

TRINITY COLLEGE, CAMBRIDGE

**ANNUAL REPORT OF THE TRUSTEES
AND ACCOUNTS FOR THE YEAR ENDED**

30 JUNE 2015

**TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015**

| CONTENTS | Page |
|---|--------------|
| Trustees and Principal Advisers | 2 |
| Trustees' Report for the year ended 30 June 2015 | 3-5 |
| Statement of trustees' responsibilities | 6 |
| Independent Auditors' Report | 7-8 |
| Consolidated Statement of Financial Activities for the year ended 30 June 2015 | 9 |
| Consolidated Balance Sheet as at 30 June 2015 | 10 |
| College Balance sheet as at 30 June 2015 | 11 |
| Consolidated Cash Flow Statement for the year ended 30 June 2015 | 12 |
| Notes to the Financial Statements | 13-24 |

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

TRUSTEES AND PRINCIPAL ADVISERS

Trustees, Members of College Council

Sir Gregory Winter, Master
Professor David McKitterick, Vice-Master
Professor Grae Worster, Senior Tutor (until 30 September 2014)
Professor Catherine Barnard, Senior Tutor (w.e.f. 1 October 2014)
Mr Rory Landman, Senior Bursar
Dr Rod Pullen, Junior Bursar
Professor Richard Hunter
Dr Richard Serjeantson
Professor Hamish Low
Dr David Washbrook
Dr Tom Fisher (until 9 February 2015)
Dr Louise Merrett (until 9 February 2015)
Professor Roger Keynes (until 30 September 2014)
Dr Frederick Livesey (until 30 September 2014)
Dr Stuart Haigh (until 30 September 2014)
Professor Keith Moffatt (w.e.f. 17 October 2014)
Ms Erica Segre (w.e.f. 17 October 2014)
Dr Glen Rangwala (w.e.f. 17 October 2014 until 9 February 2015)
Professor John Marenbon (w.e.f. 9 February 2015)
Dr Sean Holden (w.e.f. 9 February 2015)
Dr Jeremy Butterfield (w.e.f. 9 February 2015)

Secretary of the College Council

Dr Christopher Morley

Bankers

Barclays Bank plc
Barclays Commercial Bank
PO Box 885
Mortlock House
Histon
Cambridge CB24 9DE.

Property Advisers

Bidwells LLP
Bidwell House
Trumpington Road
Cambridge CB2 9LD

Savills (UK) Ltd
Enfield Chambers
18 Low Pavement
Nottingham. NG1 7DG

Independent Auditors

PricewaterhouseCoopers LLP
Abacus House Castle Park
Cambridge CB3 0AN

Registered Address

Trinity College
Trinity Street
Cambridge CB2 1TQ

Historic name according to the Royal Charter dated 19 December 1546:

**COLLEGE OF THE HOLY AND UNDIVIDED TRINITY WITHIN THE TOWN AND UNIVERSITY
OF CAMBRIDGE OF KING HENRY THE EIGHTH'S FOUNDATION**

Registered Charity Number: 1137604

Custodians

The Northern Trust Company
50 Bank Street
London E14 5NT

Solicitors

Mills & Reeve
Botanic House
100 Hills Road
Cambridge CB2 1PH

TRINITY COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

The board of Trustees, the College Council, presents its statutory report and audited consolidated accounts for the year ended 30 June 2015.

Structure, Governance and Management

Trinity College, Cambridge, was founded in 1546 by King Henry VIII. In October 2014, the College had 180 Fellows (academic staff involved in teaching, research and administration) and 1,034 junior members in residence (673 undergraduates, 361 graduates).

The current Statutes of the College were made under the Universities of Oxford and Cambridge Act 1923 by an Order in Council dated 30 April 1926. Subsequent alterations have been made on various dates by the procedure set out in the Statutes and in accordance with Section 7 of the 1923 Act.

In accordance with the Statutes, the College is administered by the College Council which meets once a week during Full Term and on occasion in the vacations. Members of the Council are charity trustees under the Charities Act 2006. The Master, plus thirteen Fellows, four ex officio, serve as members of the College Council. The charity trustees receive no payment as such. The Council has Standing Orders governing its meetings, including one on conflicts of interest. The Council sets down rules, regulations and procedures governing most aspects of College life principally through enacting or amending where appropriate College Ordinances.

The Council is (with limited exceptions) subject to review by a College Meeting, namely a meeting of the Master and Fellows. There are at least two College Meetings each year, the Accounts Meeting following the audit and the Annual College Meeting at which members of the Council are elected (three each year, to serve for three years). Newly elected members of the Council, who will as Fellows already be familiar with the College's Statutes and Ordinances, receive a briefing on the duties of Trustees and are required to register any interests under the College's conflicts of interest policy. Special College Meetings may be summoned by a procedure specified in the Statutes.

The principal officers of the College include the Master (who is appointed by the Crown on nomination by the College), the Vice-Master (who is elected by the Fellows), the Senior Tutor, and the Senior and Junior Bursars (all three appointed by the Council) – these are all members of the Council ex officio. Other officers of the College include the other Tutors, the Deans of College and Chapel, the Librarian, the Lecturers, the Steward and the Chaplains.

There are a number of committees in the College, some standing, some appointed by the Council for a particular purpose. Members of committees are appointed by the Council, and membership of standing committees is reviewed annually. The committees make recommendations to the Council, and decisions are taken by the Council.

There is a Liaison Committee, including several representatives elected by the junior members of the College and some Fellows appointed by the Council, whose remit is to discuss and make recommendations about matters of concern to junior members. The Liaison Committee's minutes are received by the Council.

The Staff Consultation Committee, chaired by the Master, is where elected representatives of the College's non-academic staff meet with the Junior Bursar and Head of Personnel to discuss matters of interest to staff collectively. It reports as appropriate to other College bodies.

Financial and operational risks are the responsibility of the Senior and Junior Bursars respectively and are reviewed by relevant College Committees who report to the College Council.

