objectives of the College

The principal objects of the College, as set out in its charter, are to advance education, learning and research in the University of Cambridge. It is committed to the highest standards of education for women of all backgrounds.

Murray Edwards College is a college within the University of Cambridge. It fulfils its objectives by selecting and admitting undergraduate students for University courses, and accepting graduates admitted by the University. It provides, with the University, an education of the highest quality, through small group teaching, academic supervision, and the provision of library, computing and cultural facilities, living accommodation, and support for students in personal or financial need. The College provides rooms for Fellows’ teaching and research and also funds facilities for research

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

fellows to help them establish themselves in the academic world through post-doctoral research. Measures of success include the high ranking of Cambridge University in the world, and the very low drop-out rate compared with students in other Universities.

In furtherance of its objectives, the College maintains and manages an endowment of assets, including a property. Governance arrangements for the College are set out on page 14.

As at 30th June 2016, the College comprised the President, 56 Governing Body Fellows, 23 Bye-Fellows, 347 students in respect of whom undergraduate fees were received, 187 registered graduate students and 103 full time equivalent permanent non-academic staff.

Public benefit

The Trustees have regard to the Charity Commission's guidance on public benefit when exercising powers and duties to which the guidance is relevant. The Trustees are assisted in this duty by receiving specific briefing on the guidance. They have taken this into account when making decisions to which the guidance is relevant.

The strategic direction of the College is to provide excellence in the education of outstanding young women from all backgrounds. It provides opportunities for these young women to develop the skills and confidence to lead the way in the world, to be independent minded, and to take on the challenges they will meet in life and achieve their ambitions. This is done through core teaching and also through the Gateway Programme for personal development, which is available to both graduate and under-graduate students. The College aims to provide a warm, open and friendly community, maintaining the traditions of a Cambridge college but also at the forefront of innovation. The focus is on meeting the needs of women from all backgrounds within the wider co-educational environment of Cambridge University.

In aiming to provide a world-class education to the students with the most potential in each subject, whatever their means or social background, the College tries to attract the best applicants from the widest range of schools and colleges. By encouraging applications, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits: 53 in 2015-16 (59 in 2014-15) with 154 (2014-15:150) different schools involved and 2,346 (2014-15: 2,990) school students participating overall and 3 (2014-15: 2) College open days. It engages with other subject specific events (e.g. in physics, maths, modern and medieval languages and classics) organised by departments and offers an overnight series of workshops for gifted and talented students from Greater Manchester in association with the University's HE+ scheme. The aim of these activities is to inform and encourage all academically able students including those who would not otherwise do so to apply to University. Our entry for October 2015 comprised 64% (2014-15: 61%) from the maintained schools sector.

Students of the College have access to several sources of financial assistance in particular the Cambridge Bursary and Cambridge European Bursary Schemes. In 2015-16 £251k (2014-15: £272k) was distributed to 88 (2014-15: 93) undergraduates through the Cambridge Bursary Schemes. The

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

schemes are operated in common with the University, other colleges and the Isaac Newton Trust and exist to provide bursary support for students of limited financial means, to enable them to meet the cost of their Cambridge education. The net cost of the scheme to the College in 2015-16 was £68k (2014-15: £71k). The scheme is approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. Students may also apply for other grants including hardship grants if they are in financial difficulties. In total in 2015-16 £440k (2014-15: £407k) was spent in the year on student support, which includes support for academic excellence, research and academic need, hardship, sporting excellence, music, travel and support for the student unions.

A major benefit provided to the section of the public which the College addresses is subsidised education and living costs for its students. In the year the total cost of education exceeded total income from the College Fee in 2015-16 by £1,981k. This represented an education subsidy of £5,453 per student and was financed out of investment income and donations. In addition the College provides educational facilities in the form of the very substantial Rosemary Murray Library and IT resources. The College rents its rooms to students at a rate which is less than would be obtainable in the open market for equivalent accommodation and provides food at very reasonable rates.

The College advances research by providing research fellowships to outstanding academics at the early stages of their careers which enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of a permanent academic post. In addition it supports the research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for research costs, including attendance at national and international conferences and providing sabbatical leave from teaching duties.

The College provides an environment and cultural facilities available for the benefit of the public. In particular the College is the home of the New Hall Art Collection, a collection of works by leading modern and contemporary women artists which is unrivalled in the UK or Europe and it is used to provide lectures and tours to create platforms, build audiences, and encourage public participation in the arts. The College's gardens promote a welcoming and inclusive range of community initiatives.

Achievements and performance 2015-2016

Strategic direction

The Governing Body agreed the College's medium term strategic direction in 2014 and the aims which remain unchanged are:

- To pursue educational excellence, seeking to ensure that every student is able to achieve their full academic potential, and for this to be expressed particularly (but not exclusively) in their final examinations. The College aims to sustain an intellectually inspiring environment, which enables each student to take responsibility positively for their own learning and progress.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

- To attract the most academically talented women for graduate study at Murray Edwards College and enable them to excel.
- To give each undergraduate and graduate student the tools and confidence to identify and achieve their individual aspirations, and consider how to support young alumnae.
- To ensure that the Fellowship continues to develop as a vibrant, well-rounded academic community.
- To make the College much better known and understood.
- To maintain the ethos of the College as inclusive, friendly and modern and to make sure the environment and life of the College continues to be vibrant and innovative.
- To secure the College's financial ability to deliver these objectives.

Operational management

The Senior Officers of the College have remained unchanged during 2014-2015. The College appointed an Art Curator during the year, funded from benefactions, and new posts have been created in the development office, events office and housekeeping to respond to higher levels of activity.

Academic community

The overarching mission of the College, as a self-governing institution committed to the highest standards of education for women of all backgrounds, is to advance education, learning and research in the University of Cambridge.

The College continued to develop and extend its Fellowship during the academic year 2015-2016 with a view to ensuring continued excellence both in direction of studies and supervision of all students. New Fellows were admitted in a range of subjects including Classics, Engineering, History, Law, Mathematics, Medicine and Modern Languages, and this year also saw the second intake of post-doctoral Bye Fellows. These latter positions are offered to early career researchers working across the University, most of whom do not have any College affiliation, and offer the opportunity to get involved with the academic community of the College in various ways.

Temporary teaching Fellows were appointed in Law and Modern Languages, made possible by the generosity of the Newton Trust's CTO Research Leave scheme, which allows long-serving existing College Teaching Officers to apply for additional research leave through funding replacement teaching.

The year also saw the appointment, with effect from October 2016, of the new Corfield Lecturer (linked with the Department of Pure Maths and Mathematical Statistics) and also of a Physics Fellow who will spend half her time engaging in research in High-Energy Physics in the Cavendish Laboratory. We are grateful to these Departments for their positive engagement with us in these processes, and continue to work with other Departments on future linked appointments.

The College was delighted that its Honorary Fellow Joanna MacGregor, OBE, was admitted to the Honorary Doctorate of the University of Cambridge in June 2016.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

The Governing Body of the College elected to an Honorary Fellowship the following distinguished alumnae:

- Margaret Cole (NH1979; General Counsel at PricewaterhouseCoopers LLP)
- Eileen Cooper, OBE (Keeper of the Royal Academy)

Undergraduate exam results were excellent this year, with over 93% of Finalists (2014-15: 92%) graduating with either a 2:1 or a 1st Class degree.

In addition to strong academic performance, Murray Edwards students continued to participate in many different areas of University life, with notable successes in drama and journalism. In sport, students participated at all levels, including that of the University, achieving 7 Blues and 4 Half Blues in a variety of different sports.

Widening access and supporting academic and future careers

The College is committed to widening access and creating greater opportunity for gifted women from all backgrounds. This goal of merit-based diversity underpins the ethos of the College's recruitment strategy and is complemented by the College's Gateway Programme.

The Gateway Programme includes our popular 'Pathways to Success' annual conference which provides information and inspiration for academically able young women in year 12. The College is also able to offer Gateway pre-entry awards which can be used to broaden the academic skills and experiences of offer-holding students from less advantaged learning environments. Recruitment events are held both in College and at schools, with emphasis on our outreach areas. Our Aspiration Events (half day events in College aimed at year 10) are popular and teachers from less advantaged areas appreciate the Gateway Programme's emphasis on academic transition and future career prospects as important in attracting and supporting their students.

This year we introduced a new strand of activity aiming to encourage women of 14-18 years of age to maintain their progress and interest in studying sciences. Our 'She Talks Science' blog (www.shetalkscience.com) which includes winning school entries and is proving very popular. Alongside the blog we ran a well-attended one-day conference 'She Talks Science: Aiming High' which explored the routes forward into university study and into careers in science.

The Gateway Programme continues to provide support for students in their transition to Cambridge, strengthening key academic skills and personal and professional development. An internship initiative is an integral strand of the programme. The programme has now been successfully to embrace graduate students as well as undergraduates, a development which has been warmly welcomed by our graduate community. The Gateway Programme and its various elements continue to attract interest from within and beyond the University.

In the Autumn of 2015, the College tested a mentoring programme for a small group of alumnae 5 to 15 years post-graduation, delivered by more experienced alumnae. This was a great success with good feedback and the College is now rolling out the scheme to all alumnae in those cohorts.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Our widening participation goals we seek to make the College more accessible and understood. In support of this we launched a new website for the College in June 2016 which reflects as much as possible the accessible, vibrant and friendly academic ethos of the College.

Financial Review

The income and expenditure account shows a deficit of £3,797k (2014-15: surplus £3,860k). Adoption of FRS 102 renders results more volatile as the surplus or deficit figure now contains capital donations and the effect of changes in the values of investments.

The college manages its finances by reference to underlying recurring items of income and expenditure as recognised prior to the adoption of FRS 102. On this basis the college's income increased from £7,695k to £8,123k and its expenditure from £7,313k to £8,142k. The principal contributors to the increase in income were academic fees and charges, increased commercial activity and donation income. The principal contributors to the increase in expenditure were staff costs including new posts in various departments to support operations, maintenance and larger amounts applied to student support.

Funding

The College's income derives principally from academic fees and charges, charges to students for accommodation and catering, charges for conferences and events and donations, all supported by income from its endowments (including gains in the case of endowments managed on the basis of total return), as follows:

	2015-16	2014-15	Year on year
	£000s	£000s	change
College fee	2,056	1,960	+4.9%
Charges to members for accommodation and catering	2,297	2,222	+3.6%
Charges for events and conferences	1,062	815	+30%
Investment income and endowment return transferred	1,645	1,564	+5.2%
Donations and endowments	565	904	+0.5%

2015-16 was the fourth year of admission of undergraduates under the arrangement by which of the University tuition fees of £9,000pa (2014-15: £9,000), £4,500 (2014-15: £4,500) per student is retained by colleges. Numbers of undergraduate students reduced by three. Graduate numbers increased by seven, as did the fee received from the University under new arrangements for the sharing of graduate fees.

Accommodation charges to students were increased by approximately 4% (2014-15: 2.8%) reflecting the inflation increases in rents and new rents from an additional graduate house. The College understands the need to ensure that rents are sufficient to reflect the accommodation provided while representing good value within the context of the wider market.

The College makes its facilities available for commercial events and conferences when not required for its principal academic objects, precedence being given to College events. The income from these

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

activities contributes materially towards general overhead costs. Following a review of policy and reorganisation in 2011 income declined into 2013-14 but this important source of financial support for the college's charitable objective has continued to recover well in the last two years.

The endowment performance is separately commented on in the section "Endowment and investment performance" below. The income, before management expenses, taken into the income and expenditure account in 2015-16 represented 3.1% (2014-15: 3.2%) of the value of investments at the beginning of the year.

The College Development Office aims to raise donations from benefactors, including alumnae, trusts and foundations. Alumnae remain very responsive to the College's telephone campaign. In 2015-2016 a total of £565k was received in new donations and endowments (2014-2015: £904k). The prior year benefited from the substantial endowment from Nick Corfield to fund a joint Lectureship/Fellowship in Mathematics.

The original College buildings date from the 1960s and since 1999 have required substantial refurbishment and renovation, particularly the Dome, Library and Orchard Court. In addition Buckingham House was rebuilt and Canning & Eliza Fok House was built to provide 40 rooms for graduate accommodation. All these works were carried out with the assistance of bank loans that total £13.5m. Interest payments amount to nearly £700k per year. The College sets aside funds from operating cash flow to permit debt repayment at the earliest prudent date.

Staff costs and pensions

Payroll costs (academic and non-academic) increased by 17% against the previous year. They represent the biggest operating cost of the college. The majority of the increase arose from the cash and, in particular, non-cash costs of defined benefit pension schemes. Increases in salary costs represented (a) additional operational posts to address increased levels of activity; and (b) short-term academic posts funded from specific benefactions made to the College to cover academic leave.