Objectives and Activities

The object of Trinity College is advancement for the public benefit of education, religion, learning and research, primarily by the maintenance and development of a College in the University and City of Cambridge.

The College provides, in conjunction with the University of Cambridge of which it is part, education for undergraduate and graduate students which is recognised internationally as being of the highest standard.

TRINITY COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

Bursaries and studentships are provided, when needed, to both undergraduate and graduate members of the College of limited means.

The College admits as members those students and academics who have the highest potential to benefit from the educational and research facilities that the College provides as a constituent college in Cambridge University and who therefore must satisfy high academic requirements for entry. The College has no geographical or religious barriers to entry - members come from a very wide range of backgrounds – and there are no age restrictions, save that the College does not normally admit students under the age of 18 at entry.

Dependent on the success of the University if the College's object is to be achieved, the College makes grants to other colleges, Trusts and institutions in the University with objects similar to its own. The College makes grants to the Isaac Newton Trust, established by the College in 1988, which in turn supports departments, bodies and individuals in the wider University. The Trust is an independent charity which shares some common trustees. The College also under its Statute XLVI from time to time makes donations to charities in and around the City of Cambridge, and to appropriate bodies in areas where it owns property.

In order to assist undergraduates entitled to Student Support, the College provides, through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust, bursary support for those of limited financial means. The College additionally provides many grants to students in support of their undergraduate and graduate studies.

The great majority of the academic staff are Fellows of the College, elected in the various ways prescribed by the College's Statutes. As well as Teaching Staff, the Fellowship also includes Research Fellows (Junior and Senior), certain senior administrative officers, some Professors in the University, and persons who have retired after long service in one or more of these roles.

The Council has given due regard to the guidance on public benefit published by the Charity Commission, and to its two key principles, that there must be identifiable benefit and that the benefit must be to the public or a section of the public. The Council is satisfied that the object and activities of the College fully meet the public benefit requirements.

Achievements and Performance

The College admitted 203 undergraduate students in October 2014 for regular study from all backgrounds across the wide range of subjects studied in the University. A further 5 students were admitted for one year on various exchange or visitor programmes. As usual, many students (42) returned after graduation for further study, and the College admitted a further 59 graduates from other Universities to read for Master's and or doctorates in various subjects. Thirteen students continued to a PhD after completing a Master's degree. During the year junior members achieved 39 Master's degrees and 52 PhDs. Our student body is international with nearly 70 nationalities represented.

The College again ranked first in both the Baxter Tables and the Tompkins Table, which measure the relative academic performances of undergraduates in the various colleges. This year our first-year and second-year students have once again ranked first among their peers from other colleges whilst our finalists have ranked fifth. We are again top for Science subjects. With the exception of 2003, this is a position we have held every year since 1997. We remain highly ranked in the Arts subjects, coming 4th this year, slipping slightly against last year's highest ever 2nd place.

In January 2015, in an open competition, the College elected eight Junior Research Fellows to commence four years of research in October 2015. During the year it also elected five Teaching Fellows. The College's Teaching Staff are research-active and many distinctions are earned each year as reported in the College's Annual Record. At the end of the academic year 2014-15 the Fellowship included 33 Fellows of the Royal Society and 24 Fellows of the British Academy.

TRINITY COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

Financial Report

The financial position of the College remains very stable year on year. In addition to funding its own activities and making its University Contribution of £2.2m to the Colleges Fund, the College has been able to make substantial grants totalling £4.3m (2014: £5.0m) to support wider collegiate Cambridge. Net incoming resources (including both capital items and recurrent income) were £3.2m (2014: £18.6m). After deducting capital items allocated to Endowment which amounted to £7.5m and £2.5m of benefactions and donations there was a net underlying spend of £6.8m (2014: Income £5.9m). As envisaged in last year's report this change was mainly accounted for by substantially increased spending on the New Court renovation.

The College is not immune from the wider economy. Rental growth, whilst picking up in Cambridge, remains subdued elsewhere. Shortening leases, empty rates charges and fewer upward only rent reviews mean that rental income is likely gradually to become more volatile. In order to provide a cushion against downturns, the College seeks to maintain reserves in the consolidated General Funds (2015: £30.7m) at around the level of its annual Cost of Charitable Activities, and for the Amalgamated Trusts Fund at around one year's income. None of the College's funds is in material deficit.

The maintenance of the College's fabric and infrastructure is a constant draw on the College's resource, but sometimes with significant variations from year to year. In 2014 the College embarked on a major renovation scheme for New Court which is due to be substantially completed in the autumn of 2015. Maintenance, repairs and improvements totalled £19.1m in 2015 (2014: £5.0m) and the New Court renovation is expected to cost a further £10m in the current year. In years of low expenditure, the College makes transfers to the College Reconstruction Fund, which is part of Designated Funds. This Fund is used in years of higher than average renovation expenditure, accounting for £9.6m of the £10.4m expenditure from designated funds in 2015.

The College's Statement of Financial Activities (SOFA) is presented in the format required by Charity SORP which divides the College's income between various funds. The Endowment Fund represents permanent capital and its incoming resources are capital in nature. Restricted funds, and the income arising, can only be used for the specific purposes for which they were originally given to the College. The College's designated funds represent resources set aside for specific purposes including the College's Reconstruction Fund. Therefore in a given financial year the key indicator of the College's financial health is the net incoming resources after transfer for the College's Unrestricted General Funds which amounted to £2.9m in 2015 (2014: £1.9m).

The investment objective of the College's endowment is to maximise its long term real income growth. This is intended to be achieved mainly through investing in property and equities. The annual performance when measured in terms of valuation has a weak correlation with this long term objective, since in the short term asset prices are buffeted by external factors. The College's net investment income (after investment costs and net of Endowment Fund income) increased by 7.4%. The current valuation of the College's net assets rose 6.2% in the year from £1,018m to £1,081m.