The College makes pension fund contributions on behalf of its employees to two defined benefit schemes and one defined contribution scheme:

- The Universities Superannuation Scheme (USS) on behalf of academic and some non-academic staff;
- The Aviva defined contribution scheme on behalf of non-academic staff;
- The Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff and which is now closed to new members.

The CCFPS was actuarially valued at March 2014 and the Murray Edwards College section was found to have a deficit of £1.1m. The College will be required to make recovery payments of £62k p.a. for 18 years and increase current service contributions.

The USS was actuarially valued at 31st March 2014 revealing a deficit of £5.3bn and a funding level of 89%. The USS has reformed benefits, moving to career revalued benefit only for future accrual on a

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

capped level of salary, implementing defined contribution arrangements only above the cap and increasing member and employer contributions. The College's contribution rate rose from 16% to 18% from March 2016.

Maintenance of buildings

The college buildings include Victorian and Edwardian buildings in addition to the main buildings on the New Hall site from 1965, the substantial additions of Pearl House (1994), Buckingham House (2001) and Canning & Eliza Fok House (2008).

The College maintains a five year maintenance plan to ensure timely refurbishment of key elements of plant to control operational risk, maintenance of buildings to a standard which should prevent more costly remedial works and refurbishment to the extent that the budget can support it. Maintenance in 2015-16 included the major and urgent work to refurbish Fountain Court South, upgrading fire safety, replacements of major items of plant in the kitchens and Pearl House, refurbishment to student houses including Hammond and Clover and improvements to fellows' accommodation. In addition the College completed installation of comprehensive wi-fi provision throughout the main site.

Other operating expenditure

The College purchases substantial volumes of goods and services for its catering and accommodation operations. It aims to ensure value for money. Key to this is participation in a number of inter-collegiate initiatives to ensure best price purchase for inputs as diverse as energy, food and insurance together with participation in University procurement programmes, for example IT.

Endowment and investment performance

The College's Finance Committee formulates a general investment policy on the advice of its Investment Sub-committee, which oversees the management of the College's investments and instructs fund managers as appropriate. The College's quoted investments were managed by two external firms, SandAire Limited and Ruffer LLP during the period and Cambridge Associates manages venture capital and private equity investments for the college. The College manages a direct property investment.

Following a review of investment managers CCLA Investment Management and the Cambridge University Endowment Fund were appointed to manage quoted investments from the end of September 2016.

The investment policy was reviewed during the year. The objective of long term funds is to generate returns in excess of inflation and generate a return sufficient to support the on-going activities of the College; for short term funds it is to preserve capital value with minimum risk. Assets may be invested widely in accordance with recommendations of investment managers to achieve these objectives while limiting risk and addressing the liquidity considerations required of short term funds and the spending rule applying to long-term funds managed for total return. Investment managers' ethical and responsible investment policies are reviewed and the College may exclude investments which conflict with its purposes and it does not invest in shares in tobacco companies.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

The investments are held in a variety of instruments and property as set out in note 9. They represent the College's endowment assets, part of its corporate capital and general reserves.

The College's investments are managed in four principal categories: the Segregated Fund comprising quoted investments, a venture capital investment and an investment property, and the Amalgamated Fund.

The Segregated Fund is managed on a total return basis and subject to an annual spending rule of 3.5% (prior to 2014-15: 4%). The quoted investments section, managed by Ruffer, returned -3.1% (2014-15: 9.4%) during the year net of fees. From October 2016 the fund management has been transferred to CCLA Investment Management and the Cambridge University Endowment Fund.

The Segregated Fund committed to an interest in a venture capital and private equity fund of funds in 2006. The fund is returning cash to investors and the latest valuation shows an internal rate of return of 9.8% p.a. In June 2016 the College committed \$2m to a follow-on fund.

The Segregated Fund holds a residential property professionally valued at 30th June 2015 at £2.0m, £0.3m less than its purchase value. The property has the benefit of surplus land on the College's boundary. The rental income return to the College during the year, after expenses, was 0.9%.

The Amalgamated Fund, managed by SandAire, is managed on an income and capital basis and returned a total of -5.4% (2014-15: 13.2%) during the year net of fees. From October 2016 the fund management has been transferred to CCLA.

The College is beneficiary of the literary estate of Roma Gill, former fellow of the College. The copyright in her editions published as the Oxford School Shakespeare and published by OUP gave rise to royalty receipts in the year of £99k (2014-15: £70k).

Capital expenditure

Total capital expenditure, excluding heritage assets, during the year was £913k (2014-15: £561k). This included items referred to in the maintenance section above qualifying for capitalisation under the College's accounting policies.

Cash flow

The operations absorbed unrestricted cash flow of £194k (2014-15: generated £313k) after taking account of capital expenditure. The College normally sets aside 50% of budgeted free cash flow (before capital expenditure) for repayment of bank debt but this was reduced for the year because of the requirements of the urgent refurbishment of Fountain Court South. Internal borrowings from corporate capital, following withdrawal of £1m from the Amalgamated Fund during 2011-2012 to finance works to the Library and Grove Lodge, are being repaid over 25 years, by way of internal transfers of £40,000 per annum.

Reserves policy

The College intends to continue to pursue its objects in perpetuity. Its activities require income support from its investments which include corporate capital, endowments, restricted and

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

unrestricted reserves and funds. The college's unrestricted reserves are £52.7m but the free reserves are only £2.2m, after considering the college's tangible assets of £50.5m which are integral to its operations to deliver its charitable objectives. Such a level of free reserves is necessary to help to provide investment income to support the activities, as mentioned. In addition, although the college's other income streams are reasonably stable in the short term, the free reserves provide support in the event of an unforeseen downturn in the college's investment income arising from wider economic uncertainty. The college views the reserves as a minimum level which should be increased over time both to yield further investment income to support the charitable objects of the college and to permit the repayment of debt which stands at £13.5m and part of which falls due for repayment in 2025.

Principal risks and uncertainties

The college reviews risks at a corporate level and an operational level. The corporate risks comprise principally:

- Academic risks including the calibre of students seeking admission to the College and ensuring that the Fellowship is attractive to academics
- Providing buildings and accommodation which is of a suitable quality for, and meet the needs of, students and Fellows
- Maintaining the reputation of the College and ensuring that it provides an excellent academic and student experience
- The impact of Britain's decision to leave the EU on the attractiveness of Cambridge as a place to study and research for young people and academics from the EU.

Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control them. The college maintains a critical incident plan and tests it with simulated incidents.

The principal financial risks and uncertainties remain securing resources to refurbish the older parts of the College, particularly Orchard Court. The cost of comprehensive works to update the services, replace windows, maintain concrete and refurbish the internal appearance of student rooms in the building is estimated to be in the region £11 million.

Plans for the future

The strategic intent summarised at the start of this section of the report sets out the principal aims for the medium term. Restated briefly these are:

- to pursue educational excellence;
- to attract the most academically talented women for graduate study;
- to develop the Gateway programme further including mentoring of alumnae;
- to develop the Fellowship;
- to make the College better understood;
- to maintain the inclusive friendly and modern ethos of the College; and
- to secure the college's financial ability to deliver these objectives.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

The College continues to be under-capitalised in an uncertain economic environment, while facing the challenges of the higher education sector. It will endeavour to continue to improve its financial position through scrutiny of costs and the pursuit of new sources of income, consistent with its charitable objects and having regard to public benefit. In addition it will continue careful stewardship of its endowment. The College will continue to raise benefactions to increase its endowments generally to ensure that the College can exist in perpetuity and, in particular, the income from endowments can support the cost of educating undergraduates which is not currently fully covered by the College's other sources of income.

The operational priorities are: to consider the accommodation strategy including graduate and Fellows' accommodation; continuous improvement of management systems and structures; continuing to implement the five year maintenance plan including refurbishment of the remainder of Orchard Court as soon as funds are available for the purpose; revising College policies; developing further the commercial conference and catering business in conjunction with the Kaetsu Centre; and controlling risks appropriately.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Corporate Governance

Statement of Corporate Governance

The following statement is provided by the Council as the College Trustees 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.

The College is a registered charity (registered number 1137530) 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.

The Governing Body has the ultimate authority in the governance of the College, which it exercises in accordance with and subject to the College statutes. The Governing Body comprises the President and all Fellows other than Emeritus or Honorary Fellows, and meets at least once in each Term. Statutes specify that one meeting of the Governing Body in each academic year shall be the Audit Meeting.

Subject to ultimate authority being vested by statute in the Governing Body, the College Council is the chief executive body of the College, responsible for administering the affairs of the College and managing its property and income. Under the statutes, the College Council consists of the President, Vice-president, Senior Tutor, and Bursar (all ex officio), plus nine members of the Governing Body, elected by the Governing Body, and two junior members elected by undergraduate and graduate students. One additional student representative attends Council meetings as an observer. Two staff observers are also in attendance at Council meetings. Council members are the College Trustees for the purpose of charity law.

The President chairs Governing Body and Council; the Senior Tutor has overall responsibility for admissions, education, and welfare of graduate and undergraduate students; the Bursar has overall responsibility for the finances, buildings, and administration of the College. The President and Vice-President are elected by the Governing Body. Officers, other than the President and Vice-President, are appointed, and may be removed, by Council. Council fulfils its responsibilities through a number of committees to which some powers are delegated and through which advice is sought. They are:

- Academic Policy (Sub-Committees: Admissions, Research Fellowship);
- Art;
- Domestic and Estates (Sub-Committees: Events and Catering, Gardens, Health and Safety, Wine);
- Fellowship Review Group;
- Finance (Sub-Committee: Investment);
- Fundraising and External Relations (Sub-Committees: Campaign Group, Communications Strategy)
- Information and Communications Strategy;
- Personnel (Sub-Committee: Staff Joint Consultative);

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

- Remuneration;
- Student Funding;
- Student Matters (Sub-Committees: Graduate Liaison, Undergraduate Liaison).

The principal officers of the College are listed on page 1.

An Audit Committee, appointed by Council, reports to the Governing Body. It is in the terms of the Audit Committee, *inter alia*, to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body, in conjunction with the Finance Committee, on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; and to report to the Governing Body. Membership of the Audit Committee consists of three Fellows other than the Bursar, one to be appointed by Council annually each for a term of three years, together with one external adviser. Serving members of the Finance Committee shall not be eligible for appointment.

The Audit Committee may examine the accounts, consult with the auditor, and is required to report to Council and to Governing Body at the Audit Meeting on matters of general policy in relation to the accounts as they see fit.

There are registers of interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.

The College's Trustees during the year ended 30 June 2016 are set out on page 2.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Statement of Internal Controls

The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives whilst safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.

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.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2015 and up to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the system of internal control.

The Trustees' review of the effectiveness of the system of internal control is informed by the work of the Finance and Audit Committees, Bursar and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Transactions between College and members of the Governing Body

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by Council. The role of the Remuneration Committee is to act as a body to review the level of remuneration and other direct and indirect benefits for the members of the Governing Body who are members of the Council of the College.

Financial management and control

The College operates a devolved budgeting system under which individual budget holders are responsible for managing income and expenditure within their own areas of operation, and for bringing forward budget proposals through an annual budgeting process. Fellows, members of staff and students are encouraged to participate in the process through their membership of the College's Committees. The Finance Committee is responsible for turning the proposals into a coherent and transparent budget proposal which is part of a sustainable financial plan. The budget is considered in detail to ensure that it is consistent with the College's strategic aim and objectives and then recommended to Council for approval.

Statement of Trustees' Responsibilities

College Council, as Charitable Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent college and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting statements 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 Trustees are responsible for keeping accounting records that are sufficient to show and explain the college's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent college and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge, the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent college and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved by College Council on 7th November 2016



Dame Barbara Stocking

President

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Independent Auditor's Report to the Trustees of Murray Edwards College

We have audited the group and parent college financial statements ("financial statements") of Murray Edwards College for the year ended 30 June 2016 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and college balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Council members and auditor

As explained more fully in the statement of Trustees' responsibilities, the Council Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent college's affairs as at 30 June 2016 and of the group's 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 Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge and regulations made thereunder; and
- show the contribution due from the College to the University which 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.

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016**

Matters on which we are required to report by exception

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

- the information given in the Council's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the College's 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.



Critchleys LLP
Statutory Auditor
Oxford
United Kingdom
7th November 2016

Critchleys LLP is a limited liability partnership registered in England and Wales (with registered number OC354137).

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 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 that are included at valuation.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary companies are included in note 27. Intra-group balances are eliminated on consolidation.

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.