During 2015, the College sold the long lease of a Science Park unit and acquired a site in Round Church Street from the Cambridge Union Society for its own use. The acquisition of Dunsfold Park in Surrey bedded down in a satisfactory manner, and the College has been working on two significant developments at the Cambridge Science Park which are expected to come to fruition in late 2016.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the College and the Group and of the incoming resources and application of resources of the College and the Group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in business.

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 College and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provision of the trust deed. They are also responsible for safeguarding the assets of the College and the Group 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 College and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the College Council on 23 November 2015

Sir Gregory Winter, Master

Mr Rory Landman, Senior Bursar

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF TRINITY COLLEGE,
CAMBRIDGE**

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and the College's affairs as at 30 June 2015 and of the Group's incoming resources and application of resources and the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008;
- comply with section 3 of Statute G, III of the University of Cambridge statutes; and
- the payment due from the College to the University of Cambridge under Statute G, II of the University of Cambridge is as advised in the provisional assessment by the University of Cambridge.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements and the College financial statements ("the financial statements"), which are prepared by Trinity College, Cambridge, comprise:

- the Consolidated and College balance sheet as at 30 June 2015;
- the Consolidated Statement of Financial Activities for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Group's and the College's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the financial statements.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF TRINITY COLLEGE,
CAMBRIDGE (CONTINUED)**

In addition, we read all the financial and non-financial information in the Annual Report of the Trustees and Accounts (the "Annual 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.

Other matters on which we are required to report by exception

Sufficiency of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the College; or
- the College financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 6, the Trustees 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the College's Trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

23 November 2015

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

- (a) The maintenance and integrity of the Trinity College, Cambridge website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2015

| | Note | Endowment £'000 | General Funds (Unrestricted) £'000 | Designated Funds £'000 | Restricted Funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|---|-------|--------------------|--|------------------------------|------------------------------|------------------------|------------------------|
| INCOMING RESOURCES | | | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | | | |
| Voluntary income | | | 679 | 125 | 1,734 | 2,538 | 976 |
| Activities for generating funds | 2 | | 714 | 47 | 5 | 766 | 987 |
| Investment income | 3 | 7,461 | 43,464 | 364 | 3,302 | 54,591 | 55,079 |
| | | 7,461 | 44,857 | 536 | 5,041 | 57,895 | 57,042 |
| <i>Incoming resources from charitable activities</i> | 4 | | 9,560 | | | 9,560 | 9,703 |
| <i>Other incoming resources</i> | | | | | | | 967 |
| TOTAL INCOMING RESOURCES | | 7,461 | 54,417 | 536 | 5,041 | 67,455 | 67,712 |
| RESOURCES EXPENDED | | | | | | | |
| <i>Costs of generating funds:</i> | | | | | | | |
| Fundraising costs | | | 1,009 | | | 1,009 | 991 |
| Loan interest | | | 4,315 | | | 4,315 | 3,641 |
| Investment management and estate costs | 5 | | 9,076 | | 71 | 9,147 | 8,321 |
| | | | 14,400 | | 71 | 14,471 | 12,953 |
| <i>Cost of charitable activities</i> | 6 | | 35,094 | 10,357 | 1,829 | 47,280 | 33,795 |
| <i>Governance costs</i> | | | 334 | | | 334 | 296 |
| <i>Other resources expended</i> | 7 | | 1,976 | 31 | 193 | 2,200 | 2,102 |
| TOTAL RESOURCES EXPENDED | | | 51,804 | 10,388 | 2,093 | 64,285 | 49,146 |
| NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS | | 7,461 | 2,613 | (9,852) | 2,948 | 3,170 | 18,566 |
| Transfers between funds | 19,20 | 646 | 253 | (80) | (819) | | |
| NET INCOMING/(OUTGOING) RESOURCES AFTER TRANSFERS | | 8,107 | 2,866 | (9,932) | 2,129 | 3,170 | 18,566 |
| <i>Other recognised gains & losses:</i> | | | | | | | |
| Gains on investment assets | 10 | 59,336 | | | 4,085 | 63,421 | 67,507 |
| Actuarial losses on defined benefit pension scheme | | | (4,005) | | | (4,005) | (1,556) |
| NET MOVEMENTS IN FUNDS | | 67,443 | (1,139) | (9,932) | 6,214 | 62,586 | 91,912 |
| Total funds brought forward | | 849,691 | 31,881 | 35,687 | 100,827 | 1,018,086 | 926,174 |
| Total funds carried forward | | 917,134 | 30,742 | 25,755 | 107,041 | 1,080,672 | 1,018,086 |

There are no recognised gains or losses other than those disclosed above. All of the above results derive from continuing operations.

There is no material difference between the net incoming resources for the financial years stated above and their historical cost equivalents.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2015

| | Note | 2015 Total £'000 | 2014 Total £'000 |
|---|------|------------------------|------------------------|
| FIXED ASSETS | | | |
| Investments | 10 | 1,147,251 | 1,079,328 |
| | | 1,147,251 | 1,079,328 |
| CURRENT ASSETS | | | |
| Stock | 11 | 2,237 | 2,436 |
| Debtors falling due after one year | 12 | 1,723 | 1,977 |
| Debtors falling due within one year | 12 | 9,104 | 10,318 |
| Cash at bank in hand | | 41,912 | 41,501 |
| | | 54,976 | 56,232 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 13 | (16,988) | (17,288) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,185,239 | 1,118,272 |
| CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR | 14 | (90,000) | (90,000) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITY | | 1,095,239 | 1,028,272 |
| PENSION SCHEME LIABILITY | 16 | (14,567) | (10,186) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | 1,080,672 | 1,018,086 |
| <i>Represented by:</i> | | | |
| Endowment funds | 19 | 917,134 | 849,691 |
| Restricted funds | 19 | 107,041 | 100,827 |
| Designated funds | 19 | 25,755 | 35,687 |
| General funds – general reserve | 19 | 30,742 | 31,881 |
| | | 1,080,672 | 1,018,086 |

The financial statements on pages 9 to 24 were approved by the College Council on 23 November 2015 and have been signed on their behalf by the Master and Senior Bursar.