Grant income

Grants received from non-government sources (including research grants from non-government sources) are recognised within the Consolidated 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 Consolidated 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 Consolidated 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.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

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 Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Endowment and investment income

Investment income and changes in value of investment assets are 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 also holds certain restricted and unrestricted permanent capital, derived from specific donations, in a Segregated Fund, the terms of which require that 3.5% per annum of the capital value at the end of January each year is recognised as income in the Consolidated Statement of Comprehensive Income and Expenditure

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 income and expenditure for the financial year.

Fixed Assets

Land and buildings

Operational land and buildings are stated at valuation. Buildings on the main College site, being specialised properties, were valued on the basis of their depreciated replacement cost at 30 June 2015 by AECOM, property consultants. Certain off-campus land and buildings are valued on the basis of their existing use. The most recent valuation was carried out by Carter Jonas LLP, property consultants, as at 30 June 2015.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Land purchased prior to 1 July 2002 is not capitalised unless it is held for investment purposes. Land purchased since 1 July 2002 is capitalised in the balance sheet. Freehold land is not depreciated.

Operational buildings are depreciated on a straight-line basis over their expected useful economic lives at the rate of 1.5% per annum.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are valued at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date and are depreciated at the rate of 1.5% per annum when they are brought into use.

Maintenance of premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The cost of major refurbishment and maintenance that restores value is capitalised and depreciated at the rate of 1.5% per annum.

Furniture, fittings and equipment

Furniture, fittings and equipment with a cost of more than £10,000 are capitalised and depreciated at the rate of 10% per annum. Project specific IT equipment costs over £10,000 are capitalised and depreciated at a rate of 20% per annum.

Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of comprehensive income and expenditure in the year in which they fall due.

Heritage assets

Works of art, books and other valuable artefacts are capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The College has a large art collection most of which has been donated to the College. The collection is formally valued every five years. The College includes all assets over £10,000 as valued and includes additions acquired between valuations at a fair value.

All heritage assets are maintained and conserved by College staff with access available by permission of the College. The assets held are properly insured if appropriate, with records kept by those responsible for care of the assets.

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation.

Stocks

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

Taxation

The College is a registered charity (number 1137530) 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.

Pension Schemes

The College participates in the following pension schemes:

- Universities Superannuation Scheme (USS) - a defined benefit scheme that is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, 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 and the changes in the present value, calculated by reference to the yield on high quality

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

corporate bonds, of contributions not expected to be settled wholly within 12 months of the reporting period in which the employee renders the related service. The scheme is closed to new non-academic members of the College. Further information on the scheme is provided in note 26.

- Cambridge Colleges Federated Pension Scheme (CCFPS) - a similar defined benefit scheme which is externally funded and contracted out of the (S2P). The scheme is closed to new members of the College. As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by FRS 102. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the amount calculated under FRS 102.
- Aviva - a defined contributions pension scheme set up for non-academic staff in 2010-11. The College matches employee contributions to a maximum of 5%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

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 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 consolidated results of the College is provided in note 25.

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: at 30th June 2015, 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 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.

MURRAY EDWARDS COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Statement of Comprehensive Income and Expenditure

Income	Note	Unrestricted £000	Restricted £000	Endowment £000	Total £000	2016 Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000	2015 Total £000
Academic fees and charges	1	2,281			2,281	2,189	2,189			2,189	2,189
Residences, catering and conferences	2	3,359			3,359	3,037	3,037			3,037	3,037
Investment income	3	635	27	357	1,019	526	6	393		925	925
Endowment return transferred	3	971	12	(983)	-	1,017	15	(1,032)		-	-
Other income		63			63	56				56	56
Total income before donations and endowments		7,309	39	(626)	6,722	6,825	21	(639)		6,207	
Donations						377	74	129		580	
New endowments		272	130	159	561	1		323		324	
Other receipts		39	2	5	46	48	9	19		76	
Heritage assets				100	100			33		33	
Total income		7,620	171	(356)	7,433	7,251	104	(135)		7,220	
Expenditure											
Education	4	3,632	170	235	4,037	3,270	109	174		3,553	
Residences, catering and conferences	5	4,209			4,209	3,607				3,607	
Investment management costs	3	101	6	279	386	98	6	291		395	
Other expenditure		121			121	217				217	
Total expenditure	6	8,063	176	514	8,753	7,192	115	465		7,772	
Surplus/(deficit) before other gains and losses		(443)	(5)	(872)	(1,320)	59	(11)	(600)		(552)	
Movement in revaluation reserve						(13)				(13)	
Gain/(loss) on investments	9	(1,361)	(79)	(1,017)	(2,477)	1,737	115	2,573		4,425	
Surplus/(deficit) for the year		(1,824)	(84)	(1,889)	(3,797)	1,783	104	1,973		3,860	
Other comprehensive income											
Unrealised surplus on revaluation of fixed assets						12,579				12,579	
Actuarial gain/(loss) in respect of pension schemes	15	241			241	124				124	
Total comprehensive income for the year		(1,583)	(84)	(1,889)	(3,556)	14,486	104	1,973		16,563	

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Statement of Changes in Reserves

	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£000	£000	£000	£000	£000
Balance at 1 July 2015	40,381	1,309	34,189	13,868	89,747
Surplus/(Deficit) from income and expenditure statement	(1,824)	(84)	(1,889)		(3,797)
Actuarial gain/(loss) in respect of pension schemes	241	-	-		241
Adjustment for surplus on restricted funds in the year			30		30
Transfers	27	(27)			-
Balance at 30 June 2016	38,825	1,198	32,330	13,868	86,221

	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£000	£000	£000	£000	£000
Balance at 1 July 2014	29,991	1,226	32,173	1,289	64,679
Prior year adjustment: deferred capital opening balance	8,133				8,133
Prior year adjustment: Literary copyright	572				572
Prior year adjustment: USS pension provision	(202)				(202)
Prior year adjustment: Holiday pay accrual	(41)				(41)
Unrealised surplus on revaluation of fixed assets				12,579	12,579
Adjustment for surplus on restricted funds in the year			43		43
Surplus/(Deficit) from income and expenditure statement	1,783	104	1,973		3,860
Actuarial gain/(loss) in respect of pension schemes	124				124
Transfers between funds	21	(21)			-
Balance at 30 June 2015	40,381	1,309	34,189	13,868	89,747

The notes on pages 29 to 43 form part of these accounts

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Consolidated Balance Sheet

	Note	2016 £000	2015 £000
Non-current assets			
Fixed assets	8	50,512	50,508
Heritage assets	8	828	728
Investments	9	48,794	52,294
Current assets			
Stocks	10	32	27
Trade and other receivables	11	421	349
Cash and cash equivalents	12	2,238	2,452
		<u>2,691</u>	<u>2,828</u>
Creditors: amounts falling due within one year	13	(911)	(930)
Net current assets		<u>1,780</u>	<u>1,898</u>
Total assets less current liabilities		101,914	105,428
Creditors: amounts falling due after more than one year	14	(13,500)	(13,500)
Provisions			
Pension provisions	15	(2,193)	(2,181)
Total net assets		<u><u>86,221</u></u>	<u><u>89,747</u></u>
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	32,330	34,189
Income and expenditure reserve – restricted reserve	17	1,198	1,309
		<u>33,528</u>	<u>35,498</u>
Unrestricted Reserves			
Income and expenditure reserve – unrestricted		38,825	40,381
Revaluation reserve		13,868	13,868
		<u>52,693</u>	<u>54,249</u>
Total Reserves		<u><u>86,221</u></u>	<u><u>89,747</u></u>

The notes on pages 29 to 43 form part of these accounts

Unrestricted reserves includes an amount of £22,263,567(2015 £23,636,968) previously described as corporate capital.

These accounts were approved by the College Council on 7th November 2016 and are signed on their behalf by:

Dame Barbara Stocking
President

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Consolidated Cash Flow Statement		2016	2015
	Note	£000	£000
Net cash (outflow)/inflow from operating activities	19	(715)	139
Cash flows from investing activities	20	2,304	3,259
Cash flows from financing activities	21	(689)	(687)
Increase/(decrease) in cash and cash equivalents in the year		<u>900</u>	<u>2,711</u>
Cash and cash equivalents at beginning of the year		7,038	4,327
Cash and cash equivalents at end of the year	12	7,938	7,038
Cashflows		900	2,711

The notes on pages 29 to 43 form part of these accounts

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Notes to the accounts

	2016	2015
	£000	£000
1 Academic fees and charges		
College Fees		
Fee income paid on behalf of undergraduates at the publicly-funded		
Undergraduate rate (per capita fee £4,308; 2015 - £4,185)	94	246
Undergraduate rate (per capita fee 2016 £4,500 2015 £4,500)	1,353	1,190
Privately-funded undergraduate fee income (per capita fee £6,819; 2015 - £6,198)	260	258
Erasmus students	14	16
Graduate fee income	335	250
Sub-total College Fees	<u>2,056</u>	<u>1,960</u>
Other income	225	229
Total	<u><u>2,281</u></u>	<u><u>2,189</u></u>
Income in respect of the Cambridge Bursary Scheme is included in Other Income.		
2 Income from Residences, catering and conferences	2016	2015
	£000	£000
Accommodation		
	College members 1,886	1,813
	Conferences 530	376
Catering		
	College members 411	409
	Conferences 532	439
Total	<u><u>3,359</u></u>	<u><u>3,037</u></u>
3 Endowment return and investment income		
3a Analysis	2016	2015
	£000	£000
Total return contribution (see note 3b)		
Income from:		
Quoted securities	429	411
Fixed interest securities	158	136
Royalties	160	70
Return on segregated fund	285	335
Move restricted from investment income	(30)	(43)
Other interest receivable	17	16
Total	<u><u>1,019</u></u>	<u><u>925</u></u>
3b Summary of total return	2016	2015
	£000	£000
Income from:		
Quoted and other securities and cash	859	855
Royalties	160	70
Gains/(losses) on endowment assets:		
Quoted and other securities and cash	(2,477)	4,425
Investment management costs (see note 3c)	(386)	(395)
Total return for year	<u><u>(1,844)</u></u>	<u><u>4,955</u></u>
Total return transferred to income and expenditure reserve (see note 3a)	(1,019)	(925)
Unapplied total return for year Included within Statement of Comprehensive Income and Expenditure (see note 18)	<u><u>(2,863)</u></u>	<u><u>4,030</u></u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

	2016 £000	2015 £000
3c Investment management costs		
Securities	386	395
Total	<u>386</u>	<u>395</u>

	2016 £000	2015 £000
4 Education expenditure		
Teaching	2,311	2,000
Tutorial	567	476
Admissions	493	442
Research	144	135
Scholarships and awards	325	316
Other educational facilities	197	184
Total	<u>4,037</u>	<u>3,553</u>

	2016 £000	2015 £000
5 Residences, catering and conferences expenditure		
Accommodation	2,727	2,379
	College members	
	Conferences	592
Catering	430	375
	College members	281
	Conferences	
Total	<u>4,209</u>	<u>3,607</u>

6a Analysis of 2015/16 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
Education	2,410	1,468	159	4,037
Residences, catering and conferences	1,810	1,649	750	4,209
Investment management costs	-	386	-	386
Other	112	9	-	121
Totals	<u>4,332</u>	<u>3,512</u>	<u>909</u>	<u>8,753</u>

Expenditure includes fundraising costs of £133,182. This expenditure includes the costs of alumnae relations.

6b Analysis of 2014/15 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
Education	2,017	1,343	193	3,553
Residences, catering and conferences	1,547	1,513	547	3,607
Investment management costs	-	395	-	395
Other	206	11	-	217
Totals	<u>3,770</u>	<u>3,262</u>	<u>740</u>	<u>7,772</u>

Expenditure includes fundraising costs of £126,719. This expenditure includes the costs of alumnae relations.

6c Auditors remuneration

	2016 £000	2015 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	15	20
Other fees payable to the College's external auditors	-	1
Internal auditors fees	<u>2</u>	<u>2</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

7 Staff costs	College Fellows £000	Staff £000	2016 £000	2015 £000
Staff costs:				
Emoluments	1,150	2,068	3,218	2,795
Social security costs	108	146	254	231
Other pension costs	109	475	584	357
Other staff costs	71	205	276	387
	<u>1,438</u>	<u>2,894</u>	<u>4,332</u>	<u>3,770</u>

Average staff numbers (full-time equivalents):

Academic	57	57
Staff	103	98
Total	<u>160</u>	<u>155</u>

The Governing Body comprises 57 Fellows, of which the 57 declared above are stipendiary.

The number of officers and employees of the College, including Head of House, who received emoluments in the following ranges was:

£60,001-£70,000	1	1
£70,001-£80,000	3	3
Trustees aggregate emoluments	<u>529</u>	<u>514</u>

The Trustees received no emoluments in their capacity as Trustees of the Charity

Cost of key management personnel	2016 £000	2015 £000
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Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College.