Sir Gregory Winter, Master

Mr Rory Landman, Senior Bursar

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

COLLEGE BALANCE SHEET AS AT 30 JUNE 2015

| | Note | 2015 Total £'000 | 2014 Total £'000 |
|---|------|------------------------|------------------------|
| FIXED ASSETS | | | |
| Investments | 10 | 1,093,923 | 1,051,065 |
| | | 1,093,923 | 1,051,065 |
| CURRENT ASSETS | | | |
| Stock | 11 | 1,728 | 1,752 |
| Debtors falling due after one year | 12 | 24,816 | 23,633 |
| Debtors falling due within one year | 12 | 5,530 | 6,111 |
| Cash at bank in hand | | 39,728 | 39,076 |
| | | 71,802 | 70,572 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 13 | (13,495) | (13,435) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,152,230 | 1,108,202 |
| CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR | 14 | (90,000) | (90,000) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITY | | 1,062,230 | 1,018,202 |
| PENSION SCHEME LIABILITY | 16 | (14,567) | (10,186) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | 1,047,663 | 1,008,016 |
| <i>Represented by:</i> | | | |
| Endowment funds | 20 | 884,771 | 839,730 |
| Restricted funds | 20 | 107,041 | 100,827 |
| Designated funds | 20 | 25,755 | 35,687 |
| General funds – general reserve | 20 | 30,096 | 31,772 |
| | | 1,047,663 | 1,008,016 |

The financial statements on pages 9 to 24 were approved by the College Council on 23 November 2015 and have been signed on their behalf by the Master and Senior Bursar.

Sir Gregory Winter, Master

Mr Rory Landman, Senior Bursar

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | 2014 |
|---|-----------------|----------|
| | £'000 | £'000 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net incoming resources before other recognised gains & losses | 3,170 | 18,566 |
| Defined benefit scheme service cost adjustment | 376 | 394 |
| Decrease/(increase) in stocks | 198 | (223) |
| Decrease/(increase) in debtors | 1,468 | (1,882) |
| (Decrease)/increase in creditors | (300) | 1,950 |
| Loan interest | 4,315 | 3,641 |
| Investment income | (54,591) | (55,079) |
| Net cash outflow from operating activities | (45,364) | (32,633) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Investment income | 54,591 | 55,079 |
| Interest paid | (4,315) | (3,641) |
| LONG TERM FINANCING | | |
| Issue of loan notes | | 20,000 |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS | | |
| Acquisitions of fixed asset investments | (33,683) | (91,023) |
| Disposals of fixed asset investments | 29,182 | 61,869 |
| INCREASE IN CASH IN THE PERIOD | 411 | 9,651 |
| Cash balance at the start of the year | 41,501 | 31,850 |
| Cash balance at end of the year | 41,912 | 41,501 |

TRINITY COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom Accounting standards and the Statement of Recommended Practice on Accounting by Charities (SORP 2005).

Basis of accounting

The financial statements have been prepared under the historical cost convention except for investments which are included at market value.

Basis of consolidation

The accounts show the results and state of affairs for Trinity College, Cambridge and its subsidiary undertakings (details of the subsidiary undertakings can be found in note 18). Subsidiaries are all entities over which the College has the power to control the financial and operating policies. Acquisitions made by the Group are accounted for under the acquisition method of accounting. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intra-group transactions and profits are eliminated fully on consolidation.

Results of affiliated clubs and societies are not consolidated as the College does not control the financial and operating policies of these undertakings with a view to gaining economic benefits from their activities. Grants made to clubs and societies are charged in the Statement of Financial Activities as expenditure for charitable purposes.

Incoming resources

Income is included in the statement of financial activities when the College is legally entitled to the income and the amount can be quantified with reasonable accuracy. Legacies and donations are accounted for when received.

Where income is received in advance, recognition is deferred and the amount included in creditors. Income is stated net of any VAT.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Charitable exemption

The College is a registered charity and claims exemption from income tax under Section 505 of the Income and Corporation Taxes Act 1988 and from capital gains tax under Section 256 of the Taxation of Chargeable Gains Act 1992.

Fund accounting

Funds held by the College are either:

Endowment funds – These are funds that may not be spent. Income arising from investment of Endowment funds, apart from that proportion which is regarded as required for maintenance of capital, are classified as general income of the College and can be applied at the discretion of the College Council to any Collegiate purpose in accordance with the College Statutes.

General funds – These are funds that can be used at the discretion of the College Council.

Designated funds – These are funds that have been set aside by the College Council for specific purposes. They are a sub-set of General Funds and the purposes to which they are applied may be varied at the discretion of the College Council.

Restricted Funds – These are funds that can only be used for particular purposes, under a deed of trust or implied trust, to support various educational purposes of the College, including research, teaching and the student bursary scheme.

TRINITY COLLEGE, CAMBRIDGE

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

Pensions

The College participates in three pension schemes. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the Fellows' or employees' service.

Fellows employed by the College may join the University's Superannuation Scheme (USS), a defined benefits scheme which is contracted out of the State Second Pension. The College 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 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period.

Staff employed prior to 31 December 2013 were eligible to join the Trinity College Staff Pension Scheme. This defined benefit scheme closed to new members on 31 March 2014. For this scheme, pension costs are accounted for as the service and finance cost for the year.

Staff employed since 1 January 2014, and those employed prior to that date who are not members of the Trinity College Staff Pension Scheme, have been placed in a new defined contribution scheme managed by "NOW : Pensions". The College is using this scheme to meet its employer obligations under the auto-enrolment legislation, albeit on more flexible and generous terms than the statutory minima. The assets of the scheme are held by NOW: Pensions in a master trust, and the amount charged to the statement of financial activities is thus the contributions payable to the scheme in respect of the accounting period.

Operational tangible fixed assets

Land and buildings

Land and buildings are stated at their original historical cost less depreciation. Due to their age the cost is not significant and no amounts have been included within these accounts.

As a result of the College's on-going maintenance programme, the difference between the original cost and the residual value, at historical cost, is such that any resulting depreciation charge is considered immaterial. To date all such expenditure is considered to have been maintenance in nature rather than enhancing the economic benefits of the asset and therefore no enhancement expenditure has been capitalised. Land is not depreciated.

Fixtures, fittings and equipment

Fixtures, fittings and equipment costing less than £100,000 per individual item are written off in the year of purchase.

Heritage assets

In accordance with FRS15 and FRS 30, heritage assets acquired before 1 July 2009 have not been capitalised, since reliable estimates of cost or value are not available on a basis that would justify the costs of establishing them. The threshold for capitalising heritage assets is 1% of total assets. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Donated assets are accounted for at their valuation at the time of the donation.

Investments

Fixed asset investments are included in the balance sheet at market value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation. Properties are valued annually by the Trustees based on estimated open market values on an existing use basis after taking advice from third party valuers.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Debtors

Debtors are shown net of bad and doubtful debts.

Short term investments

Bank deposits, which are not repayable on demand, are treated as short-term investments in accordance with FRS 1 (revised 1996) 'Cash flow statements'.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

2. ACTIVITIES FOR GENERATING FUNDS

| | Endowment Funds £'000 | General Funds (Unrestricted) £'000 | Designated Funds £'000 | Restricted Funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|-------------|-----------------------------|--|------------------------------|------------------------------|---------------------------------|------------------------|
| Conferences | | 117 | | | 117 | 209 |
| Tourism | | 102 | | | 102 | 107 |
| Bursaries | | 332 | | | 332 | 338 |
| Other | | 163 | 47 | 5 | 215 | 333 |
| | | <u>714</u> | <u>47</u> | <u>5</u> | <u>766</u> | <u>987</u> |

3. INVESTMENT INCOME

| | Endowment Funds £'000 | General Funds (Unrestricted) £'000 | Designated Funds £'000 | Restricted Funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|---------------|-----------------------------|--|------------------------------|------------------------------|---------------------------------|------------------------|
| Property | 7,461 | 36,972 | 77 | 807 | 45,317 | 46,231 |
| Equities | | 6,182 | 287 | 2,495 | 8,964 | 8,575 |
| Bank interest | | 310 | | | 310 | 273 |
| | <u>7,461</u> | <u>43,464</u> | <u>364</u> | <u>3,302</u> | <u>54,591</u> | <u>55,079</u> |

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Endowment Funds £'000 | General Funds (Unrestricted) £'000 | Designated Funds £'000 | Restricted Funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|------------------------|-----------------------------|--|------------------------------|------------------------------|---------------------------------|------------------------|
| College Fees | | 3,850 | | | 3,850 | 3,688 |
| Residence and catering | | 5,477 | | | 5,477 | 5,584 |
| Other Fees | | 233 | | | 233 | 431 |
| | | <u>9,560</u> | | | <u>9,560</u> | <u>9,703</u> |

COLLEGE FEES

| | | |
|---|---------------------|--------------|
| Fee income paid on behalf of undergraduates at the publicly-funded UK undergraduate rate per capita fee £4,500 for matriculation after October 2012, £4,185 for matriculation before October 2012 (2014 £4,500, £4,068) | 2,479 | 2,368 |
| Privately-funded undergraduate fee income (per capita fee £5,694 (2014 £5,556)) | 794 | 698 |
| Fee income received at the graduate fee rate (per capita fee £2,547 (2014 £2,424)) | 577 | 622 |
| | <u>3,850</u> | <u>3,688</u> |

5. INVESTMENT MANAGEMENT AND ESTATE COSTS

| | Endowment Funds £'000 | General Funds (Unrestricted) £'000 | Designated Funds £'000 | Restricted Funds £'000 | 2015 Total £'000 | 2014 Total £'000 |
|--------------------|-----------------------------|--|------------------------------|------------------------------|---------------------------------|------------------------|
| College costs | | 2,684 | | 71 | 2,755 | 3,467 |
| Subsidiaries costs | | 6,392 | | | 6,392 | 4,854 |
| | | <u>9,076</u> | | <u>71</u> | <u>9,147</u> | <u>8,321</u> |

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

6. COST OF CHARITABLE ACTIVITIES

| | Endowment Funds | General Funds (Unrestricted) | Designated Funds | Restricted Funds | 2015 Total £'000 | 2014 Total £'000 |
|-----------------------------------|--------------------|------------------------------------|---------------------|---------------------|---------------------------------|------------------------|
| | £'000 | £'000 | £'000 | £'000 | | |
| Residence and catering | | 10,285 | 4,823 | 21 | 15,129 | 9,488 |
| Teaching, tutorial and admissions | | 12,808 | 5,016 | 79 | 17,903 | 11,258 |
| Research | | 5,503 | | 117 | 5,620 | 3,653 |
| Scholarships and awards | | 2,877 | 15 | 1,443 | 4,335 | 4,434 |
| Donations | | 3,621 | 503 | 169 | 4,293 | 4,962 |
| | | 35,094 | 10,357 | 1,829 | 47,280 | 33,795 |

An analysis of the donations is as follows:

| | 2015 Total £'000 | 2014 Total £'000 |
|--|---------------------------------|------------------------|
| Isaac Newton Trust | 1,500 | 2,500 |
| Cambridge Overseas Trust | 1,250 | 1,250 |
| Cambridge Home / EU Scholarship Scheme | 600 | 600 |
| Cambridge Colleges Teaching | 457 | 385 |
| Other | 486 | 227 |
| | 4,293 | 4,962 |

7. OTHER RESOURCES EXPENDED

The University contribution is assessed by the University of Cambridge in accordance with the provisions of Statute GII of the University's Statutes and Ordinances. The amount payable by the College for the year ended 30 June 2015 is £2,200,000 (2014: £2,102,000).