Aggregate cost of key management personnel	<u>358</u>	<u>353</u>
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Key management personnel consists of President, Vice president, Bursar, Senior Tutor and Director of Development

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

	Land and buildings £000	Furniture, fittings and equipment £000	Heritage Assets £000	2016 £000	2015 £000
8 Fixed assets					
Cost or valuation					
At beginning of year	50,015	1,367	728	52,110	42,152
Surplus on revaluation	-	-	-	-	9,574
Additions	810	103	-	913	561
Heritage assets capitalised	-	-	100	100	33
Disposals	-	-	-	-	(210)
At end of year	<u>50,825</u>	<u>1,470</u>	<u>828</u>	<u>53,123</u>	<u>52,110</u>
Depreciation					
At beginning of year	-	874	-	874	3,161
Charge for the year	759	150	-	909	740
Eliminated on disposals	-	-	-	-	(22)
Written back on revaluation	-	-	-	-	(3,005)
At end of year	<u>759</u>	<u>1,024</u>	<u>-</u>	<u>1,783</u>	<u>874</u>
Net book value					
At beginning of year	50,015	493	728	51,236	38,991
At end of year	50,066	446	828	51,340	51,236

The insured value of freehold land and buildings as at 30 June 2016 was £90,154,851 (2015: £89,262,229).

The College's land and buildings were revalued at 30 June 2015.

Heritage assets

The College holds and conserves an Art Collection which has been built up over a number of years and which consists of mainly donated works. The Art Collection is preserved, conserved and managed in accordance with recognised national standards and the collection on display is open to the public for viewing. Those items not on general display can be accessed by the wider public by prior arrangement. The works are normally donated on a permanent basis so will be included as endowment assets. The Collection is professionally valued every five years, the latest being carried out in 2012 by Bonhams. As stated in the Statement of Accounting Policies all works of art valued over £10,000 are included in the accounts. Heritage Assets capitalised in the year were £100,400 (2015 £32,500).

Amounts for the current and previous four years were as follows:

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Surplus on revaluation	-	-	-	-	22
Value of acquisitions by donation	100	33	385	0	144
Total acquisitions capitalised	<u>100</u>	<u>33</u>	<u>385</u>	<u>0</u>	<u>166</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

9 Investments	2016 £000	2015 £000
Balance at beginning of year	52,294	47,124
Prior year adjustment Literary copyright	-	572
Additions	11,009	19,075
Disposals	(13,207)	(21,787)
Gain/(loss) on investments	(2,477)	4,425
Gain/(loss) on Literary copyright	61	-
Increase/(decrease) in cash balances held at fund managers	1,114	2,885
 Balance at end of year	 <u>48,794</u>	 <u>52,294</u>
 Represented by:		
Property	2,000	2,000
Quoted securities – equities	18,361	25,636
Fixed interest securities	15,582	13,065
Alternative investments	6,516	6,433
Cash in hand and at investment managers	5,700	4,586
Literary copyright	633	572
Other investments	2	2
	 <u>48,794</u>	 <u>52,294</u>
 10 Stock		
Goods for resale	32	27
 Balance at end of year	 <u>32</u>	 <u>27</u>
 11 Trade and other receivables		
Members of the College	3	5
Trade debtors	144	74
Taxation	13	2
Other debtors	53	70
Prepayments and accrued income	208	198
	 <u>421</u>	 <u>349</u>
 12 Cash and equivalents		
Short-term money market investments		
Bank deposits	2,190	2,400
Current accounts	47	51
Cash in hand	1	1
	 <u>2,238</u>	 <u>2,452</u>
 Cash held as part of investments	 5,700	 4,586
	 <u>7,938</u>	 <u>7,038</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

13 Creditors: amounts falling due within one year	2016	2015
	£000	£000
Bank overdraft	-	-
Trade creditors	295	370
Members of the College	133	124
Taxation and social security	164	130
Accruals and deferred income	319	306
	<u>911</u>	<u>930</u>
14 Creditors: amounts falling due after more than one year		
Bank loans	13,500	13,500
	<u>13,500</u>	<u>13,500</u>

The bank loans of £13.5m are repayable as follows: £3 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048.

The loans are subject to the following fixed interest rate contracts:

Loan amount	Rate	Maturity
£3m	5.65%	2016
£1.5m	4.56%	2029
£9m	5.00%	2048

15 Pension provisions	2016	2015
	£000	£000
Balance at beginning of year	2,181	2,224
Movement in year:		
Current service cost including life assurance	254	271
Contributions	(316)	(252)
Other finance (income)/cost	79	62
USS provision for deficit recovery	236	
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	(241)	(124)
Balance at end of year	<u>2,193</u>	<u>2,181</u>
CCFPS	1,764	1,979
USS	429	202
	<u>2,193</u>	<u>2,181</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

16 Endowment funds	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2016 £000	2015 £000
Restricted net assets relating to endowments are as follows:				
Balance at beginning of year:	6,607	27,582	34,189	32,173
New donations and endowments	4	-	4	342
Other receipts	-	5	5	19
Heritage assets capitalised	100	-	100	33
Return on segregated fund	18	267	285	337
Drawdown	(47)	(936)	(983)	(1,033)
Income	261	-	261	210
Expenditure	(235)	-	(235)	(174)
Investment management costs	(38)	(241)	(279)	(291)
Increase/(decrease) in market value of investments	(350)	(667)	(1,017)	2,573
Balance at end of year	<u>6,320</u>	<u>26,010</u>	<u>32,330</u>	<u>34,189</u>
Analysis by type of purpose:				
Fellowship Funds	3,176	870	4,046	4,249
Award Funds	449	-	449	477
Hardship Funds	615	-	615	717
Other student support	12	-	12	11
Travel Grant Funds	-	-	-	-
Graduate studentship funds	3	-	3	3
Research funds	1,237	-	1,237	1,343
Other Funds	828	98	926	837
General endowments	-	25,042	25,042	26,552
	<u>6,320</u>	<u>26,010</u>	<u>32,330</u>	<u>34,189</u>
Analysis by asset:				
Property	828	2,000	2,828	727
Investments	4,926	22,652	27,578	33,251
Cash	566	1,358	1,924	211
	<u>6,320</u>	<u>26,010</u>	<u>32,330</u>	<u>34,189</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