8. NET INCOMING RESOURCES BEFORE TRANSFERS

| <i>This is shown after charging:</i> | 2015 Total £'000 | 2014 Total £'000 |
|--|---------------------------------|------------------------|
| Auditors' remuneration: External audit | 85 | 83 |
| Maintenance, repairs and improvements | 19,094 | 5,034 |

Maintenance, repairs and improvements includes salaries of the maintenance department in both years.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

9. STAFF NUMBERS AND COSTS

The monthly average number of employees during the year was 500 (2014: 490). The costs associated with these employees are:

| | 2015 | 2014 |
|---|---------------|--------|
| | £'000 | £'000 |
| Emoluments | 10,559 | 10,587 |
| Social security costs | 748 | 769 |
| Pension costs - defined benefit scheme service cost | 2,216 | 1,972 |
| Pension costs - USS defined contribution scheme | 428 | 427 |
| | 13,951 | 13,755 |

The College Fellows or staff whose remuneration, excluding pension contributions, exceeded £60,000 were as follows:

| | 2015 | 2014 |
|---------------------|-------------|------|
| | No | No |
| £60,000 - £69,999 | 5 | 6 |
| £70,000 - £79,999 | 12 | 9 |
| £80,000 - £89,999 | 4 | 6 |
| £90,000 - £99,999 | 2 | 1 |
| £130,000 - £139,999 | 1 | 1 |

Retirement benefits are accruing to 22 (2014: 21) of the above individuals under a defined benefit pension scheme. The total pension costs of these Fellows and staff amounts to £259,060 (2014: £226,167).

10. INVESTMENTS

| | Consolidated | Consolidated | College | College |
|-------------------------|---------------------|--------------|------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Market value at 1 July | 1,079,328 | 975,271 | 1,051,065 | 967,960 |
| Additions | 33,684 | 91,023 | 30,121 | 74,380 |
| Disposals | (29,182) | (61,869) | (29,182) | (61,256) |
| Net investment gains | 63,421 | 74,903 | 41,919 | 69,981 |
| Market value at 30 June | 1,147,251 | 1,079,328 | 1,093,923 | 1,051,065 |

| | Consolidated | Consolidated | College | College |
|--|---------------------|--------------|------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Represented by: | | | | |
| Property | 700,768 | 674,867 | 621,526 | 619,191 |
| Equities | 424,059 | 380,988 | 424,059 | 380,988 |
| Unlisted investments | 22,424 | 23,473 | 22,424 | 23,473 |
| Investments in subsidiary undertakings (See note 18) | | | 25,914 | 27,413 |
| | 1,147,251 | 1,079,328 | 1,093,923 | 1,051,065 |

Equities are valued at the closing price at the balance sheet date. Unlisted investments are valued based on information provided by the fund managers.

Properties are valued annually by the Trustees based on estimated open market values on an existing use basis after taking advice from third party valuers.

The College granted its subsidiary undertaking, Dunsfold Airport Limited, a lease which increased the value of the land in the accounts of the subsidiary, and commensurately decreased the value of the land in the accounts of the College.

11. STOCK

| | Consolidated | Consolidated | College | College |
|-----------------|---------------------|--------------|----------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Provisions | 1,728 | 1,752 | 1,728 | 1,752 |
| Crops and seeds | 509 | 684 | | |
| | 2,237 | 2,436 | 1,728 | 1,752 |

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

12. DEBTORS

| | Consolidated 2015 £'000 | Consolidated 2014 £'000 | College 2015 £'000 | College 2014 £'000 |
|---|--|-------------------------------|-----------------------------------|--------------------------|
| Amounts falling due after more than one year | | | | |
| Amounts owed by subsidiary undertakings | - | - | 23,093 | 21,656 |
| Other debtors | 1,723 | 1,977 | 1,723 | 1,977 |
| | 1,723 | 1,977 | 24,816 | 23,633 |
| Amounts falling due within one year | | | | |
| Rents receivable | 6,333 | 6,605 | 3,495 | 3,740 |
| Prepayments and accrued income | 985 | 634 | 985 | 634 |
| Other debtors | 1,659 | 2,803 | 863 | 786 |
| Amounts owed by subsidiary undertakings | | | 60 | 675 |
| Trade debtors | 127 | 276 | 127 | 276 |
| | 9,104 | 10,318 | 5,530 | 6,111 |
| | 10,827 | 12,295 | 30,346 | 29,744 |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Consolidated 2015 £'000 | Consolidated 2014 £'000 | College 2015 £'000 | College 2014 £'000 |
|------------------------------|--|-------------------------------|-----------------------------------|--------------------------|
| Trade creditors | 331 | 249 | 331 | 249 |
| University contribution | 2,200 | 2,102 | 2,200 | 2,102 |
| Taxes and social security | 1,674 | 2,155 | 1,674 | 2,155 |
| Other creditors | 4,242 | 4,557 | 749 | 704 |
| Accruals and deferred income | 8,541 | 8,225 | 8,541 | 8,225 |
| | 16,988 | 17,288 | 13,495 | 13,435 |

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR
Consolidated and College

| | 2015 £'000 | 2014 £'000 |
|---------------------|-----------------------|---------------|
| Long term borrowing | 90,000 | 90,000 |
| | 90,000 | 90,000 |

15. MATURITY OF BANK LOANS
Consolidated and College

| | 2015 £'000 | 2014 £'000 |
|-------------------------|-----------------------|---------------|
| In more than five years | 90,000 | 90,000 |
| | 90,000 | 70,000 |

The £70m bank loan is split into three tranches of £35m - Fixed interest rate 4.9704%, £20m - Fixed interest rate 4.9604% and £15m - Fixed interest rate 5.0704% providing a weighted average Fixed interest rate of 4.989%.

The loan is repayable on 29 June 2047.

The £20m Senior Notes have been issued at 4.11% and are repayable 14 May 2064

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

16. PENSIONS

Consolidated and College

Trinity College Staff Pension Scheme

The scheme is a defined benefit final salary pension scheme.

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

| | 2015 | 2014 |
|---|------|------|
| | % | % |
| Discount rate | 3.7 | 4.2 |
| Expected long-term rate on scheme assets | 3.7 | 7.3 |
| Salary inflation assumption | 4.4 | 4.5 |
| Price inflation assumption | 3.4 | 3.5 |
| Pension increases (capped inflation linked) | 3.4 | 3.5 |

In anticipation of the transition to Financial Reporting Standard 102 in the year ending 30 June 2016, the expected long-term rate on scheme assets has been changed to 3.7%, in line with the assumed discount rate.

Mortality

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

| | 2015 | 2014 |
|--------|------|------|
| Male | 22.1 | 22.1 |
| Female | 24.1 | 24.3 |

The average life expectancy in years of a pensioner retiring at age 65, twenty years after the balance sheet date is as follows:

| | 2015 | 2014 |
|--------|------|------|
| Male | 23.4 | 23.5 |
| Female | 25.6 | 25.8 |

The amounts recognised in the balance sheet as at 30 June 2015 are as follows:

| | 2015 | 2014 |
|-------------------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| Market value of scheme assets | 45,147 | 42,259 |
| Present value of scheme liabilities | (59,714) | (52,445) |
| Deficit in the scheme | <u>(14,567)</u> | <u>(10,186)</u> |

Analysis of the amount charged to the consolidated statement of financial activities:

| | 2015 | 2014 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Current service cost | 2,216 | 1,972 |
| | <u>2,216</u> | <u>1,972</u> |
| Interest on pension scheme liabilities | 2,211 | 2,126 |
| Expected return on pension scheme assets | (3,095) | (2,731) |
| Total | <u>(884)</u> | <u>(605)</u> |

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

16. PENSIONS (CONTINUED)

Changes in the present value of the scheme liabilities for the year ended 30 June 2015 are as follows:

| | 2015 | 2014 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Present value of scheme liabilities at beginning of period | 52,445 | 46,235 |
| Service cost including employee contributions | 2,754 | 2,447 |
| Interest cost | 2,211 | 2,126 |
| Actuarial losses | 4,078 | 2,954 |
| Benefits paid | (1,774) | (1,317) |
| Present value of scheme liabilities at end of period | <u>59,714</u> | <u>52,445</u> |

Changes in the fair value of scheme assets for the year ended 30 June 2015 are as follows:

| | 2015 | 2014 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Present value of scheme assets at beginning of period | 42,259 | 38,000 |
| Service cost including employee contributions | 538 | 1,398 |
| Expected return | 3,095 | 2,731 |
| Contributions paid by the College | 956 | 972 |
| Actuarial losses | 73 | 475 |
| Benefits paid | (1,774) | (1,317) |
| Present value of scheme assets at end of period | <u>45,147</u> | <u>42,259</u> |

Movement in the deficit during the year ended 30 June 2015 are as follows:

| | 2015 | 2014 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Deficit in scheme at beginning of year | (10,186) | (8,235) |
| Service cost (employer only) | (2,216) | (1,972) |
| Contributions paid by the College | 956 | 972 |
| Finance cost | 884 | 605 |
| Actuarial loss | (4,005) | (1,556) |
| Deficit in scheme at the end of year | <u>(14,567)</u> | <u>(10,186)</u> |

The agreed contributions to be paid by the College for the forthcoming year are 24 % of Contribution Pay, subject to review at future actuarial valuations. These rates exclude PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 30 June 2015 are as follows:

| | 2015 | 2014 |
|----------|------------|------------|
| | % | % |
| Equities | 83 | 83 |
| Bonds | 14 | 14 |
| Property | 1 | 1 |
| Cash | 2 | 2 |
| | <u>100</u> | <u>100</u> |

The expected long term rate of return on the scheme assets has been calculated based upon their major asset categories shown in the above table as follows:

| | 2014 |
|----------|------|
| | % |
| Equities | 7.9 |
| Bonds | 4.2 |
| Property | 6.9 |
| Cash | 0.5 |

In anticipation of the transition to Financial Reporting Standard 102 in the year ending 30 June 2016, the expected long-term rate on scheme assets has been changed to 3.7%, in line with the assumed discount rate.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

16. PENSIONS (CONTINUED)

The cumulative amount of actuarial losses recognised in the Consolidated Statement of Financial Activities at 30 June 2015 is £8,030,000 (2014: £4,025,000).

Amounts for the current and previous two periods are as follows:

| | 2015 £'000 | 2014 £'000 | 2013 £'000 |
|---|-----------------|-----------------|----------------|
| Present value of scheme liabilities | (59,714) | (52,445) | (46,235) |
| Market value of scheme assets | 45,147 | 42,259 | 38,000 |
| Deficit | <u>(14,567)</u> | <u>(10,186)</u> | <u>(8,235)</u> |
| Actual return less expected return on scheme assets | 73 | 1,398 | 3,209 |
| Experience gain arising on scheme liabilities | 669 | 947 | 2,006 |
| Changes in assumptions underlying the present value of scheme liabilities | (4,747) | (3,901) | (7,282) |

In addition the College contributed £428,000 (2014: £427,000) to the Universities Superannuation Scheme, which is accounted for as a defined contribution scheme.

Universities Superannuation Scheme

Principal accounting policies

The Charity participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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 charity 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 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contribution payable to the scheme in respect of the accounting period.

Contingent liabilities and assets

A contingent liability exists in relation to the pension valuation recovery plan, since the charity is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the charity's expenditure is similarly not recognised.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

16. PENSIONS (CONTINUED)

The charity participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The charity is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the charity's employees. In 2015, the percentage was 16% (2014: 16%). The charity 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 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the statement of financial activity is £344,562 (2014: £352,007). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

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

FRS 17 liability numbers have been produced for the scheme using the following assumptions:

| | 2015 | 2014 |
|---------------------------|---------------------------------|-------------|
| Discount rate | 3.3% | 4.5% |
| Pensionable salary growth | 3.5% in the first year and 4.0% | 4.4% |
| Price inflation (CPI) | 2.2% | 2.6% |