17 Restricted Reserves	Other restricted funds	2016	2015
	£000	£000	£000
Reserves with restrictions are as follows:			
Balance at beginning of year:	1,309	1,309	1,226
Endowment return transferred	12	12	15
Other receipts	2	2	9
Income	157	157	80
Expenditure	(170)	(170)	(109)
Investment Management costs	(6)	(6)	(6)
Increase/(decrease) in market value of investments	(79)	(79)	115
Transfers	(27)	(27)	(21)
Balance at end of year	<u>1,198</u>	<u>1,198</u>	<u>1,309</u>
Analysis of other restricted funds/donations by type of purpose:			
Fellowship Funds	305	305	361
Award Funds	487	487	519
Other student support	136	136	147
Travel Grant Funds	54	54	79
Graduate studentship funds	29	29	29
Other Funds	187	187	174
	<u>1,198</u>	<u>1,198</u>	<u>1,309</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

18 Memorandum of Unapplied Total Return	2016	2015
	£000	£000
Included within reserves the following amounts represent the Unapplied Total Return of the College:		
Unapplied Total Return at beginning of year	10,924	7,593
Unapplied Total Return for year (see note 3b)	(2,863)	4,030
Income drawdown from endowment in excess of segregated income	(701)	(699)
Unapplied Total Return at end of year	<u>7,360</u>	<u>10,924</u>

19 Reconciliation of consolidated surplus for the year to net cash inflow from operating activities

Surplus/(deficit) for the year	(3,797)	3,860
Adjustment for non-cash items:		
Depreciation	909	740
Profit on the sale of non-current assets	-	(78)
(Loss)/gain on endowments, donations and investment property	2,477	(4,425)
Decrease/(increase) in stocks	(5)	(1)
Decrease/(increase) in trade and other receivables	(72)	(16)
Increase/(decrease) in creditors	(18)	101
Heritage assets capitalised	(100)	(33)
Revaluation reserve	-	13
Adjustment for surplus on restricted funds in the year	30	43
USS pension deficit	227	-
CCFPS additional actuarial gain	-	63
Copyright valuation	(61)	-
Pension costs less contributions payable	25	40
Investment income	(1,019)	(855)
Interest payable	689	687
Net cash inflow/(outflow) from operating activities	<u>(715)</u>	<u>139</u>

20 Cash flows from investing or financing activities

Proceeds from sales of non-current fixed assets	-	253
Non-current investment disposal	2,198	2,712
Investment income	1,019	855
Payments made to acquire non-current assets	(913)	(561)
Total cash flows from investing activities	<u>2,304</u>	<u>3,259</u>

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

21 Cash flows from financing activities	2016	2015
	£000	£000
Interest paid	(689)	(687)
Total cash flows from financing activities	<u>(689)</u>	<u>(687)</u>

22 Analysis of cash and cash equivalents

Cash at bank and in hand	2,238	2,452
Net Funds	<u>2,238</u>	<u>2,452</u>

23 Capital commitments

Capital commitments at 30 June 2016 are as follows:

Authorised and contracted	323	736
Authorised but not yet contracted for	-	-

24 Lease obligations

At 30 June 2016 the College had commitments under non-cancellable operating leases with payment due as follows:

Land and buildings:

Due within one year	10	16
Due between two and five years	105	133

Other

Due within one year	3	-
Due between two and five years	-	6

MURRAY EDWARDS COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Notes to the accounts

25 Transition to 2015 RCCA

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS102 and the 2015 RCCA. The accounting policies set out have been applied in preparing the comparative information for the year ended 30th June 2015 and the opening financial position at 1st July 2014 resulting in a restatement of these figures.

In accordance with FRS102 a reconciliation of opening balances is provided here:

	at 30th June 2015 £000	
Surplus for year as previously stated		340
Revised treatment of deferred capital released		(168)
Adjustment for gains/(losses) previously recognised in the STRGL		4,425
Unapplied total return transferred to endowment		(1,033)
Net income from Investments		292
Adjustment for surplus on restricted funds in the year		43
New endowments		324
Other receipts		76
Heritage assets capitalised		33
Actuarial profit in respect of pension schemes		60
Investment managements costs		(395)
Unrealised surplus on revaluation of fixed assets		12,579
Revaluation reserve		(13)
Total comprehensive income as restated		<u>16,563</u>
	at 30th June 2014	at 30th June 2015
Reconciliation of reserves and balances	£000	£000
Reserve balances as previously stated	72,813	89,420
Literary copyright valuation	572	572
Accrual of employee holiday compensation	(41)	(41)
USS Pension deficit funding position	(202)	(202)
Reserves balances restated	<u>73,142</u>	<u>89,749</u>

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

26 Pensions

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.

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
	£000s	£000s
Present value of plan liabilities	-5,820	-5,534
Market value of plan assets	4,056	3,554
Net defined benefit asset/(liability)	-1,764	-1,980

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

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

	2016	2015
	£000s	£000s
Current service cost	30	34
Interest on net defined benefit (asset)/liability	74	84
Total	104	118

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
	£000s	£000s
Present value of plan liabilities at beginning of period	5,534	5,296
Current service cost (including Employee contributions)	37	41
Benefits paid	(221)	(215)
Interest on plan liabilities	201	219
Actuarial (gains)/losses	269	193
Present value of plan liabilities at end of period	5,820	5,534

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	3,554	3,296
Contributions paid by the College	79	15
Employee contributions	7	7
Benefits paid	(221)	(215)
Interest on plan assets	128	134
Return on assets, less interest included in Profit & Loss	509	317
Market value of plan assets at end of period	4,056	3,554
Actual return on plan assets	637	451

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

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

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

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

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
	£000s	£000s
Actual return less expected return on plan assets	509	317
Experience gains and losses arising on plan liabilities	149	30
Changes in assumptions underlying the present value of plan liabilities	(417)	(223)
Actuarial gain/(loss) recognised in OCI	241	124

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
	£000s	£000s
Surplus/(deficit) in plan at beginning of year	(1,980)	(2,000)
Recognised in Profit and Loss	(104)	(119)
Contributions paid by the College	79	15
Actuarial gain/(loss) recognised in OCI	241	124
Surplus/(deficit) in plan at the end of the year	(1,764)	(1,980)

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 annual contributions of not less than £62,097 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.

27 Principal subsidiary undertakings

The College owns 100% of the share capital of the following companies:

MURRAY EDWARDS COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Company	Principal Activities
Murray Edwards Conferences Limited	Conferencing and Catering
Murray Edwards Developments Limited	Dormant

28 Related party transactions

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