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 | S1NA ["LIGHT"] YoB tables - No age rating |
| Female members' mortality | 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 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures. For the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by

| | 2015 | 2014 |
|-----------------------------------|-------------|-------------|
| Males currently aged 65 (years) | 24.2 | 23.7 |
| Females currently aged 65 (years) | 26.3 | 25.6 |
| Males currently aged 45 (years) | 26.2 | 25.5 |
| Females currently aged 45 (years) | 28.6 | 27.6 |

| | 2015 | 2014 |
|--------------------------|-------------|-------------|
| Existing benefits | | |
| Scheme assets | £49.0bn | £41.6bn |
| FRS 17 liabilities | £67.6bn | £55.5bn |
| FRS 17 deficit | £18.6bn | £13.9bn |
| FRS 17 funding level | 72% | 75% |

In addition three members of the College were members of the Church of England Pension Scheme. The scheme is a multi employer defined benefit scheme with approximately 10,000 members.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

17. RELATED PARTY TRANSACTIONS

During the year no fees or expenses were paid to Fellows in respect of their duties as Trustees. (2014: nil)

Payments to Trustees (including benefits in kind and pension contributions), made under the authority of and in accordance with the Statutes of the College, in respect of teaching, research and administrative duties amounted to £895,000 (2014: £819,000).

Owing to the nature of the College's operations and the composition of its College Council it is possible that transactions will take place with organisations in which a member of the College Council may have an interest. All such transactions are conducted under normal commercial terms and in accordance with the College's normal procedures including those on conflicts of interest.

During the year the College made a donation of £1,500,000 (2014: £2,500,000) to the Isaac Newton Trust, a related party due to some common trustees. In addition the College charged the Isaac Newton Trust £140,000 (2014: £167,000) for administrative services. At the year end the trust owed the College £135,000 (2014: £167,000).

The College also made a donation of £1,250,000 (2014: £1,250,000) to the Cambridge Overseas Trust, a related party due to some common trustees.

During the year the College advanced monies to certain of its subsidiaries and received gift aid and interest from its subsidiaries. The amount recorded as income by the College and the amount outstanding at the year end were:

| | 2015 | 2015 | 2015 | 2014 | 2014 | 2014 |
|-------------------------------|----------|----------|---------|----------|----------|---------|
| | Deed of | Interest | Amount | Deed of | Interest | Amount |
| | Covenant | and Rent | owed to | Covenant | | owed to |
| | £'000 | £'000 | College | £'000 | £'000 | College |
| | | | £'000 | | | £'000 |
| Broomfield Forest Limited | | | | 700 | | |
| Trinity (B) Limited | | | 145 | | | 50 |
| Trinity College (CSP) Limited | | | 5,209 | | 284 | 4,956 |
| Trinity (D) Limited | 1,739 | | 139 | 1,753 | | 153 |
| Trinity (F) Limited | | | 25 | | | 20 |
| Walton Farms Limited | 48 | 159 | 419 | 103 | 8 | 352 |
| Dunstable Airport Limited | | 1,489 | 17,296 | | 514 | 16,285 |

18. SUBSIDIARY COMPANIES

The College's investments include the following subsidiaries, all of which are included in the consolidated financial statements:

| | Country of registration and operation | Class of share | Proportion held | Nature of business |
|-------------------------------|---------------------------------------|----------------|-----------------|--------------------|
| Trinity (B) Limited | England | Ordinary | 100% | Land development |
| Trinity College (CSP) Limited | England | Ordinary | 100% | Property |
| Trinity (D) Limited | England | Ordinary | 100% | Property |
| Trinity (F) Limited | England | Ordinary | 100% | Land development |
| Walton Farms Limited | England | Ordinary | 100% | Farming |
| Dunstable Airport Limited | England | Ordinary | 100% | Property |

All of the above companies have a year end of 30 June.

The Trustees believe that the carrying value of the investments is supported by their underlying net assets.

TRINITY COLLEGE, CAMBRIDGE
ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

19. RESERVES CONSOLIDATED

| | Balance at 1 July 2014 | Donations | Other incoming resources | Resources expended | Transfers | Other gains/(losses) | Balance at 30 June 2015 |
|------------|---------------------------|--------------|-----------------------------|-----------------------|-----------|-------------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Endowment | 849,691 | | 7,461 | | 646 | 59,336 | 917,134 |
| Restricted | 100,827 | 1,734 | 3,307 | (2,093) | (819) | 4,085 | 107,041 |
| Designated | 35,687 | 125 | 411 | (10,388) | (80) | | 25,755 |
| General | 31,881 | 679 | 53,738 | (51,804) | 253 | (4,005) | 30,742 |
| | 1,018,086 | 2,538 | 64,917 | (64,285) | | 59,416 | 1,080,672 |

20. RESERVES COLLEGE

| | Balance at 1 July 2014 | Donations | Other incoming resources | Resources expended | Transfers | Other gains/(losses) | Balance at 30 June 2015 |
|------------|---------------------------|--------------|-----------------------------|-----------------------|-----------|-------------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Endowment | 839,730 | | 7,461 | (1,499) | 646 | 38,433 | 884,771 |
| Restricted | 100,827 | 1,734 | 3,307 | (2,093) | (819) | 4,085 | 107,041 |
| Designated | 35,687 | 125 | 411 | (10,388) | (80) | | 25,755 |
| General | 31,772 | 679 | 47,125 | (45,728) | 253 | (4,005) | 30,096 |
| | 1,008,016 | 2,538 | 58,304 | (59,708) | | 38,513 | 1,047,663 |

21. RECONCILIATION OF NET DEBT

| | 2015 | 2014 |
|--------------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| At start of year: | | |
| Cash at bank and in hand | 41,501 | 31,850 |
| Bank loans | (90,000) | (70,000) |
| Net debt | (48,499) | (38,150) |
| | | |
| Net increase in cash in period | 411 | 9,651 |
| Increase in bank loans | | (20,000) |
| Movement in net debt | 411 | (10,349) |
| | | |
| At end of the year: | | |
| Cash at bank and in hand | 41,912 | 41,501 |
| Bank loans | (90,000) | (90,000) |
| Net debt | (48,088) | (48,499) |